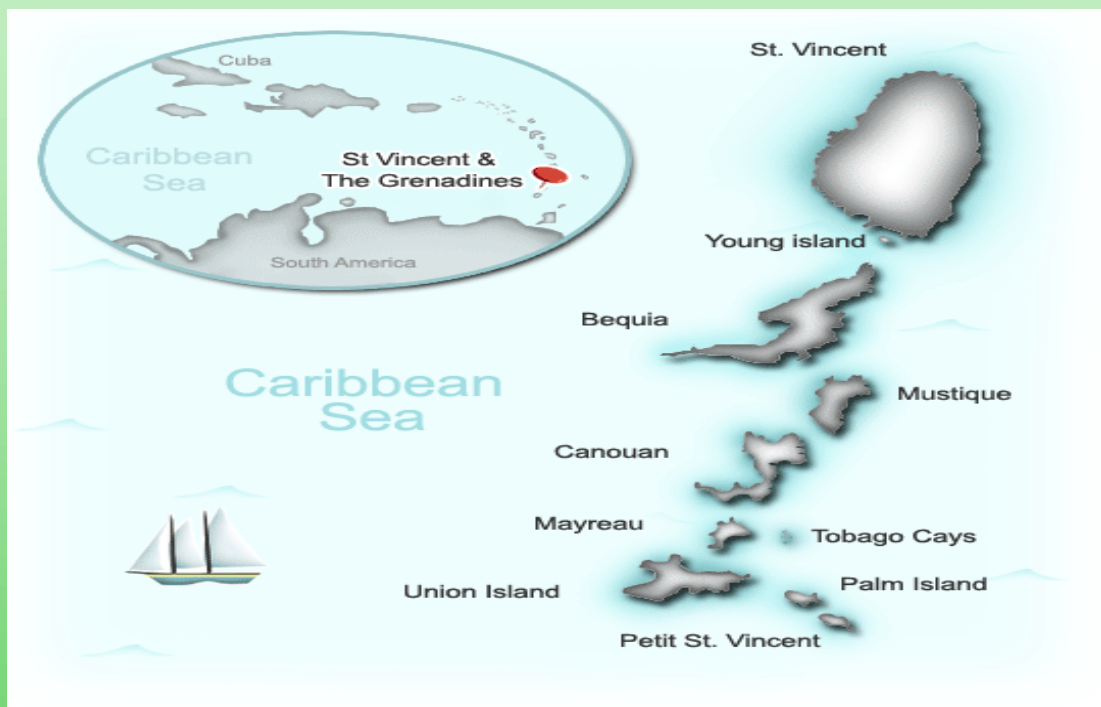


REPORT OF THE



DIRECTOR OF AUDIT



ON THE PUBLIC ACCOUNTS OF THE GOVERNMENT OF ST. VINCENT AND THE GRENADINES

2020



*R*eport of the Director of Audit

On the

Public Accounts

Of the Government Of

St. Vincent and the Grenadines

2020



To: The Honourable Minister of Finance

Sir,

Pursuant to section 75 (4) of the St. Vincent and the Grenadines Constitution Order 1979, Chapter 10 and section 12 (2) of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009, I have the honour to submit my report on the results of the examination of the Public Accounts of the Government of St. Vincent and the Grenadines for the financial year ended December 31, 2020, for tabling in the House of Assembly.

A handwritten signature in black ink, appearing to read 'M. Browne'.

Mrs. Joan Browne

DIRECTOR OF AUDIT

14th February, 2024



MISSION

To serve the people of St. Vincent and the Grenadines by conducting independent audits and reporting on how government is managing its responsibilities and resources.

VISION

An independent, professional, and respected Supreme Audit Institution conducting innovative and efficient audits to advance transparency and accountability in government's operations.



AUDIT OPINION

Report on the Audit of the Financial Statements of the Government of St. Vincent and the Grenadines

Opinion

I have audited the Public Accounts of St. Vincent and the Grenadines, which comprise the Statement of Annual Abstract, Statements of Detailed Recurrent and Capital Revenue, Statements of Detailed Recurrent and Capital Expenditure, Statement of Assets and Liabilities, Statement of Contingencies Fund, Statement of General Deposits, Statement of Investments, Statement of Public Debt, Statement of Advances and Statement of Contingent Liabilities for the financial year ended December 31, 2020.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Government of St. Vincent and the Grenadines as at December 31, 2020, in accordance with Cash Basis of Accounting.

Basis for Qualified Opinion

Bond receipts of \$11,394,362.50 and \$23,605,637.50; totalling \$35,000,000.00, from Bank of St. Vincent and the Grenadines and International Development Association, respectively, were used to redeem a \$35 Million Bond, but were not accounted for as Capital Revenue in the Government Accounting System-SmartStream. If the Accountant General had included these amounts as revenue, the deficit would have been reduced from \$61,325,387.27 to \$26,325,387.27.

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and section 11 of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. I am independent of the Accountant General's Office in accordance with the ethical requirements that are relevant to the audit of the financial statements in St. Vincent and the Grenadines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountant General for the Financial Statements

The Accountant General is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis of Accounting, and for such internal control as the Accountant General determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

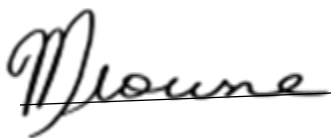
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion; and
- evaluate the overall presentation, structure and content of the financial statements, and determine whether the financial statements represent the underlying transactions and events.

I communicated with the Accountant General regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



Mrs. Joan Browne

DIRECTOR OF AUDIT

AUDIT OFFICE

SAINT VINCENT AND THE GRENADINES

14th February, 2024

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- Financial Statements 2020 III



*Report of the Director of Audit on the Public Accounts of
St. Vincent and the Grenadines for the Period
1st January to 31st December, 2020*

CHAPTER 1

INTRODUCTION

1.1

The Annual Report of the Director of Audit, submitted to the Parliament of St. Vincent and the Grenadines, has been presented in accordance with Chapter 10, section 75 (2) of the St. Vincent and the Grenadines Constitution Order, and Chapter 245, section 11 (a) of the Audit Act of the Laws of Saint Vincent and the Grenadines, Revised Edition, 2009, which require the Director of Audit, at least once annually, to audit and report on the Public Accounts of St. Vincent and the Grenadines.

1.2

Section 11 (b) of the Audit Act, also requires the Director of Audit to express an opinion on the financial and other statements in the Public Accounts that have been presented by the Accountant General.

1.3

In addition to the statements referred to above, results of the audits of the activities of ministries and departments, Financial Audits of statutory bodies and a Special Audit for the financial year 2020, are included in this report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

1.4 This report is divided into six (6) chapters as follows:

1.5 **Chapter 1** highlights the audit mandate, responsibilities of the Public Accounts Committee and Audit Office's Activities in 2020;

1.6 **Chapter 2** consists of an analysis of the financial statements of the Government presented by the Accountant General;

1.7 **Chapter 3** articulates general audit observations and non-compliance issues;

1.8 **Chapter 4** articulates the results of the audits of the Ministries and Departments for the fiscal year. The main challenges of these audits are the recurrences of deviations and the failure of the Accounting Officers to take corrective actions to implement the recommendations made by the Audit Office, to assist in improving the entities performance;

1.9 **Chapter 5** consists of the audit results of a number of statutory bodies audited by the Office; and

1.10 **Chapter 6** includes the results of a Special Audit on the Management of Revenue of the Horticulture Fund, which was requested by the Permanent Secretary, Ministry of Agriculture, etc.

1.11 The main purpose of the audit was to obtain the necessary information for the issuing of an opinion on the Government's public accounts and to provide Parliament with the



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

assurance that the funds appropriated by Parliament have been applied to the purposes intended.

1.12

I have examined the financial statements of the Accountant General and the records of selected ministries and departments of the Government of Saint Vincent and the Grenadines for the year ended December 31, 2020, in accordance with section 75 (2) of St. Vincent and the Grenadines Constitution Order, Chapter 10; section 10 (1) of the Audit Act, Chapter 245; and the Finance Administration Act and Finance Administration Act – Subsidiary Legislation, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009.

1.13

This report was prepared to be laid before the House of Assembly pursuant to section 75 (4) of St. Vincent and the Grenadines Constitution Order, Chapter 10 and section 12 of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009.



AUDIT MANDATE

1.14

The Director of Audit's mandate is derived from the Constitution and Audit Act. Section 75 (2) of St. Vincent and the Grenadines Constitution Order, requires the Director of Audit, at least once annually, 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 of Assembly. The mandate of the Office is further outlined under sections 10 to 12 of the Audit Act, Chapter 245.

1.15

The Director of Audit is authorised to have access to all books, records, returns, reports and other documents, which, in *her* opinion, relate to any of the accounts referred to in section 75 (2) of St. Vincent and the Grenadines Constitution Order, and section 10 (1) and (2) of the Audit Act. The Director of Audit is the independent auditor of the Government, acting on behalf of the taxpayer, through Parliament, and it is on *her* investigation that Parliament relies for assurance about the fairness and regularity of the Public Accounts.

1.16

In fulfilling her responsibilities, the Constitution addresses the independence of the Director of Audit in section 75 (7) which states; *"in the exercise of [her] functions under subsections 2, 3, 4 and 5, the Director of Audit shall not be subject to the direction or control of any other person or authority."*



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

RESPONSIBILITY OF THE PUBLIC ACCOUNTS COMMITTEE

1.17 Section 76 of St. Vincent and the Grenadines Constitution Order provides for the appointment and duties of the Public Accounts Committee.

1.18 The Public Accounts Committee is responsible for considering all the accounts that the Director of Audit is mandated to audit in conjunction with [her] report on the public accounts, and to report to the House on:

- i. the reasons for any excess or unauthorised expenditure of public funds;
- ii. any measures it considers necessary in order to ensure that public funds are properly spent; and
- iii. such other duties related to public accounts as the House may periodically direct.

1.19 The Public Accounts Committee was appointed on the 6th February, 2020, for the financial year 2020.



THE AUDIT OFFICE'S ACTIVITIES 2020

1.20

In the year 2020, the Office of the Director of Audit encountered many challenges imposed by the unprecedented COVID-19 pandemic which significantly impacted the Office's entire operations and impeded business continuity. As a result of the pandemic, the Office, in promoting social distancing, in an effort to prevent the spread of COVID -19 infection, operated on a shift system approved by the Government. The implementation of the shift system significantly reduced productivity as planned Compliance and Performance Audits were postponed and, in some cases, cancelled.

1.21

It also impeded the scheduled work on the Annual Audit Reports of the Public Accounts of the Government and the Financial Audits with statutory reporting deadlines, since the Office was not equipped to work remotely.

1.22

The inability to deliver the foregoing aspects of the Office's Plan was ascribed to the following:

- absence of appropriate software to (I) access internal files and (II) extract samples from client's data base;
- inability to access records of audited entities due to the lack of digitalisation of records;
- inability to remotely connect to the Government's computerised systems;
- absence of laptops to: (I) plan and execute audits; hence, the conduct of virtual meetings with staff, interviews and entrance conferences with clients were restricted; and (II) facilitate the development of audit plans and programmes; and



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

- delays in the receipt of records and information from the audited entities.

1.23

In order to address the foregoing challenges, the Office participated in surveys conducted by the International Organisation of Supreme Audit Institutions (INTOSAI) to identify challenges encountered by the SAIs during the COVID-19 pandemic. As a result, the Office was successful in obtaining a Donor Grant from INTOSAI to purchase laptops to enable some aspects of remote business continuity. The Office will continue to engage in dialogue with the Accountant General's Office to obtain remote access to the SmartStream Accounting System by senior management.

1.24

Further, the restrictions on travel also prevented the Office from conducting its planned audits at the Government's Offices in the Grenadines, St. Vincent and the Grenadines Consulates and Embassies overseas.

1.25

Overall, the Office completed approximately thirty percent (30%) of its planned audits as laid out in the Office's Corporate Plan. During the year under review, Reports, which included recommendations were submitted to the respective Accounting Officers and Heads of Departments for their appropriate action and comments. This approach gave the opportunity for correction of any errors or misunderstandings and afforded the entities to express their views which, when provided, were included in the Reports.

1.26

The results of the audits conducted during the fiscal year were analysed and are included in chapters 4 to 6 of the report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

1.27

The Audit Office has responsibility for the certification of pensions and gratuities prior to payments being made, in accordance with section 137 of the Finance Administration Regulations, 2009. Ninety-seven (97) pensions and gratuities were processed by the Office, during the financial year. A number of these files contained errors, which could have resulted in excess or underpayment of benefits being made to public officers. However, these errors were corrected before the payments were made. In addition, the Audit Office verified leave eligibility, salaries and allowances payable and paid to public officers.

Training Activities

1.28

In keeping with the “new norm” and trends, staff development was undertaken virtually through various Webinars and on Zoom platforms, which were organised by the International Organisation of Supreme Audit Institutions (INTOSAI) and Caribbean Organisation of Supreme Audit Institutions (CAROSAI), during the year.

1.29

The attendance of staff at these training sessions facilitated the sharing of knowledge and experiences by practitioners and other experts in auditing, in order to build capacity and enhance the capabilities of staff and the operations of the Office, during the COVID-19 pandemic.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

ACKNOWLEDGEMENT

1.30

I hereby express thanks to the Accountant General, Accounting Officers and Heads of Departments and their staff, for their co-operation and courtesies extended to us, and we look forward to continuing our professional relationships. I must, also, commend my staff for their contribution and support during this unprecedented and challenging year.



CHAPTER 2

ANALYSIS OF THE GOVERNMENT'S FINANCIAL STATEMENTS

2.1

This section of the report provides an analysis of the financial statements of the Government, as presented by the Accountant General, for the financial year ended December 31, 2020, in addition to an analysis of the Appropriation and Supplementary Appropriation Acts prepared and submitted to Parliament within the financial year.

2.2

The Government's financial statements, prepared by the Accountant General's Office, do not represent all entities owned and controlled by the Government. The statements are comprised of the accounts of all ministries and departments and; therefore, exclude statutory bodies and government owned companies, which report the results of their operations separately.

2.3

The financial statements for the financial year ended December 31, 2020, were submitted by the Accountant General, on the 9th July, 2021.

2.4

There are no notes to the financial statements and as such, the statements do not provide adequate information for the proper interpretation of the accounts. The financial statements submitted and audited are included at Appendix III of this Report.



SCOPE OF THE AUDIT

2.5

The financial statements for the year ended 2020, that were presented by the Accountant General and examined by my Office, are as follows:

- Statement of Annual Abstract
- Statement of Revenue Under Detailed Accounts (Recurrent)
- Statement of Revenue Under Detailed Accounts (Capital)
- Statement of Detailed Recurrent Expenditure
- Statement of Detailed Capital Expenditure
- Statement of Assets and Liabilities
- Contingencies Fund
- Statement of General Deposits
- Statement of Investments
- Statement of Public Debt
- Statement of Advances
- Statement of Contingent Liabilities of the Government

2.6

The statement listed below was not presented with the Public Accounts to the Director of Audit, as is required by the Finance Administration Act.

- Statement of Arrears of Revenue by Detailed Object Code



ANALYSIS OF THE APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS AND FINANCIAL STATEMENTS

2.7

My analysis and observations related to the examination of the Appropriation Act, Supplementary Appropriation Acts and financial statements are detailed as follows.

2.8

APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS

The Appropriation Act No.1 of 2020 was passed in the House of Assembly on 6th February, 2020, authorising total expenditure of \$1,186,168,337; an increase by \$119,010,927.00 or 11 percent of the budget for 2019. The total expenditure appropriated by Parliament comprised Recurrent Expenditure of \$875,401,127.00 and Capital Expenditure of \$310,767,210.00.

2.9

In addition, two (2) Supplementary Appropriation Act No. 4 of 2020 and Act No. 9 of 2020, were approved in the House of Assembly, authorising total expenditure of \$67,626,798.00 and \$36,000,000.00, respectively, for financial year 2020.

2.10

Further, one hundred and two (102) Special Warrants totalling \$60,983,906.25 were approved by the Minister of Finance to supplement the budgetary estimates; however, the amount spent remained unappropriated at the end of financial year 2020.



STATEMENT OF ANNUAL ABSTRACT

OVERALL RECURRENT AND CAPITAL BUDGET 2020

2.11

The Statement of Annual Abstract consists of Recurrent and Capital Revenue and Recurrent and Capital Expenditure which are classified by accounts. The original projected expenditure of \$1,186,168,337.00 which comprised of Recurrent Expenditure of \$875,401,127.00 and Capital Expenditure of \$310,767,210.00 was approved by Appropriation Act No.1 of 2020 for the fiscal year 2020. The difference of \$182,814.00 between the amount of \$875,401,127.00 approved for Recurrent Expenditure by the Appropriation Act and the amount of \$875,583,941.00 reflected as Estimates in the Estimates of Revenue and Expenditure and the financial statements for 2020, is attributable to the Governor General's Emoluments and Allowances which are provided for by the Governor General's Emoluments and Pension Act, Chapter 269 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. However, the difference of \$182,814.00 was understated by \$5,553.12 as the Estimates of the Governor General's Emoluments was not computed using the salary rate approved by the Governor-General's Emoluments and Pensions (Amendment) Act, 2019.

2.12

An amount of \$202,000.00 was included in the financial statements under the estimates of Capital Expenditure for the Ministry of Health, etc. However, this amount, although included under Ministry of Health, etc., in Part II – Capital of the 2020 Estimates of Revenue and Expenditure, was not approved by Appropriation Act No.1 of 2020. Consequently, the total of \$310,969,210.00, presented on the financial statements for Estimates of Capital Expenditure is overstated by \$202,000.00.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

2.13

Further, the financial statements have shown that the estimates for Recurrent and Capital Expenditure were revised by \$37,829,679.21 and \$126,781,025.44, respectively. The revision in the Estimates is attributable to the amounts approved by Special Warrants and two (2) Supplementary Appropriation Acts passed in the House of Assembly to finance the health crisis resulting from the COVID-19 pandemic and acquisition of the Buccament Bay Resort.

OVERALL RECURRENT AND CAPITAL BUDGET OUT-TURN 2020

2.14

An examination and analysis of actual revenue and expenditure revealed that actual Capital Revenue, Capital Expenditure and Recurrent Expenditure were understated by \$71,096,912.00, \$6,096,912.00 and \$30,000,000.00, respectively. Accordingly, the deficit was overstated by \$35,000,000.00. This was due to the following improper accounting entries effected in the Government's Accounting System-SmartStream:

- The total receipts for Government Bond 2024-D was not accounted for in the Government Accounting system; resulting in an understatement of Capital Revenue by \$11,394,362.50.

Accountant General's Comments:

Revenue of \$11,394,362.50 received from BOSVG 30M Bond was deposited at ECCB and used as part payment of 35M bond that matured in 2020. The revenue was not brought to account in SmartStream.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

- Amounts of \$17,000,000.00 and \$13,000,000.00 were credited to Domestic Loan Receipts Account No. 20 33141 3304, to account for loan receipt. In December 2020, the repayment of the loan, was charged to Domestic Loan Receipts Account No. 20 33141 3304 instead of Amortisation of Domestic Debt Account No. 20 33141 3301; resulting in an understatement of the total Capital Revenue and Recurrent Expenditure (Amortisation of Domestic Debt/Cost of Servicing Public Debt) by \$30,000,000.00 for the financial year 2020.

Accountant General's Comments:

In the case of the 30M loan which matured in 2020, the incorrect procedure was used to account for the transaction.

- Additional loans of \$114,505,888.00 were recorded under the International Development Association (IDA) Loan Account No. 20 63241 6603; whereas, Capital Receipts from IDA of \$78,159,057.46 were accounted for in SmartStream, a difference of \$36,346,830.54. The difference resulted from undisbursed balances in EC and US project bank accounts of \$28,814,299.79 which are accounted for as revenue when disbursed; and loan receipts of \$23,605,637.50, used to finance the repayment of a bond, which was not accounted for in Smartstream. This resulted in the understatement of Capital Revenue by \$23,605,637.50.



Accountant General's Comments:

\$23,605,637.50 which represented revenue from IDA loan deposited in our account at ECCB was used as part payment on 35M Bond that matured in 2020. The revenue was not brought to account in SmartStream.

- An amount of \$4,848,310.00 was recorded in SmartStream as additional loan under Account No. 20 63241 6611-OPEC Fund for Int'l Dev. (OPID). However, receipts for the additional loan could not be traced under Capital Revenue-External Loan Receipts account. This resulted in the understatement of Capital Revenue and Capital Expenditure by \$4,848,310.00.

Accountant General's Response:

Receipts and Expenditures for 2020 under the project funded by the OPEC Fund for Int'l Development (OPID) were not brought to account by the Ministry of Transport.

- Additional loans of \$1,248,602.00 were journalised under Kuwait Loan Account No. 20 63243 6682; however, receipts for the additional loan were not included under Capital Revenue-External Loan Receipts account. This resulted in the understatement of Capital Revenue and Capital Expenditure by \$1,248,602.00.

Accountant General's Response:

Receipts and Expenditures for 2020 under the project funded by the Kuwait Loan were not brought to account by the Ministry of Transport.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

2.15

Therefore, the analysis of the financial statements is based on actual revenue and expenditure reported by the Accountant General.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2020

2.16

ANNUAL ABSTRACT STATEMENTS OF RECURRENT AND CAPITAL REVENUE \$962,055,173.37

The actual revenue of \$962,055,173.37 (*understated by \$71,096,912.00 as outlined at paragraph 2.15*) which comprised of Recurrent Revenue of \$606,266,639.64 and Capital Revenue of \$355,788,533.73, was collected to finance expenditure for the financial year ended December 31, 2020. The total revenue fell short of its Estimates of \$1,186,351,151.00 by \$224,295,977.63 and decreased by \$18,238,862.63 or 1.9 percent, when compared to the revenue of \$980,294,036.00 collected in financial year 2019. The decrease in revenue when compared to financial year 2019, was mainly attributable to the 6 percent reduction in capital receipts.

2.17

Table 1.1 shows Actual Revenue versus Estimated Revenue for 2020 and Actual Revenue for 2020 as compared to 2019.

Table 1.1				
Item	Estimates 2020 (\$)	Actual Revenue 2020 (\$)	Actual Revenue 2019 (\$)	Increase/ (Decrease) (\$)
a	b	c	d	c-d
Recurrent Revenue	680,039,100.00	606,266,639.64	601,719,336.69	4,547,302.95
Capital Revenue	506,312,051.00	355,788,533.73	378,574,699.31	(22,786,165.58)
Total	1,186,351,151.00	962,055,173.37	980,294,036.00	(18,238,862.63)



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ANNUAL ABSTRACT STATEMENTS OF RECURRENT AND CAPITAL EXPENDITURE **\$1,023,380,560.64**

2.18

Actual expenditure of \$1,023,380,560.64 (*understated by \$36,096,912.00 as outlined at paragraph 2.15*) which comprised of Recurrent Expenditure of \$812,202,270.67 and Capital Expenditure of \$211,178,289.97 was expended for the financial year 2020. The actual expenditure fell short of its Revised Estimates of \$1,351,163,862.65 by \$327,783,302.01. This was primarily due to \$226,571,945.47 or 51.8 percent of the revised Capital Expenditure being unexpended. However, total expenditure increased by \$78,429,448.53 or 8.3 percent when compared to the actual expenditure of \$944,951,112.11 for 2019.

RECURRENT BUDGET OUT-TURN 2020

2.19

The Estimates of Revenue and Expenditure projected a deficit of \$195,544,841.00 on the Recurrent Budget. The actual deficit of \$205,935,631.03 over the actual Recurrent Revenue of \$606,266,639.64 and Recurrent Expenditure of \$812,202,270.67, was realised on the Recurrent Budget for 2020, as depicted in Table 1.2.

2.20

Table 1.2 depicts the Actual Out-turn of the Recurrent Budget for 2020.

Table 1.2

ITEM	ORIGINAL ESTIMATES (\$)	ACTUAL (\$)
Recurrent Revenue	680,039,100.00	606,266,639.64
Less Recurrent Expenditure	(875,583,941.00)	(812,202,270.67)
(Deficit)	(195,544,841.00)	(205,935,631.03)



CAPITAL BUDGET OUT-TURN 2020

2.21

A surplus of \$144,610,243.76 over the actual Capital Revenue of \$355,788,533.73 and actual Capital Expenditure of \$211,178,289.97 was realised for the financial year 2020, which was \$50,934,597.24 less than the original projected surplus of \$195,544,841.00, as depicted in Table 1.3.

2.22

Table 1.3 depicts the Actual Out-Turn of Capital Budget for 2020.

Table 1.3

ITEM	ORIGINAL PROJECTIONS (\$)	ACTUAL (\$)	VARIANCE (\$)
Capital Revenue	506,312,051.00	355,788,533.73	150,523,517.27
Less Capital Expenditure	(310,767,210.00)	(211,178,289.97)	(99,588,920.03)
Surplus	195,544,841.00	144,610,243.76	50,934,597.24

OVERALL BUDGET OUT-TURN

ACTUAL NET DEFICIT - \$61,325,387.27

2.23

Actual revenue of \$962,055,173.37 fell short of actual expenditure of \$1,023,380,560.64, resulting in a deficit of \$61,325,387.27 of the budget for the financial year 2020. The deficit was overstated by \$35,000,000.00 due to the errors highlighted at paragraph 2.15. A comparison of the Government's performance in financial year 2020 with financial year



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2019 revealed, that total expenditure increased by \$78,429,448.53 or 8.3 percent whereas total revenue decreased by \$18,238,862.63 or 1.9 percent. This contributed to the movement from a surplus of \$35,342,923.89 in 2019 to a net deficit of \$61,325,387.27 in 2020. The most significant movements were seen under Capital Expenditure and Capital Revenue which increased by \$51,621,288.34 and decreased by \$22,786,165.58, respectively. The overall net deficit comprised recurrent deficit of (\$205,935,631.03) and capital surplus of \$ 144,610,243.76, as shown in Tables 1.2 and 1.3.

2.24

A summary of the Government's financial position over the five (5) year period 2016 to 2020 has shown that 2020 realised the largest deficit. However, this deficit is overstated as highlighted at paragraph 2.15.

2.25

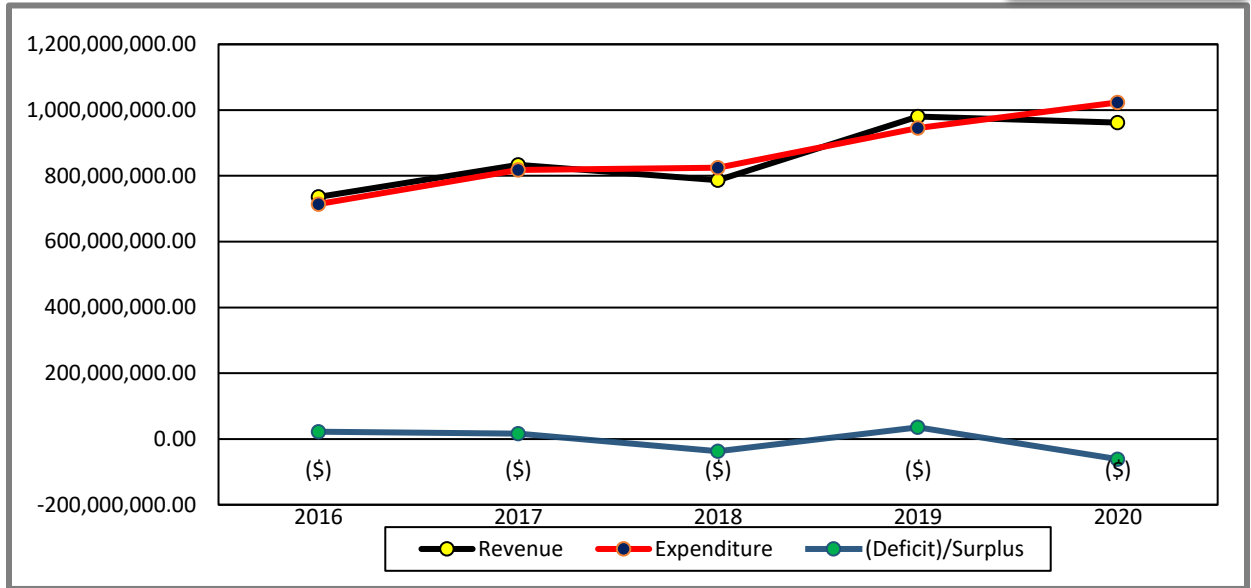
Table 1.4 and Figure 1 depict Government's Financial Position over the five (5) year period 2016 to 2020.

Table 1.4

Year	2016	2017	2018	2019	2020
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	736,047,983.85	833,947,134.62	786,998,995.80	980,294,036.00	962,055,173.37
Expenditure	714,263,816.24	817,554,652.41	824,581,644.96	944,951,112.11	1,023,380,560.64
(Deficit)/Surplus	21,784,167.61	\$16,392,482.21	(37,582,649.16)	35,342,923.89	(61,325,387.27)



Figure 1



2.26

The actual budget out-turn for 2020, with comparison of the original estimates and actual revenue for 2019 are displayed in Tables 1.5 and 1.6.

2.27

Table 1.5 shows the actual budget out-turn for the year as compared to the original estimates for 2020.

Table 1.5

ITEM	ORIGINAL ESTIMATES 2020 (\$)	ACTUAL 2020 (\$)
Recurrent Revenue	680,039,100.00	606,266,639.64
Less Recurrent Expenditure	875,583,941.00	812,202,270.67
(Deficit)	(195,544,841.00)	(205,935,631.03)
Capital Revenue	506,312,051.00	355,788,533.73
Capital Financing	195,544,841.00	149,852,902.70
Less Capital Expenditure	195,544,841.00	211,178,289.97
(Deficit)	-	(61,325,387.27)



2.28

Table 1.6 shows a comparison of the budget out-turn for 2020 and 2019.

Table 1.6		
ITEM	ACTUAL 2020 (\$)	ACTUAL 2019 (\$)
Recurrent Revenue	606,266,639.64	601,719,336.69
Less Recurrent Expenditure	812,202,270.67	785,394,110.48
(Deficit)	(25,935,631.03)	(183,674,773.79)
Capital Revenue	355,788,533.73	378,574,699.31
Capital Financing	149,852,902.70	194,899,925.52
Less Capital Expenditure	211,178,289.97	159,557,001.63
Surplus/(Deficit)	(61,325,387.27)	35,342,923.89



STATEMENT OF DETAILED REVENUE

DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN

REVENUE (RECURRENT AND CAPITAL) OUT-TURN 2020 **\$ 962,055,173.37**

2.29

The introduction of the new Chart of Accounts in 2016, categorised Recurrent Revenue into three (3) headings: - Taxes, Social Contributions and Other Revenue, with new and additional sub-headings. Capital Revenue comprised of Domestic Receipts: - Capital Receipts and Other Capital Receipts, Local Loans; and External Receipts: - External Grants and Loans.

2.30

The total estimated revenue for 2020 was \$1,186,351,151.00. Recurrent Revenue was expected to yield \$680,039,100.00 or 57.3 percent and Capital Revenue \$506,312,051.00 or 42.7 percent.

2.31

The overall revenue for the year totalled \$962,055,173.37. This amount represented 81.1 percent of the estimated revenue of \$1,186,351,151.00, thus, resulting in a short fall of \$224,295,977.63. The Government's performance in achieving its revenue projections, when compared to 2019, declined, as revenue collection of \$980,294,036.00 in 2019 was 91.8 percent of the estimated revenue of \$1,067,343,281.00. The actual Recurrent

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Revenue realised was \$606,266,639.64 or 63 percent and Capital Revenue totalled \$355,788,533.73 or 37 percent of the actual revenue.

2.32

Table 1.7 shows the Actual Revenue vs the Original Estimates for 2020.

DETAILS OF REVENUE	ORIGINAL ESTIMATES 2020 \$	ACTUAL REVENUE 2020 \$	EXCESS/(SHORTFALL) \$
RECURRENT REVENUE			
<i>Taxes:</i>			
Taxes on Income, Profits & Capital Gains	162,000,000.00	143,359,667.49	(18,640,332.51)
Taxes on Property	47,493,400.00	40,832,843.15	(6,660,556.85)
Taxes on Goods and Services/Licenses	195,163,300.00	185,816,433.31	(9,346,866.69)
Taxes on International Trade and Transactions	176,289,800.00	153,785,629.62	(22,504,170.38)
Other Taxes	4,721,700.00	3,162,962.68	(1,558,737.32)
Sub Total	585,668,200.00	526,957,536.25	(58,710,663.75)
<i>Social Contributions:</i>			
Social Security Contributions	37,000.00	21,609.49	16,347.43
Sub Total	37,000.00	21,609.49	16,347.43
<i>Other Revenue</i>			
Property Income	10,377,900.00	10,416,968.14	(304,653.56)
Sale of Goods and Services	73,763,000.00	61,434,391.59	(5,395,759.95)
Fines, Penalties and Forfeits	2,258,000.00	1,241,583.22	441,292.19
Transfers (not Elsewhere Classified)	3,800,000.00	2,191,517.34	950,087.79
Other Revenue (not Elsewhere Classified)	4,135,000.00	4,003,042.61	101,506.37
Sub Total	94,333,900.00	79,287,502.90	(4,207,527.16)
TOTAL RECURRENT REVENUE	680,039,100.00	606,266,639.64	(54,880,438.31)



Table 1.7 Cont'd

DETAILS OF REVENUE	ESTIMATES 2020 \$	ACTUAL 2020 \$	EXCESS/(SHORTFALL) \$
CAPITAL REVENUE			
<i>Domestic Receipts</i>			
Sale of Crown Lands	3,000,000.00	1,263,208.69	(1,736,791.31)
Capital Receipts	205,395,341.00	44,912,400.00	(160,482,941.00)
Domestic Loan Receipt	71,894,190.00	49,075,300.00	(22,818,890.00)
Domestic Bond Transaction Receipt	0	70,920,637.50	70,920,637.50
Sub Total-Domestic Receipts	280,289,531.00	166,171,546.19	(114,117,984.81)
<i>External Receipts</i>			
Grants	60,678,710.00	63,238,588.91	2,559,878.91
External Loans	165,343,810.00	126,378,398.63	13,305,411.37
Sub Total-External Receipts	226,022,520.00	189,616,987.54	36,405,532.46
TOTAL CAPITAL REVENUE	506,312,051.00	355,788,533.73	32,168,806.69
TOTAL REVENUE	1,186,351,151.00	962,055,173.37	(224,295,977.63)

2.33

The actual revenue decreased by \$18,238,862.63 or 1.9 percent, when compared to financial year 2019. This was due to a slight increase of \$4,547,302.95 in Recurrent Revenue and reduction in capital financing by \$22,786,165.58 in 2020, when compared to 2019, as shown in Table 1.8 and Figure 1.1. Decreases in Grants and Domestic loans contributed to the reduction in Capital financing.

2.34

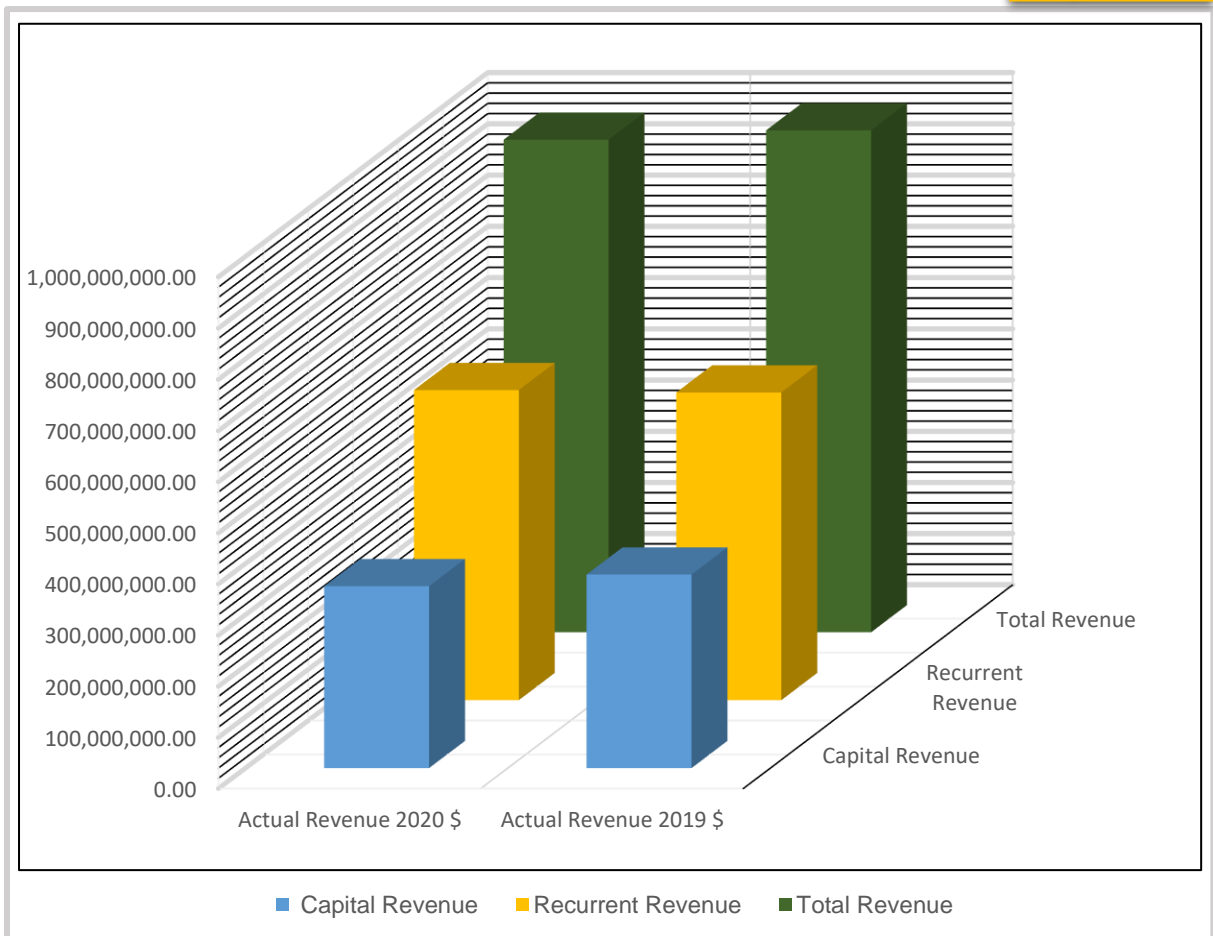
Table 1.8 and Figure 1.1 show revenue collected for the financial year 2020 with comparative figures for the financial year 2019.



Table 1.8

Details of Revenue	Actual Revenue 2020 \$	Actual Revenue 2019 \$	Increase /(Decrease) \$
Recurrent Revenue	606,266,639.64	601,719,336.69	4,547,302.95
Capital Revenue	355,788,533.73	378,574,699.31	(22,786,165.58)
Total Revenue	962,055,173.37	980,294,036.00	(18,238,862.63)

Figure 1.1





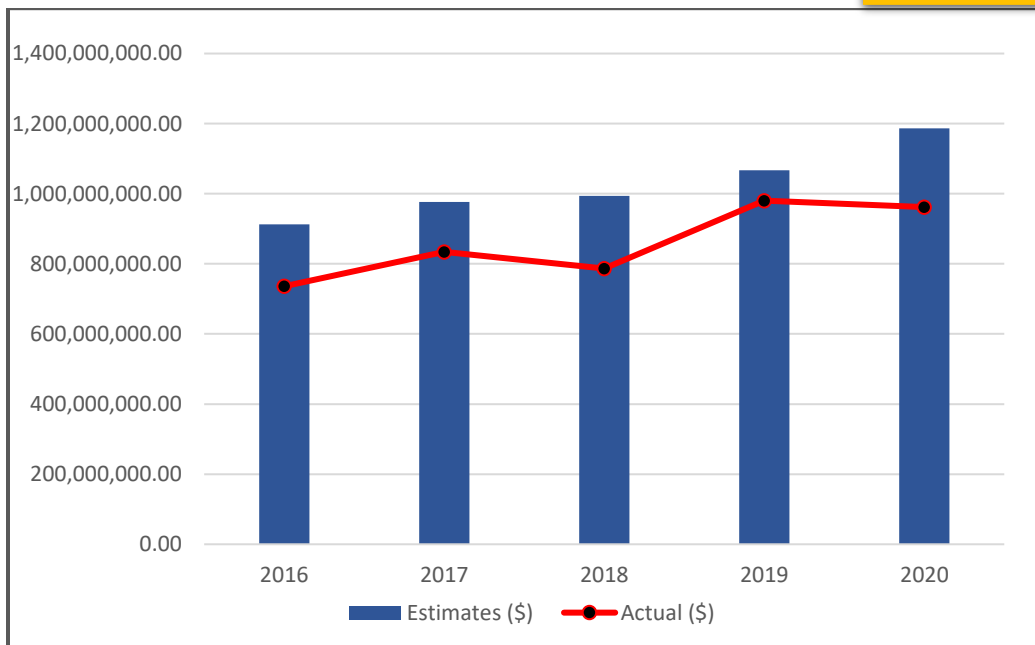
2.35

A comparison of estimates and actual revenue for the years 2016-2020, is depicted in Table 1.9 and Figure 1.2 with financial year 2019 and 2020 showing the highest revenue out-turn and the highest shortfall, respectively.

Table 1.9

YEAR	ESTIMATES (\$)	ACTUAL REVENUE (\$)	VARIANCE (\$)
2016	912,897,311.00	736,047,983.82	176,849,327.18
2017	976,943,437.00	833,947,134.62	142,996,302.38
2018	993,535,459.00	786,998,995.80	206,536,463.20
2019	1,067,343,281.00	980,294,036.00	87,049,245.00
2020	1,186,351,151.00	962,055,173.37	224,295,977.63

Figure 1.2





STATEMENT OF DETAILED RECURRENT REVENUE

RECURRENT REVENUE 2020 **\$606,266,639.64**

2.36

Recurrent Revenue is comprised of three (3) categories: - Taxes, Social Contributions and Other Revenue. Taxes is comprised of five (5) items, Social Contributions has one (1) item, while Other Revenue consists of five (5) items. The total Recurrent Revenue collected was \$606,266,639.64. This was \$73,772,460.36 or 10.8 percent deficit of the estimated Recurrent Revenue. The figure is comprised of Taxes of \$526,957,536.25, Social Contributions of \$21,609.49 and Other Revenue of \$79,287,502.90, as shown in Table 1.7. Recurrent Revenue grew by 0.8 percent of the amount of \$601,719,336.69 collected during 2019.

TAXES **\$526,957,536.25**

2.37

Taxes are the main Recurrent Revenue stream of the Government. Taxes revenue of \$526,957,536.25 fell short of its projection of \$585,668,200.00 by \$58,710,663.75. All categories of Taxes fell short of their projections. The composition of Taxes collected in 2020, is shown in Table 1.10 and Figure 1.3.

2.38

The estimates and actual revenue collected for Taxes in 2020, are shown in Table 1.10 and Figure 1.3.



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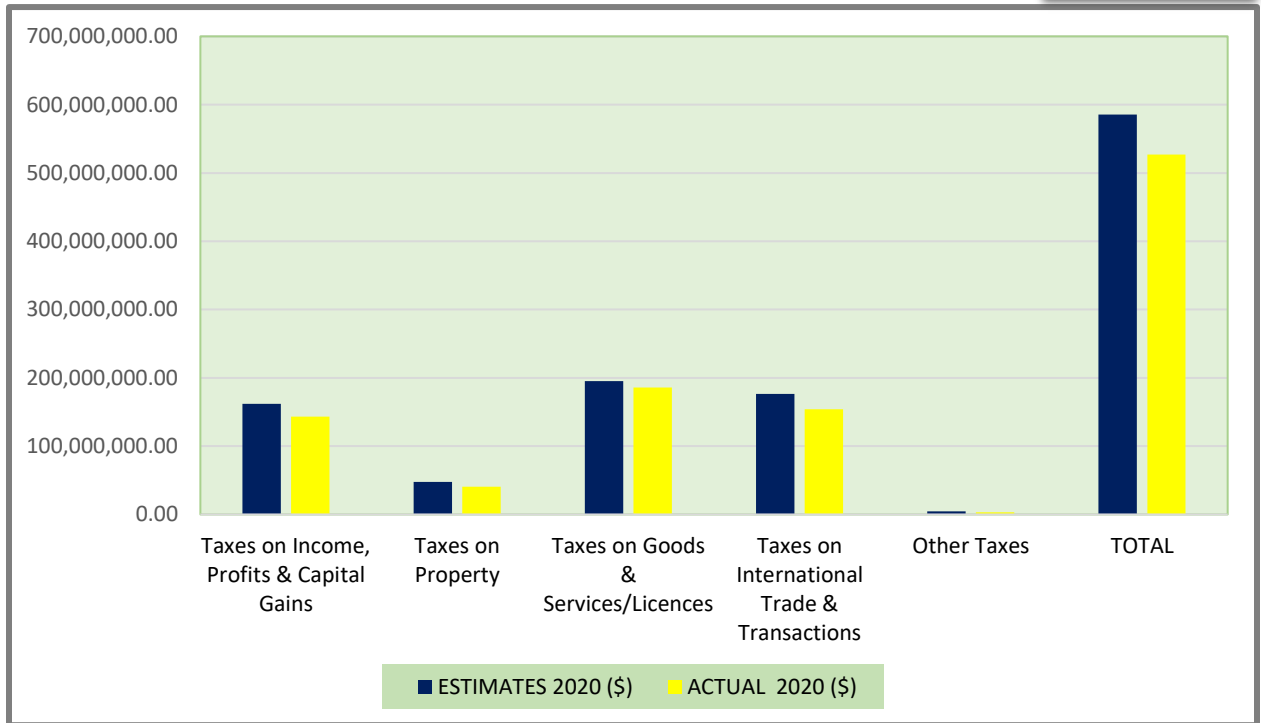
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Table 1.10

DETAILS OF REVENUE	ESTIMATES 2020 (\$)	ACTUAL 2020 (\$)	Surplus/(Shortfall (\$))
Taxes on Income, Profits & Capital Gains	162,000,000.00	143,359,667.49	(18,640,332.51)
Taxes on Property	47,493,400.00	40,832,843.15	(6,660,556.85)
Taxes on Goods & Services/Licences	195,163,300.00	185,816,433.31	(9,346,866.69)
Taxes on International Trade & Transactions	176,289,800.00	153,785,629.62	(22,504,170.38)
Other Taxes	4,721,700.00	3,162,962.68	(1,558,737.32)
TOTAL	585,668,200.00	526,957,536.25	(58,710,663.75)



Figure 1.3



COMPOSITION OF TAXES REVENUE 2020

Taxes on Income, Profits and Capital Gains **\$143,359,667.49**

2.39

The revenue of \$143,359,667.49 collected for Taxes on Income, Profits and Capital Gains fell short of the estimated amount of \$162,000,000.00 by \$18,640,322.51. Taxes from all three sources within this category fell short of their projections; however, two (2) sources recorded increases when compared to financial year 2019. Income Tax from Companies realised the largest deficit, falling \$14,529,272.81 or 24.2 percent short of its projection. The total revenue recorded in 2020, when compared to the collection for 2019, realised a net increase of \$3,067,627.36.



2.40

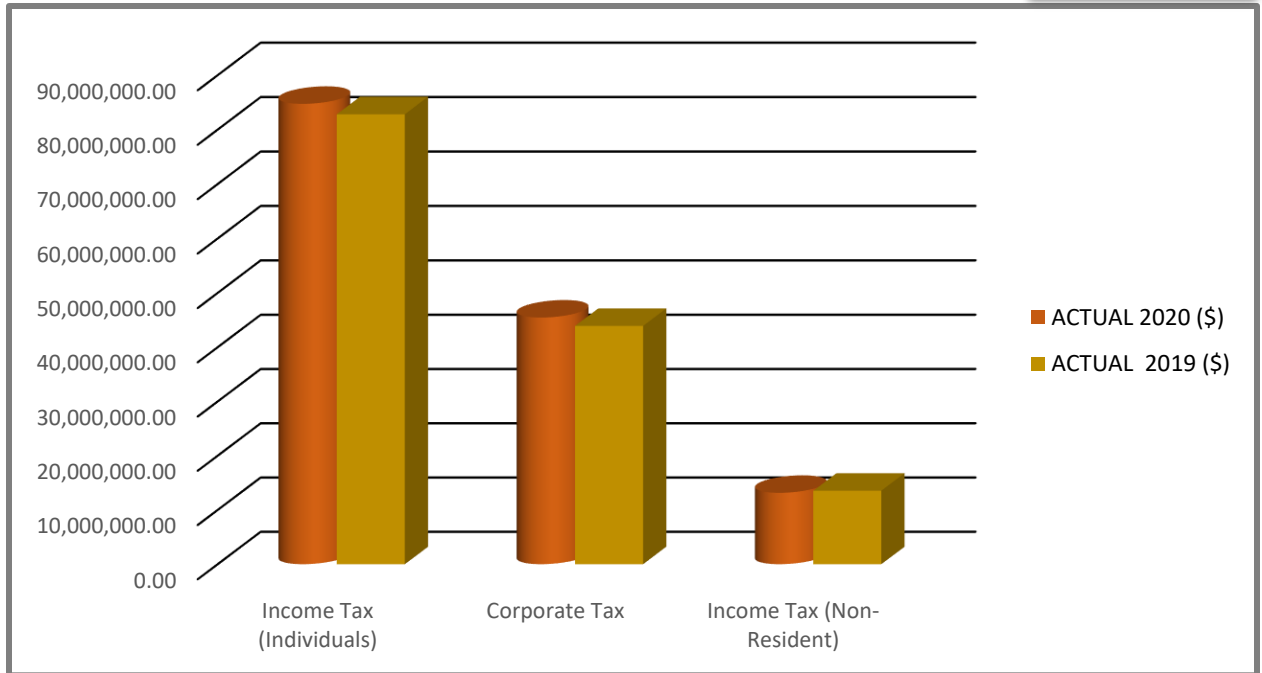
A comparison of collections of Taxes on Income, Profits and Capital Gains for 2020 and 2019 shows that there was an increase of \$3,067,627.36 in revenue for 2020, as shown in Table 1.11 and Figure 1.4.

Table 1.11

ITEM	ACTUAL 2020 (\$)	ACTUAL 2019 (\$)	EXCESS/(SHORTFALL) (\$)
Taxes on Income, Profits and Capital Gains			
Income Tax (Individuals)	84,730,226.69	82,816,453.21	1,913,773.48
Corporate Tax	45,470,729.19	43,928,286.25	1,542,440.94
Income Tax (Non-Resident)	13,158,713.61	13,547,300.67	(388,587.06)
Total	143,359,667.49	140,292,040.13	3,067,627.36



Figure 1.4



Taxes on Property

\$40,832,843.15

2.41

The actual revenue of \$40,832,843.15 in Taxes on Property was 86 percent of the estimated revenue of \$47,493,400.00; thus, resulting in a shortfall of \$6,660,556.85. All four items in this category, fell short of their projections; nonetheless, two items recorded significant increases when compared to the amounts collected in financial year 2019. The revenue increased by \$13,723,286.73 or 50.6 percent when compared to the total collection of \$27,109,556.42 for 2019.

2.42

The main contributors to this increase were Aliens Land Holding and Stamp Duty on Property. Aliens Land Holding increased by \$7,226,930.00 or 158.1 percent when compared to the amount of \$4,572,220.00 collected in 2019. Similarly, Stamp Duty on Property recorded an increase of \$6,928,782.36 or 38 percent. Although Estate and Succession Duty fell short of its projections by 80.6 percent and decreased by 64.3 percent

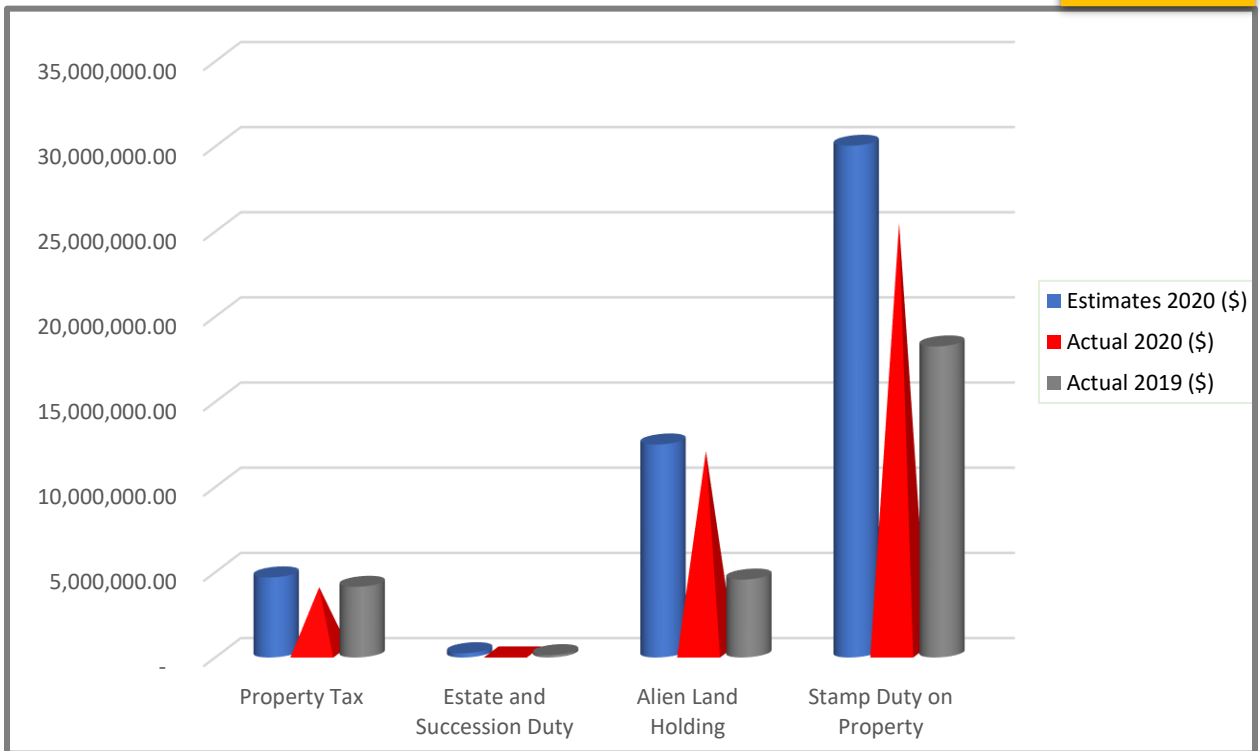


2.43

when compared to financial year 2019, the significant increases realised under Aliens Land Holding and Stamp Duty on Property, offset the decrease.

A comparison of estimates and actual revenue collected in 2020 and actual revenue collected in 2019, for Taxes on Property is shown in Figures 1.5.

Figure 1.5





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2.44

Taxes on Goods and Services/Licences

\$185,816,433.31

Taxes on Goods and Services/Licences of \$185,816,433.31 collected, was \$9,346,866.69 less than its estimated projection of \$195,163,300.00. Six (6) items under this category exceeded their estimated projections for the financial year 2020.

Value Added Tax contributed \$87,676,343.66 or 47.1 percent of the revenue collected under this category. Although Value Added Tax fell short of its projection and the 2019 collections by \$5,323,656.34 or 5.7 percent and \$8,403,681.03 or 8.7 percent, respectively, it continued to be the main revenue generator within this category.

Excise Duty Customs exceeded its projections by \$1,510,645.83 or 3.6% and realised an increase of \$10,570,626.22 or 31.6 percent over 2019 collections.

2.45

The actual revenue collection decreased by \$677,623.40 or 0.4 percent, when compared to \$186,494,056.71 collected in 2019.

2.46

Taxes on International Trade and Transactions

153,785,629.62

Revenue from International Trade and Transactions totalled \$153,785,629.62; \$22,504,170.38 less than the estimates of \$176,289,800.00. Only one (1) of the six (6) items under this category exceeded its projections and recorded a 2.1 percent increase in collections when compared to financial year 2019. Actual revenue decreased by \$6,310,317.52 when compared to 2019, indicating a reduction on importation of goods.

2.47

Other Taxes

\$3,162,962.68

Other Taxes comprise of Stamp Duty – Other and Climate Resilience Levy. The Revenue of \$3,162,962.68 collected was \$1,558,737.32 less than the Estimates of \$4,721,700.00. Both items in this category fell short of their projections and the revenue collected in 2019 by \$598,078.34.



COMPOSITION OF SOCIAL CONTRIBUTIONS 2020

Social Security Contributions \$21,609.49

2.48

The Statement has shown only one (1) item under Social Contributions – Pension Contributions. The actual revenue collection of \$21,609.49 fell short of its estimates by \$15,390.51 or 41.6 per cent and the revenue collected in 2019 by \$12,737.94 or 37.1 percent.

COMPOSITION OF OTHER REVENUE 2020

Property Income \$10,416,968.14

2.49

Revenue derived from Property Income was \$10,416,968.14, \$39,068.14 more than its estimates of \$10,377,900.00. Five (5) of the eleven (11) items recorded revenue in excess of their estimates, while two (2) sources, which were not approved in the Estimates for the financial year, recorded revenue totalling \$687,500.00. Further, the revenue collected exceeded the total revenue collected in 2019.

Sale of Goods and Services \$61,434,391.59

2.50

Sale of Goods and Services fell short of its budgetary allocation of \$73,763,000.00 by \$12,328,608.41 and actual revenue collected in 2019 by \$4,261,023.46. Customs Service Charge, which accounted for 61.1 percent of revenue collections in this category, had the largest shortfall of its estimates of \$6,968,162.61 and decreased by \$2,577,846.87, when compared to financial year 2019.



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2.51

Fines, Penalties and Forfeits

\$1,241,583.22

Revenue of \$2,258,000.00 was projected for the financial year 2020. The revenue of \$1,241,583.22 collected fell short of its projection and revenue collected in 2019 by \$1,016,416.78 and \$668,808.97, respectively. All four (4) items under this category fell short of their budgetary projections.

2.52

Transfers (not Elsewhere Classified)

\$2,191,517.27

There were two (2) items under Non - Tax Revenue; Reimbursements and Repayment of Loans. The actual revenue of \$2,191,517.27 collected under these items was \$1,608,482.66 less than the estimated amount of \$3,800,000.00. This was a decrease of \$1,538,570.45 or 41.2 percent of the 2019 revenue.

2.53

Other Revenue (not Elsewhere Classified)

\$4,003,042.61

A total of \$4,003,042.61 was collected under this category. The revenue item fell short of its budgetary projection of \$4,135,000.00 by \$131,957.39 but exceeded the amount collected in 2019 by \$401,539.24.



STATEMENT OF DETAILED CAPITAL REVENUE

DETAILED CAPITAL REVENUE 2020 **\$355,788,533.73**

2.54 Capital Revenue of \$506,312,051.00 was projected for the financial year, to be derived from Domestic Receipts of \$280,289,531.00 and External Receipts of \$226,022,520.00. A total of \$355,788,533.73 was recorded as Capital Revenue for 2020. Domestic and External Receipts contributed \$166,171,546.19 and \$189,616,987.54, respectively, which resulted in a net variance of \$150,523,517.27, as depicted in the Table 1.12.

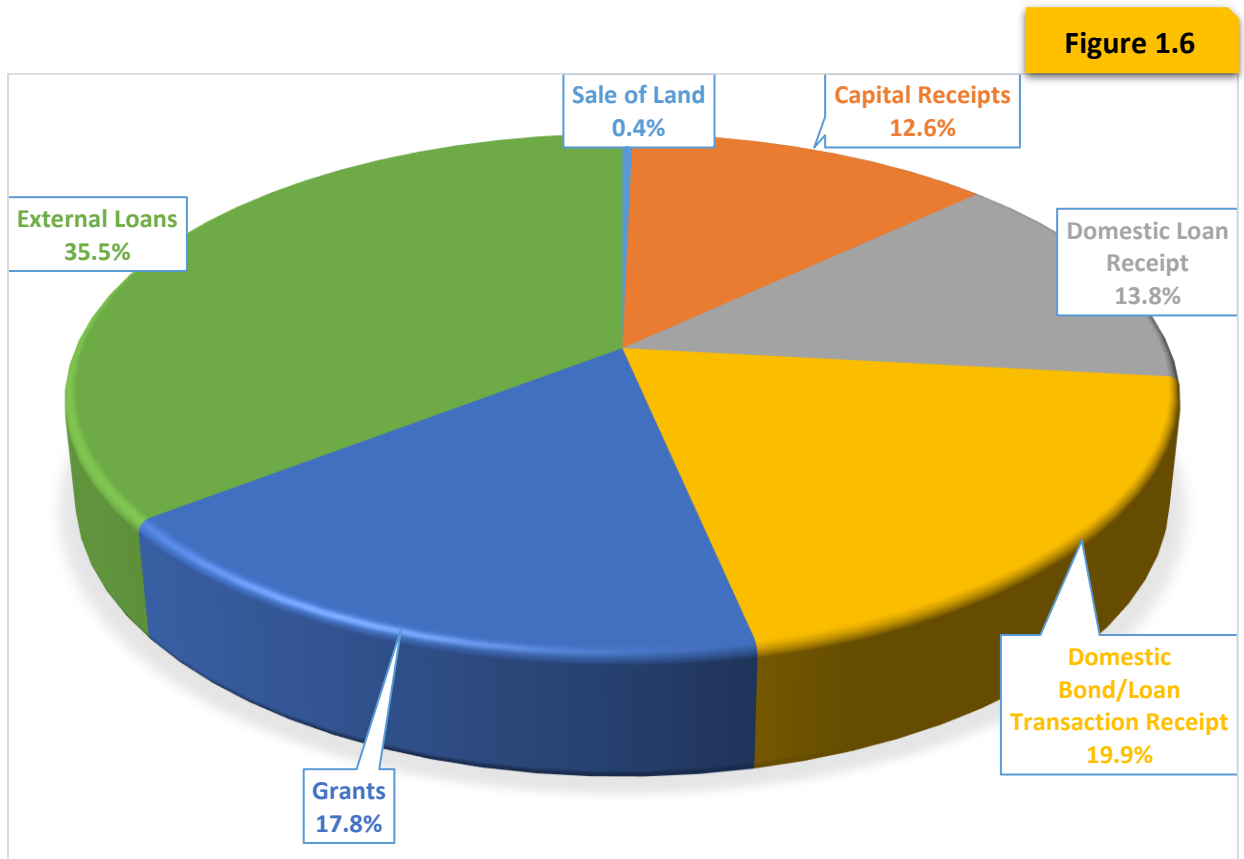
2.55 Capital Receipts was expected to generate 40.6 percent or \$205,395,341.00 of Capital Revenue; however, it recorded the largest short fall of \$160,482,941.00 of its projections. The Statement of Capital Revenue has shown that Domestic Bond Transactions of \$70,920,637.50, although not approved at the beginning of the financial year, was the highest contributor to Domestic Receipts for financial year 2020. It represented 42.7 percent of Domestic Receipts and 19.9 percent of Public Sector Investment financing for the year, respectively.

2.56 External Loan of \$74,875,994.31, from the International Development Agency was the highest contributor to Public Sector Investment financing; contributing 21 percent. This source of revenue fell short of its budgetary projections of \$114,302,300 by \$39,426,305.69.



2.57

Figure 1. 6 shows the composition of Capital Revenue for financial year 2020.



2.58

The actual collections for Capital Revenue fell short of its budgeted allocations for the fiscal year by \$150,523,517.27, as depicted in Table 1.12.

2.59

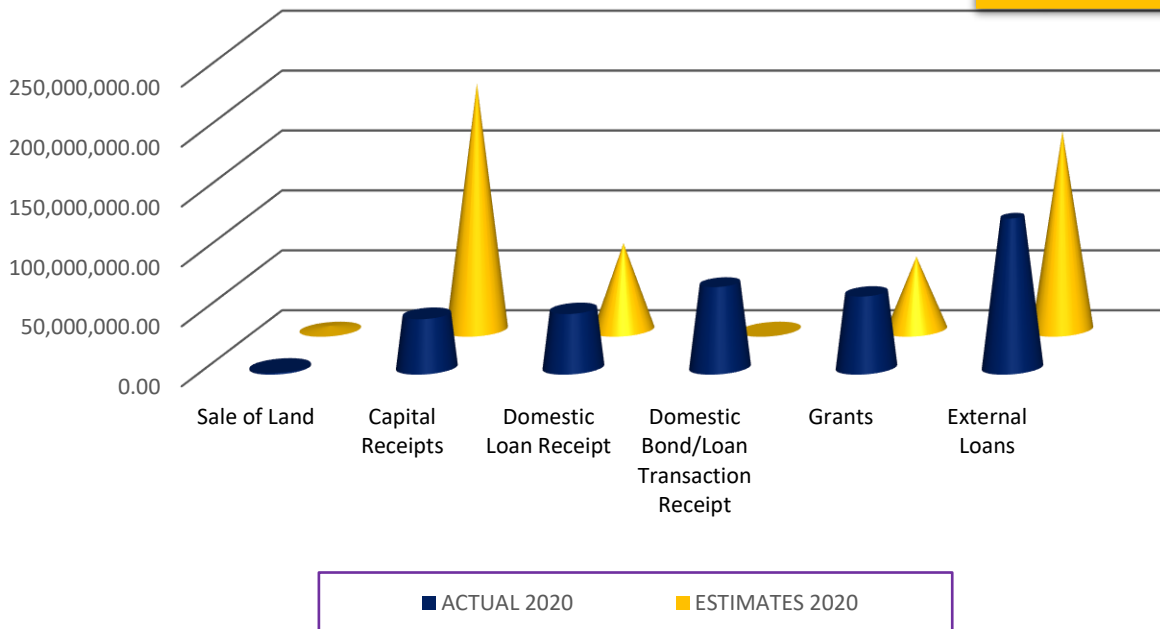
Table 1.12, Figure 1.7 show a comparison of estimated Capital Revenue with actual revenue for the sources of capital financing.



Table 1.12

TYPES OF FUNDS	ESTIMATES 2020 (\$)	ACTUAL 2020 (\$)	VARIANCE Increase/(shortfall) (\$)
Domestic Receipts			
Sale of Crown Lands	3,000,000.00	1,263,208.69	(1,736,791.31)
Capital Receipts	205,395,341.00	44,912,400.00	(160,482,941.00)
Domestic Loan Receipt	71,894,190.00	49,075,300.00	(22,818,890.00)
Domestic Bond/Loan Transaction Receipt	0.00	70,920,637.50	70,920,637.50
Sub total	280,289,531.00	166,171,546.19	(114,117,984.81)
External Receipts			
Grants	60,678,710.00	63,238,588.91	2,559,878.91
External Loans	165,343,810.00	126,378,398.63	(38,965,411.37)
Sub total	226,022,520.00	189,616,987.54	(36,405,532.46)
Total	506,312,051.00	355,788,533.73	(150,523,517.27)

Figure 1.7





2.60

In addition, \$159,801,231.46 or 44.9 percent of the total financing was received under six (6) sources of Capital Revenue, which were not approved in the Estimates for the financial year, as shown in Table 1.13.

Table 1.13

Account	Description	Actual \$
33141 3303	Domestic Bonds/Loan Transaction Receipts	70,920,637.50
13221 1505	Climate Investment Fund - CIF	42,301,666.89
13221 1511	United Nations Development Program	391,500.00
13221 1599	Other Grants	31,089.00
33241 2144	Caribbean Development Bank	4,609.60
33241 3746	International Monetary Fund	46,151,728.47
TOTAL		159,801,231.46

2.61

Further, \$60,359,510.00 or 11.9 percent of the projected revenue, expected to be derived from eighteen (18) sources, recorded no revenue during the financial year. Table 1.14 shows the sources from which no revenue was recorded and their estimated projections.

Table 1.14

Account	Details/Source	Description	Projection \$
13121	1307	Government of Japan	3,400,000.00
13121	1314	India	1,500,000.00
13121	1315	Morocco	220,000.00
13121	1317	Italy	4,754,000.00
13121	1527	Department of International Development	201,000.00
13221	1308	Kuwait	482,000.00
13221	1528	Green Climate Fund	1,000,000.00
13221	1529	UN Environmental Programme	223,000.00
13221	1531	Global Fund	81,000.00
13221	1532	EU Caribbean Investment Facility (CIF)	2,981,000.00
13221	1533	UK Caribbean Infrastructure Fund Program	10,000,000.00
13221	1534	Caricom Development Fund	1,857,500.00
33241	3277	Republic of China/Taiwan	17,660,000.00



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Account	Details/Source	Description	Projection \$
33241	3297	Kuwait	8,000,000.00
33241	3556	OPEC Fund for International Development	3,000,000.00
33241	3666	European Investment Bank	1,500,000.00
33241	3876	ABN Dhabi Fund for Development	2,000,010.00
33241	3936	CARICOM Development Fund	1,500,000.00
TOTAL			60,359,510.00



STATEMENT OF DETAILED EXPENDITURE

DETAILS OF TOTAL EXPENDITURE 2020 **\$1,023,380,560.64**

2.62

The analysis made hereunder is based on comparison of revised estimates with actual expenditure on the Statement of Detailed Expenditure for 2020.

2.63

Total Expenditure of \$1,023,380,560.64 was realised from the revised projections of \$1,351,163,862.65; a shortfall of \$327,783,302.01, for the fiscal year.

DETAILS OF RECURRENT EXPENDITURE 2020 **\$812,202,270.67**

2.64

The Statement has shown that actual Recurrent Expenditure was recorded as \$812,202,270.67, with the Autonomous Departments, Office of the Prime Minister and Ministries spending a total of \$101,211,356.54 less than the revised estimates of \$913,413,627.21, as depicted in the financial statement at Appendix III, Table 1.15 and Figure 1.8.

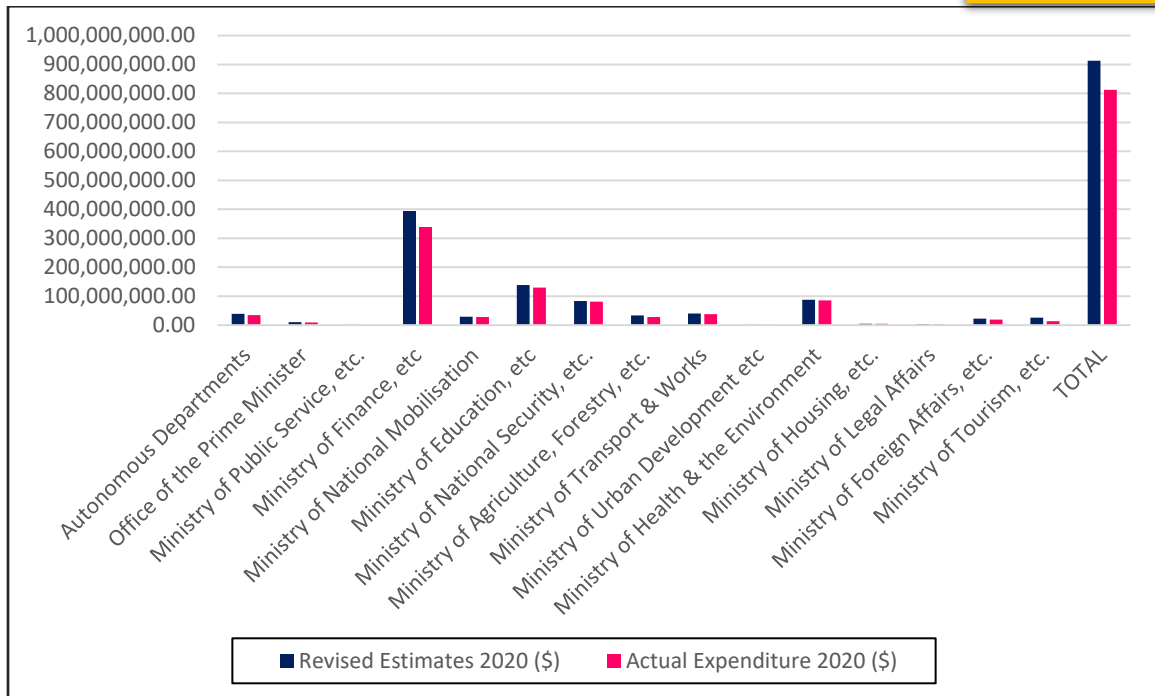
Table 1.15

Ministry/Department	Revised Estimates 2020 (\$)	Actual Expenditure 2020 (\$)	Difference (\$)
Autonomous Departments	39,529,894.31	34,739,034.49	4,790,859.82
Office of the Prime Minister	10,074,436.00	8,973,071.80	1,101,364.20
Ministry of Public Service, etc.	49,805.00	0.00	49,805.00
Ministry of Finance, etc	394,270,460.00	338,554,977.68	55,715,482.32
Ministry of National Mobilisation	29,528,678.00	27,880,322.78	1,648,355.22
Ministry of Education, etc	138,993,924.00	130,002,357.24	8,991,566.76
Ministry of National Security, etc.	83,766,004.00	81,011,239.13	2,754,764.87



Ministry/Department	Revised Estimates 2020 (\$)	Actual Expenditure 2020 (\$)	Difference (\$)
Ministry of Agriculture, Forestry, etc.	33,144,790.00	28,192,427.18	4,952,362.82
Ministry of Transport, Works, etc.	39,858,844.00	37,523,155.15	2,335,688.85
Ministry of Urban Development, etc.	416,968.50	29,122.74	387,845.76
Ministry of Health, Wellness, etc.	87,655,819.00	85,017,179.39	2,638,639.61
Ministry of Housing, etc.	4,626,115.00	4,367,618.87	258,496.13
Ministry of Legal Affairs	3,955,957.40	2,616,764.40	1,339,193.00
Ministry of Foreign Affairs, etc.	22,148,966.00	19,469,671.06	2,679,294.94
Ministry of Tourism, etc.	25,392,966.00	13,825,328.76	11,567,637.24
TOTAL	913,413,627.21	812,202,270.67	101,211,356.04

Figure 1.8



RECURRENT EXPENDITURE 2020 VS 2019

2.65

The actual Recurrent Expenditure recorded for 2020 indicated an increase in recurrent spending by \$26,808,160.19 over the expenditure of \$785,394,110.48 for the financial



year 2019. The Ministry of National Security, etc. and the Ministry of Finance, etc. recorded the largest increase and decrease of \$10,724,286.45 and \$18,478,497.80, respectively, in spending for the financial year, when compared to 2019, as shown in Table 1.16.

2.66

Table 1.16 shows comparative figures of actual Recurrent Expenditure for 2020 and 2019.

Table 1.16

Ministry/Department	Actual 2020 (\$)	Actual 2019 (\$)	Increase / (Decrease) (\$)
Autonomous Departments	34,739,034.49	32,883,743.22	1,855,291.27
Office of the Prime Minister	8,973,071.80	9,746,339.92	(773,268.12)
Ministry of Public Service, etc.	0.00	0.00	0.00
Ministry of Finance and Economic Planning, etc.	338,554,977.68	357,033,475.48	(18,478,497.80)
Ministry of National Mobilisation, etc.	27,880,322.78	25,042,563.22	2,837,759.56
Ministry of Education, etc.	130,002,357.24	121,180,279.61	8,822,077.63
Ministry of National Security, etc.	81,011,239.13	70,268,952.68	10,742,286.45
Ministry of Agriculture, Forestry, etc.	28,192,427.18	22,467,950.04	5,724,477.14
Ministry of Transport, Works, etc.	37,523,155.15	29,869,501.54	7,653,653.61
Ministry of Urban Development, etc.	29,122.74	0.00	29,122.74
Ministry of Health, Wellness, etc.	85,017,179.39	78,611,456.73	6,405,722.66
Ministry of Housing, etc.	4,367,618.87	4,113,303.02	254,315.85
Ministry of Legal Affairs	2,616,764.40	2,378,001.62	238,762.78
Ministry of Foreign Affairs, etc.	19,469,671.06	15,583,949.10	3,885,721.96
Ministry of Tourism, etc. and Industry	13,825,328.76	16,214,594.30	(2,389,265.54)
TOTAL	812,202,270.27	785,394,110.48	26,808,160.19



**EXCESS EXPENDITURE UNDER RECURRENT EXPENDITURE ACCOUNTS FOR 2020
WITHOUT THE APPROPRIATE AUTHORITY**

2.67

It was noted that various Recurrent Expenditure Accounts exceeded their budgetary provisions without the approval of the requisite Special and/or Virement Warrants; resulting in a total of \$498,469.82, over expended under the accounts in 2020, a contravention of sections 28 and 30 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. The amount over expended is shown at Appendix II.

DETAILS OF CAPITAL EXPENDITURE 2020

\$211,178,289.97

2.68

The Statement of Detailed Capital Expenditure has shown that Capital Expenditure for 2020, was recorded as \$211,178,289.97, an increase of \$51,621,288.34 or 32.3 percent in capital spending when compared to the expenditure of \$159,557,001.63 for 2019. The actual Capital Expenditure of \$211,178,289.97 for Public Sector Investment Programmes did not exceed its original projections of \$310,969,210.00, although the original estimates were revised by \$126,781,025.44. In addition, only 68 percent of the capital projects incurred expenditure, although actual capital financing of \$355,788,533.73 exceeded Capital Expenditure by \$144,610,243.76 in 2020.

2.69

The highest Capital Expenditure of \$126,243,017.28 was realised under the Ministry of Finance, etc., with \$44,055,429.29 and \$31,442,537.08 of the amount spent under the Regional Disaster Vulnerability Reduction Project and for the acquisition of the Buccament Bay Resort, respectively, in 2020.



2.70

It was noted that Capital Expenditure Estimates were revised by a total of \$126,781,025.44 under Autonomous Departments, Office of the Prime Minister and eight (8) Ministries; however, only the Office of the Prime Minister and the Ministry of Finance, etc. spent \$1,158,705.39 and \$6,476.567.28 of the amounts by which the Estimates were revised, respectively. The Autonomous Departments and seven (7) Ministries did not exceed their original projections, although their Estimates were revised, as shown in Table 1.17 and Figure 1.9

2.71

Table 1.17 and Figure 1.9 show a comparison of the Capital Estimates, Revised Estimates and Actual Capital Expenditure for 2020.

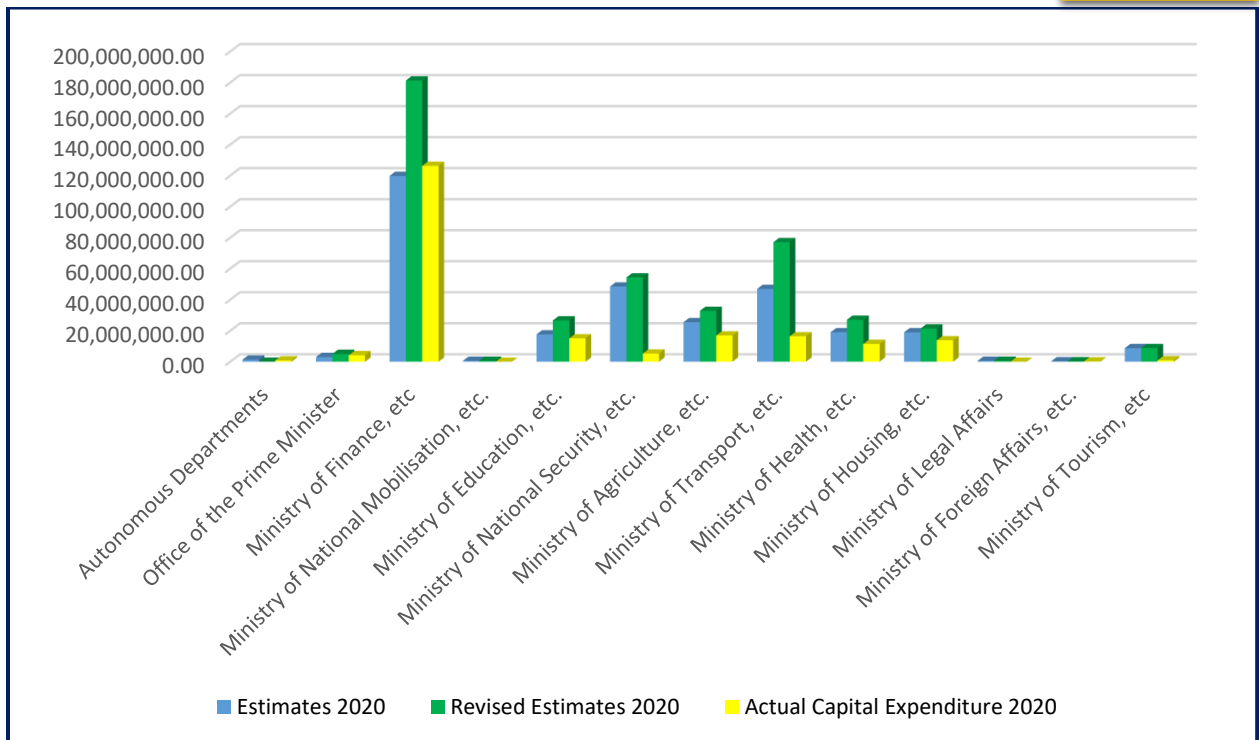
Table 1.17

Ministry	Description	Estimates 2020 (\$) a	Revised/ Supplementary Estimates 2020 b	Revised Estimates 2020 (\$) a+b	Actual Capital Expenditure 2020 (\$) c
1	Autonomous Departments	1,362,000.00	565,224.45	1,927,224.45	798,767.65
10	Office of the Prime Minister	3,040,000.00	2,015,000.00	5,055,000.00	4,198,705.39
20	Ministry of Finance, etc	119,766,450.00	61,528,853.00	181,295,303.00	126,243,017.28
30	Ministry of National Mobilisation, etc.	621,000.00	0	621,000.00	0.00
35	Ministry of Education, etc.	17,608,110.00	9,029,559.70	26,637,669.70	15,043,684.75
40	Ministry of National Security, etc.	48,493,620.00	5,812,339.00	54,305,959.00	5,234,578.07
45	Ministry of Agriculture, etc.	25,522,680.00	7,230,195.53	32,752,875.53	16,939,473.90
55	Ministry of Transport, etc.	46,917,040.00	30,153,587.93	77,070,627.93	16,393,372.92
65	Ministry of Health, etc.	19,000,000.00	8,011,931.83	27,011,931.83	11,457,527.60



Ministry	Description	Estimates 2020 (\$) a	Revised/ Supplementary Estimates 2020 b	Revised Estimates 2020 (\$) a+b	Actual Capital Expenditure 2020 (\$)
70	Ministry of Housing, etc.	18,961,200.00	2,404,334.00	21,365,534.00	13,807,961.59
75	Ministry of Legal Affairs	600,000.00	0	600,000.00	0.00
85	Ministry of Foreign Affairs, etc.	305,600.00	0	305,600.00	177,169.43
90	Ministry of Tourism, etc	8,771,510.00	30,000.00	8,801,510.00	884,031.39
TOTAL		310,969,210.00	126,781,025.44	437,750,235.44	211,178,289.97

Figure 1.9



2.72

A comparison of financial year 2019 with 2020, Capital Expenditure showed an increase of \$51,621,288.34 for the year 2020, as depicted in Table 1.18.



2.73

Table 1.18

Item	Actual 2020 (\$)	Actual 2019 (\$)	Increase / (Decrease) (\$)
Capital Expenditure	211,178,289.97	159,557,001.63	51,621,288.34

An analysis of revised Capital Expenditure with the actual Capital Expenditure for the five (5) year period 2016 to 2020, has revealed that less than 43 percent of the Revised Estimates has been expended in Public Sector Investment Programmes for financial years 2016, 2017 and 2018. However, Capital Expenditure has shown increases in 2019 and 2020 over the three (3) previous years.

2.74

Table 1.19 shows a comparison of Revised Estimates and actual Capital Expenditure for the financial years 2016-2020.

Table 1.19

YEAR	REVISED ESTIMATES A (\$)	ACTUAL CAPITAL EXPENDITURE B (\$)	VARIANCE A-B (\$)	PERCENT SPENT
2016	224,761,004.97	78,161,749.13	146,599,255.84	34.7 %
2017	298,129,529.44	122,562,818.55	175,566,710.89	41.1 %
2018	233,250,682.71	98,891,728.70	134,358,954.01	42.4%
2019	292,001,235.16	159,557,001.63	132,444,233.53	54.6%
2020	310,969,210.00	211,178,289.97	99,790,920.03	68%



STATEMENT OF ASSETS AND LIABILITIES

2.75

The Finance Administration Act and Regulations, CAP 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009 are the basis for the preparation of the financial statements. The Laws and Regulations do not consider the international reporting requirements.

NOTES TO THE FINANCIAL STATEMENTS

2.76

The notes to the financial statements form an integral part of their presentation as they provide users with the necessary explanations, narrative descriptions of items disclosed in the statements, information about items that do not qualify for recognition in the statements, and additional information they require to gain an adequate understanding of the statements, to make informed decisions. These disclosures would give users a better understanding of the financial risks and possible commitments facing the Government. The financial statement provided for Assets and Liabilities was deficient of notes to the statement. The lack of adequate disclosures results in users' inability to have a complete understanding of the accounts.

2.77

In 2015, technical assistance was provided to the Accountant General's Department in the preparation of the financial statements, in accordance with the International Public Sector Accounting Standards (IPSAS). To date, this has not been implemented by the Ministry of Finance and the Accountant General's Office.



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2.78

The Statement of Assets and Liabilities did not include Government's Fixed Assets.

LIABILITIES

Overdraft Current Account **(\$41,476,194.88)**

2.79

The Statement of Assets and Liabilities has shown a bank overdraft of (\$41,476,194.88) on the Current Account, whereas the Certificate of Balances issued by the Bank of St. Vincent and the Grenadines (BOSVG), as at December 31, 2020, reflected an overdraft balance of (\$48,131,877.32), a difference of (\$6,655,682.44). In the absence of a bank reconciliation statement, it could not be determined what contributed to the difference. The approved overdraft limit for the year ended December 31, 2020, was \$50,000,000.00.

Development Account **(\$50,075.66)**

2.80

The Statement showed an overdrawn balance of (\$50,075.66) under the Development Account; however, confirmation from the BOSVG has indicated a balance on the Account of \$1,172,762.14, a difference of \$1,222,837.80.

Unreconciled Cash - Current and Development Accounts **(\$43,993,543.07)**

2.81

The Unreconciled Cash Accounts were established in 2010, to account for the value of cheques printed but not yet cleared at the Bank. As at December 31, 2020, the balances on the Unreconciled Cash - Current and Development Accounts were \$35,672,969.77 and \$8,320,573.30, respectively. These accounts should be reconciled to ensure that the balances presented are accurate.



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Union Island Sub-Treasury **(\$106,237.68)**

2.82

The Statement recorded a credit balance of \$106,237.68 for the Union Island Sub-Treasury, whereas the cashbook reflected a debit balance of \$1,500.00, as is required by the Accountant General. This balance was brought forward from financial year 2012.

Crown Agent **\$500,346.82**

2.83

The total of \$500,346.82 was shown on the Crown Agent Account. The balance remained on the account since 2014.

Loans **(\$1,558,893,794.58)**

2.84

The total loans of \$1,558,893,794.58, which is inclusive of Treasury Bills of \$84,000,000.00, increased by \$194,779,152.22 or 14.3 percent over the previous year's loan balance of \$1,364,114,642.36. A detailed analysis of the loans is presented under the Public Debt section of the report.

Accounts Payable/Invoice Clearing Account **(\$58,778,981.81)**

2.85

Accounts Payable presented on the Statement of Assets and Liabilities, represents cheques that were recorded in SmartStream, for invoices payable by the Government, that have not been issued. The balance on the Accounts Payable Account was reflected as \$58,778,981.81 for the financial year, an increase of \$16,643,653.08 over the balance of \$42,135,328.73 for 2019.

Balancing Accounts **(\$68,294,544.38)**

2.86

The Balancing Accounts showed a total credit balance of \$68,294,544.38. These accounts were established in 2009 to account for unreconciled balances between the Current



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Account in SmartStream and the Bank Accounts. The balances on the Accounts were brought forward from financial year 2019.

Salary Clearing **(\$31,561.76)**

2.87

The Salary Clearing Account is used to record and monitor the payment of salaries. Once the salaries are processed and the adjusting entries made to Personal Emoluments and the Current Account, the balance on the account should be zero. The statement showed a balance of \$31,561.76 at the end of 2020.

RECOMMENDATIONS

2.88

- Bank reconciliations should be prepared for the Current and Development Accounts to determine the reason/s for the difference between the balance presented on the financial statements and the balance stated on the Certificate of Balances issued by the BOSVG and to ensure reconciling items are properly followed up and cleared on a timely basis.
- Union Island Sub-Treasury Account should be analysed to determine the reason for the large credit balance on the account and the necessary adjustments be made to correct the balance to reflect the Treasury accounting policy;
- The Accountant General should conduct thorough analysis and reconciliations on the Unreconciled Cash, Accounts Payable and Balancing Accounts to reduce the balance on these accounts.
- The Accountant General should: (i) review the Salary Clearing Account and make the necessary adjustments; and
(ii) conduct an analysis on the Crown Agent Account which remained inactive.



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ASSETS

Cash at Bank **\$1,611,838.57**

2.89

The Statement showed four (4) Cash Bank Accounts with balances totalling \$1,611,838.57 which are held at the BOSVG. However, the Certificate of Balances from BOSVG has shown a balance of \$1,188,838.60 on these accounts, a difference of \$422,999.97. The variance which existed since financial year 2019, pertains to the Modern Medical Bank Account.

Accountant General's Comments:

The bank omitted the Modern Medical Bank Account from the listing because the account is dormant.

Disaster Relief Fund **\$120,174.90**

2.90

A Disaster Relief Fund Account, with an amount of \$120,174.90 was shown on the Certificate of Balances from the BOSVG, an increase of \$2,344.56 when compared with 2019. However, the amount and account were not reflected in SmartStream.

Accountant General's Comments:

The bank account is now reflected in SmartStream, as of Financial Year 2023.

ECCB Operating Account **\$7,466,900.00**

2.91

The Statement has shown a balance of \$7,466,900.00, a decrease of \$22,000,000.00 when compared to the balance at financial year end 2019. I was unable to confirm the balance.



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Loan Accounts \$76,584,168.41

Four (4) loan accounts showing balances of \$20,000,000.00, \$11,836,375.56, \$36,739,058.89 and \$8,008,733.96; totalling \$76,584,168.41, were shown on the Certificate of Balances from BOSVG.

Sub-Treasuries \$807,058.07

The balance of \$807,058.07 on the Statement represented cash held by five (5) Sub-Treasuries namely: Kingstown, Georgetown, Bequia, Barrouallie and Canouan at the end of the financial year. However, there were significant differences between the balances recorded in the cash book and those in the Treasury Accounts for Bequia and Canouan Sub-Treasuries at the end of the financial year 2020. Table 1.20 shows the comparative year-end balances on the five (5) Sub-Treasuries accounts.

Table 1.20 shows the comparative year-end balances on the five (5) Sub-Treasuries accounts.

Table 1.20

Account	Sub-Treasury	Cash Book (\$)	Financial Statement (\$)	Variance (\$)
62123 6060	Kingstown	1,500.00	1,500.00	-
62123 6061	Georgetown	300.00	300.00	-
62123 6062	Bequia	-	83,616.15	83,616.15
62123 6064	Barrouallie	300.00	300.05	.05
62123 6066	Canouan	54,916.62	721,341.87	666,425.25
Total		57,016.62	807,058.07	750,041.45

The high variance of \$750,041.45 between the balances indicates that transactions were not posted from the Sub-Treasuries accounts to the Accountant General's Current Account, in accordance with the accounting policy of the Treasury. There is need for a



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detailed analysis of the Bequia, and Canouan Sub-Treasuries Accounts by the Accountant General.

2.96

Cash-Short Term Deposits **\$817,061.52**

The sum of \$817,061.52 represented the net balance of two (2) Cash-Short Term Deposit Accounts recorded in the Treasury Accounts at the end of 2020. There was a net increase of \$24,941.03, when compared to the balance of \$792,120.49 reported for the year ended 2019. Confirmation from the BOSVG has shown agreement with the total reported on the financial statement and Certificate of Balances.

2.97

Public Debt Investment Account **\$1,471,576,438.51**

The Public Debt Investment Account has shown a balance of \$1,471,576,438.51, an increase of \$194,779,152.22 over the balance of \$1,276,797,286.29 shown for 2019. This account reflects the receipts and repayments of Public Debt.

2.98

Receivables **\$405,816.96**

The Receivables balance which pertains to dishonoured cheques recorded as \$405,816.96, decreased by \$91,163.82 when compared to the balance of \$496,980.78 at the end of 2019. This infers that the various dishonoured cheques that made up the balance in the account were recovered during the financial year 2020.

2.99

CONSOLIDATED FUND **(\$323,289,239.02)**

The statement showed that the opening balance on the Consolidated Fund Account, was a deficit of \$261,709,807.24, as at 1st January, 2020. The deficit of \$61,325,387.27 (overstated by 35,000,000.00 as outlined at paragraph 2.15) on the budget out-turns for



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the financial year 2020, was transferred to the Consolidated Fund and adjustments relating to prior years increased the Fund balance by \$254,044.51, resulting in an increased deficit balance of \$323,289,239.02 on the Consolidated Fund at the end of 2020.

RECOMMENDATIONS

2.100

The Accountant General should:

- conduct reconciliation on the Modern Medical Bank to ascertain the reason/s for difference between the balance on the Statement and Certificate of Balances from BOSVG, as at December 31, 2020 and make the necessary adjustments for reconciling items identified.
- analyse the balances on the Sub -Treasuries accounts and the appropriate postings or adjustments be effected in the accounts; and
- assess the recoverability of the Accounts Receivable balance and adjust the balance if necessary.



STATEMENT OF CONTINGENCIES FUND

ESTABLISHMENT OF THE CONTINGENCIES FUND

2.101

The Contingencies Fund was established by section 29 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, to finance urgent and unforeseen expenditures for which no other provision or no other sufficient provision exists.

SOURCE OF FUNDS

2.102

Section 8A of the Value Added Tax Act, Chapter 445 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, provides for the appropriation of one percent (1%) of the VAT chargeable on a taxable supply or taxable import, to the Contingencies Fund, with effect from 1st May, 2017. Additionally, Act No. 9 of 2018, which came into force on 1st June, 2018, makes provisions for the imposition and collection of a Climate Resilience Levy to be paid into the Contingencies Fund. This levy is collected from all transient visitors in visitor accommodation premises at a rate of eight dollars (\$8) per night on each room.



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RECEIPTS PAYABLE TO THE FUND DURING THE FINANCIAL YEAR 2020

2.103

An examination of the Government's Accounting System – SmartStream revealed that, for the period January to December 2020, \$90,733,721.67 and \$87,676,343.66, were collected in VAT under Customs and Excise and Inland Revenue Departments, respectively; resulting in a total collection of \$178,410,065.33. In accordance with the VAT Act, \$11,150,629.08 of the VAT receipts and \$643,149.19 collected for Climate Resilience Levy for the financial year 2020, should have been deposited into the Contingencies Fund.

2.104

Additionally, short deposits of \$1,434,582.71 and \$117,739.83 relating to prior years VAT and Climate Resilience Levy collections, respectively, remained outstanding at the beginning of the financial year 2020. Therefore, the amount payable to the Fund during financial year 2020 was \$12,585,211.79 in VAT receipts and \$760,889.02 in Climate Resilience Levy.

2.105

The computation to substantiate amounts payable to the Fund, submitted by the Accountant General, showed a total of \$9,114,433.10 instead of \$12,585,211.79 in VAT receipts were deposited to the Fund, a short deposit of \$3,470,778.69. Additionally, Climate Resilience Levy receipts of \$674,673.40 instead of \$760,889.02 were deposited to the Fund, a short deposit of \$86,215.62. Consequently, a total of \$3,556,994.31 remained outstanding at the end of the financial year 2020.



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2.106

It was noted that 6.67 percent instead of 6.25 percent, which represents one (1) percent of the sixteen (16) percent VAT, was used to compute the VAT payable to the Fund. This has resulted in an overstatement of the amounts paid into the Fund for the financial years. Further, the Finance Administration Act was amended by Act No. 22 of 2019, by inserting Schedule 2 which shows 6.67 as the percentage of Revenue received, under the Value Added Tax Act, Chapter 445, which should be paid into the Fund.

2.107

Table 1.21 shows the outstanding balance payable to the Contingencies Fund at the end of financial year 2020.

Table 1.21

Description	VAT	Climate Resilience Levy	Total
Prior year Short Deposits	\$1,434,582.71	\$117,739.83	\$1,552,322.54
Current year receipts payable to the Fund	\$11,150,629.08	\$643,149.19	\$11,793,778.27
Total Receipts payable to the Fund	\$12,585,211.79	\$760,889.02	\$13,346,100.81
Receipts deposited to the Fund during the year.	(\$9,114,433.10)	(\$674,673.40)	(\$9,789,106.50)
Outstanding receipts payable to the Fund as at 2020 financial year	<u>\$3,470,778.69</u>	<u>\$86,215.62</u>	<u>\$3,556,994.31</u>

PURPOSE FOR WHICH THE FUND MAY BE UTILISED

2.108

Pursuant to section 4 (2) of the Finance Administration (Contingencies Fund) Regulations, 2019 and without limiting the provision of section 29 of the principal Act, the Fund may be used to provide financial resources for:



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- a) relief, recovery and reconstruction costs from a disaster;
- b) facilitating the counter-cyclical fiscal policy in the event of an economic recession or crisis;
- c) the prepayment of debt only if the Fund exceeds 20 percent of the average of the actual current revenue for the last three years and the debt-to-GDP ratio of the State exceeds 60 percent.
- d) investment in climate resilient infrastructure and adaptation measures only if the Fund exceeds 20 percent of the average of the actual current revenue for the last three years and the debt-to-GDP ratio of the State does not exceed 60 percent.

WITHDRAWALS FROM THE CONTINGENCIES FUND DURING 2020

2.109

In accordance with section 29 (2) of the Finance Administration Act 2004, Chapter 252 of the Revised Laws of St. Vincent and the Grenadines, the Minister is authorised, by a contingencies warrant under his hand, to make advances out of the Contingencies Fund if he is satisfied that there has arisen an urgent and unforeseen need for expenditures for which no other provision or no sufficient provision exists.

2.110

In December 2020, consequent to the declaration of a public health emergency under Public Health Emergency (Declaration) Notice, 2020, the Minister of Finance authorised by Contingencies Warrant No. 1 of 2020, the withdrawal of \$10,000,000.00 from the Fund. These funds were withdrawn to partially finance the COVID-19 response, detailed in Supplementary Estimates 2020 which was approved by Supplementary Appropriation Act No.4 of 2020.



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2.111

Further, the withdrawal of \$2,000,000.00 was authorised by Contingencies Warrant No. 2 of 2020 in December 2020, to fund Special Warrant No. 77 of 2020, which was approved to meet the cost of rehabilitation of the homes which sustained damages during the weather event of 28th October, 2020.

2.112

The Contingencies Fund Bank Statement showed that a total of \$10,000,015.00 was withdrawn from the Fund during the financial year 2020.

2.113

Section 29 (3) of the principal Act states, *“where an advance is made from the Contingencies Fund, a supplementary estimate shall as soon as possible be laid before the House of Assembly and, when the supplementary estimate has been approved by the House of Assembly, a supplementary appropriation Bill shall be introduced as soon as possible in the House of Assembly for the purpose of replacing the amounts so advanced.”* As at December 31, 2023, a supplementary appropriation Bill was not brought to the House of Assembly, for the purpose of replenishing the Fund, for amounts advanced during the financial year.

CONTINGENCIES FUND BALANCE 2020

\$29,892,513.33

2.114

The Contingencies Fund balance reported on the Statement of Contingencies Fund and confirmed by BOSVG was \$29,892,513.33 at December 31, 2020. The balance was inclusive of:



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Balance brought forward 1/1/2020		\$29,422,863.48
VAT Receipts Deposited	\$9,114,433.10	
Climate Resilience Levy Receipts Deposited	<u>\$674,673.40</u>	
Total Deposits	9,789,106.50	
Interest earned in 2020	\$680,558.35	
Withdrawal		(\$10,000,015.00)
Balance as at December 31, 2020		<u>\$29,892,513.33</u>

2.115

A further analysis revealed that \$12,850,500.00 was charged for the capitalisation of the Contingencies Fund under Capital Expenditure Account No. 20 32151 201704 3211 in 2020. The amount capitalised was comprised of \$2,125,000.54 and \$10,725,499.46 for financial years 2019 and 2020, respectively.

2.116

In addition, only \$6,509,045.80 of the \$10,725,499.46 capitalised for financial year 2020, was deposited to the Contingencies Fund bank account in 2020, while the difference of \$4,216,453.66 was deposited to the Contingencies Fund bank account in February and September 2021. Therefore, the total of \$9,789,106.50 deposited in 2020 was comprised of \$3,280,060.70 and \$6,509,045.80 for financial years 2019 and 2020, respectively.

2.117

The analysis also revealed that \$75,071.32 of the amount of \$3,280,060.07 deposited for financial year 2019, represented the total collected in Climate Resilience Levy for December 2019. The receipts were erroneously cancelled out from the revenue account in financial year 2019, by a journal entry debiting Climate Resilience Levy Account No. 11621 1181 and crediting Suspense Account No. 63122 6324, via Journal ID No.



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ADJTRE122019. The funds were subsequently brought to account at BOSVG in financial year 2020, via a debit entry to the Suspense Account.

This resulted in an understatement of the Climate Resilience Levy Revenue and Capitalisation expenditure.

2.118

2.119

RECOMMENDATIONS

1. The Accountant General should:

- I. review the rate used in the computation of VAT payable to the Contingencies Fund, initiate its amendment and adjust the amounts paid to the Fund;
- II. establish policies and procedures to facilitate the deposit of the Climate Resilience Levy and the one percent (1%) VAT, collected as receipts for the Contingencies Fund, directly to the Contingency Fund bank account at BOSVG; and
- III. ensure that the total VAT and Climate Resilience Levy collected for the Contingencies Fund is brought to account within the financial year based on the Government's system of cash basis of accounting.

Accountant General's Comments

We will dialogue with the Director General to resolve the rate issue.



STATEMENT OF GENERAL DEPOSITS

TOTAL GENERAL DEPOSITS 2020 **\$46,078,677.56**

2.120

General Deposits consist of accounts that are held by the Accountant General on behalf of other Governments, statutory bodies, ministries or departments, private citizens and other non-governmental organisations, pending application for payment in accordance with the purpose for which the relevant deposits were created, as outlined in the subsequent paragraphs.

2.121

The Statement of General Deposits showed that sixty-six (66) Deposit Accounts were maintained with a total balance of \$46,078,677.56 for the financial year 2020, a decrease of \$7,485,439.32, when compared to 2019.

STATUTORY BODIES **\$11,630,134.05**

2.122

The statutory bodies comprised the main Deposit Accounts in the Government Accounts, with deposits totalling \$11,630,134.05. This balance was an increase of \$22,322.05 over the previous year's balance of \$11,607,812.00. During the year, only one (1) account namely - Port Authority, recorded transactions. The balances on the other eight (8) accounts remained unchanged during the financial year.



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DEPOSITS - DEPARTMENTAL ACCOUNTS **\$30,018,067.67**

2.123

As at December 31, 2020, there were thirty (30) Departmental Accounts that recorded credit balances totalling \$30,018,067.67. This was a decrease of \$7,542,190.73 over the previous year's balance of \$37,560,258.40.

DEPOSITS - INDIVIDUALS **\$3,907,155.53**

2.124

There were fifteen (15) Individual Deposit Accounts that totalled to \$3,907,155.53, an increase of \$28,437.15 on the balance of \$3,878,718.38 held at the end of financial year 2019. These accounts relate to moneys collected by the Government on behalf of private citizens and other non-governmental organisations. Included in this balance is an amount of \$71,563.63, which is reflected in the statement and Treasury Account as "Individual Deposit Accounts written off".

DEPOSITS - LOCAL GOVERNMENT **\$87,294.02**

2.125

The balance of \$87,294.02 on the Local Government Account showed an increase of \$5,992.21, when compared to the previous year's balance of \$81,301.81.

OTHER GOVERNMENTS **Net credit- \$436,026.29**

2.126

The Statement has shown that eleven (11) Deposit Accounts were maintained for the financial year 2020. Six (6) accounts recorded credit balances totalling \$795,121.34, while five (5) accounts had an aggregate debit balance of \$359,095.05. A debit balance of \$359,095.05 indicates that the Accountant General paid out amounts in excess of the deposits held on behalf of five (5) Governments in previous financial years. The balances on these accounts did not change over the previous financial year.



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2.127

RECOMMENDATIONS

It is recommended that the Accountant General should:

- review the amount of \$71,563.63 which is reflected on the Statement and in the Treasury Accounts as “Individual Deposit Accounts written off” and make the appropriate adjustment;
- seek confirmation from the regional Governments to ascertain the accuracy of the balances of the eleven (11) Deposit Accounts held for Other Governments; and
- analyse the debit balance of \$359,095.05 of the five (5) accounts reflected under Other Governments.



STATEMENT OF INVESTMENTS

INVESTMENTS 2020 **\$34,090,950.24**

2.128

The Statement of Investment showed investments totalling \$34,090,950.24 was recorded for the year 2020, an increase of \$578,714.73 in Investments, when compared to the balance of \$33,512,235.51 for 2019. Investment reported and Special Deposits held at ECCB, are highlighted in the ensuing paragraphs 2.130 to 2.138.

TRUST FUNDS **\$31,385.11**

2.129

The Statement showed that the Trust Funds balance at December 31, 2020, was \$31,385.11, an increase of \$448.06 over the previous year's balance. Three (3) Trust Funds were reflected on the Statement of Investment; however, the Certificate of Balances from the BOSVG only accounted for two (2) funds namely Haywood X-Ray Fund and Simmons Bequest. Major Bain Gray Fund with a balance of \$1,066.84 was not reflected on the Certificate from the Bank at the end of 2020.

SINKING FUND **\$100,602.50**

2.130

The Statement recorded Sinking Fund Investments at \$100,602.50. The Sinking Fund balance showed an increase of \$96,758.01 over the total balance of \$3,844.49 at the end of financial year 2019. This increase was attributable to interest received during the financial year.



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2.131

The General Loan Act, Chapter 253 and the General Loan and Stock Act, Chapter 254 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, make provision for the creation and application of the Sinking Fund as the mode of providing for redemption of debentures.

2.132

Sinking Fund contribution of \$45,000,000.00 was provided for under Recurrent Expenditure in the Estimates of Revenue and Expenditure for financial year 2020. However, this amount was not deposited to the Sinking Fund Investment Account. The only inflow to the Sinking Fund Investment Account was interest received.

2.133

An examination of the Deferred Bond Amortisation – Sinking Fund Expenditure Account No. 20 33141 3302 revealed that the transactions recorded were to account for bonds receipts of \$10,000,000.00 and \$35,000,000.00, which were used for the redemption of bonds matured during the financial year.

2.134

Interest of \$96,758.01 deposited to Sinking Fund Investment Account, in addition to the opening balance; resulted in a balance of \$100,602.50 at financial year end 2020. However, the balance represented 0.5 percent of the value of \$19,524,000.00 in Government Bonds which were payable in financial year 2021.

2.135

Contribution to the Sinking Fund has not been made in accordance with Chapters 253 and 254 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, in 2019 and



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2020. Consequently, during financial year 2020, the Government incurred additional debts as a means of repayment of its Bonds. Should this practice of non-contribution to the Sinking Fund persists, the Government may encounter difficulties sourcing funds to discharge its financial obligations as outstanding bonds reach maturity.

SPECIAL FUNDS **\$33,761,686.63**

2.136

The Special Fund was reflected with six (6) accounts totalling a balance of \$33,761,686.63. In addition, an amount of \$2,757,625.45 is reflected as Scotia Bank (Letter of Credit).

SPECIAL DEPOSITS

Fiscal Reserve Account ECCB **\$197,276.00**

2.137

The Investment Statement showed a total of \$197,276.00 as Special Deposit under Fiscal Reserve Account – ECCB. The total Fiscal Reserve increased by \$336.64 when compared to the previous year's balance of \$196,939.36.

RECOMMENDATION

2.138

The Accountant General should:

- account for Major Bain Gray Prize Fund with a balance of \$1,066.84, which was not reflected on the Certificate of Balances from the Bank of St. Vincent and the Grenadines at the end of 2020.



STATEMENT OF PUBLIC DEBT

PUBLIC DEBT 2020

2.139

The Statement of Public Debt reflects the outstanding balances of domestic and external loans and bonds incurred by the Government. The Public Debt, as disclosed by the Accountant General on the Statement of Public Debt, stood at \$1,558,893,794.57, an increase of \$194,779,152.21 or 14.3 percent over 2019 debt of \$1,364,114,642.36. However, the total Public Debt is understated by \$11,866,273.25, as highlighted at paragraphs 2.142, 2.143, 2.144 and 2.149.

2.140

At December 31, 2020, domestic and external debts were reported as \$599,414,161.78 and \$959,479,632.79, respectively; however, the analysis of the Public Debt Statement with Loan Accounts and Capital Loan receipts in SmartStream revealed several discrepancies between the Public Debt accounted for on the statement and the receipts of loans on the Capital Revenue Statement; and the information recorded in the Loan Accounts in SmartStream. The discrepancies were brought to the attention of the Accountant General, who provided clarifications.



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2.141

Domestic Loans and Receipts

Domestic Bonds

Additional bonds, totalling \$129,065,000.00 were recorded in SmartStream and on the Statement of Public Debt. Of this amount, \$24,450,000.00 pertained to bonds issued in 2019 which were not included in the Statement of Public Debt for 2019. Although the receipts for these bonds were accounted for in 2019. Consequently, additional bonds recorded for the financial year 2020 amounted to \$104,615,000.00; however, a total of \$70,920,637.50 was credited to Domestic Bond Transaction Receipts Account No. 20 33141 3303; resulting in a difference of \$33,694,362.50. The difference was attributable to the following:

1. Government Bond 2026-C of EC \$5,400,000.00, issued and accounted for in financial year 2019, was recorded in SmartStream as Government Bond 2026-G in financial year 2020. This resulted in the overstatement of Public Debt by \$5,400,000.00.

Accountant General's Comments:

The following Bond was issued and recorded in 2019, the receipt from the bond was brought to account in 2019 with detail 6472. In error the bond was recorded again in 2020 using detail 6487. The necessary correction of this duplication will be reflected in the 2023 accounts.



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Detail	Description	Rate of Interest	Amount
6487	Gov't Bond 2026-G: PP071126	6.15%	5,400,000

- Government Bond 2030-B of EC \$10,000,000.00 and Government Bond 2030-C of EC \$6,900,000.00, were included in the Government Accounting System-SmartStream and the Statement of Public Debt for the financial year ended 2020; however, the related Bond Receipts were not recorded in SmartStream.

Accountant General's Comments:

The following bonds were issued to the NIS representing a National Properties Limited AIA loan taken over by the Government. The transaction, a book transfer, did not result in a flow of funds to the Government.

Detail	Description	Rate of Interest	Amount
6482	Gov't Bond 2030-B	2.00%	10,000,000
6490	Gov't Bond 2030-C	3.00%	6,900,000

- The total receipts for Government Bond 2024-D was not accounted for in the Government Accounting System-SmartStream; resulting in an understatement of Capital Revenue by \$11,394,362.50.



Accountant General's Comments:

Revenue of \$11,394,362.50 received from BOSVG 30M Bond was deposited at ECCB and used to make payments on behalf of the Government of St. Vincent and the Grenadines. The expenditure was brought to account in SmartStream but the revenue was omitted in error.

Domestic Loans

2.142

An amount of \$3,504,801.00 received in Loans from Petro Caribe in 2018 was not included as a debt in SmartStream and on the Public Debt Statement; resulting in an understatement of the Public Debt by \$3,504,801.00.

Accountant General's Comments:

\$3,504,801.00 was received from Petro Caribe, no documentation was received concerning the loan and the loan was not brought to account.

2.143

A total of \$45,000,000.00 was shown as additional loans on the Statement of Public Debt; however, a total of 49,075,300.00 was credited to Domestic Loan Receipts Account No. 20 33141 3304; resulting in a difference of \$4,075,300.00. The difference relates to \$4,075,350.00 credited as receipts from St. Vincent Electricity Services and \$50 debited as transfer of funds from ECCB. This resulted in the understatement of Public Debt by \$4,075,350.00.



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Accountant General's Comments:

The difference of \$4,075,350.00 recorded as receipts from St. Vincent Electricity Services represents a Bridging Loan to the Geothermal Company. The receipts came in via credit advice dated 8th January 2020 and was paid out to The Geothermal Company on the same day (see control group 080120VOTE). The Loan was omitted in 2020 and was brought to account in 2023.

Accounting for Bond Receipts and the Redemption of Bonds

2.144 During financial year 2020, additional bonds were issued and two (2) bonds were redeemed. It was noted, that the accounting entries effected in SmartStream for the repayment of Bonds and accounting for some bond receipts, were not in keeping with the procedures for accounting for Bonds, laid out in the Government's Chart of Accounts. Therefore, it was difficult to trace, verify and analyse some of the Bond transactions recorded in the Government's Accounting System-SmartStream, without supplementary oral and written explanation provided by the Accountant General.

External Loans Receipts and Public Debt Statement

2.145 The Public Debt Accounts in SmartStream did not contain adequate information in the comments to determine whether the amounts received were credited to the appropriate accounts.



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2.146

Additional loans of \$114,505,888.00 were recorded under the International Development Association (IDA) Loan Account No. 20 63241 6603; whereas, Capital Receipts from IDA of \$78,159,057.46 were accounted for in SmartStream, a difference of \$36,346,830.54. The difference resulted from an undisbursed balance of \$28,814,299.79 in EC and US project bank accounts, which are accounted for as revenue when disbursed; and loan receipts of \$23,605,637.50, used to finance the repayment of a bond, which was not accounted for in SmartStream. This resulted in the understatement of Capital Revenue by \$23,605,637.50.

2.147

However, the undisbursed balance in the project accounts and the receipts used as part payment for the bond; totalling \$52,419,937.29, exceeded the difference by \$16,073,106.75. Of this \$16,073,106.75, \$9,686,122.25 related to a loan which was not accounted for on the 2020 Statement of Public Debt, resulting in the understatement of Public Debt by \$9,686,122.25. It is unclear whether the balance of \$6,386,984.50 (\$16,073,106.75 - \$9,686,122.25) in loan receipts was accounted for as a loan on the Statement of Public Debt.

Accountant General's Response:

Balances in projects US and EC Bank accounts outside of SmartStream accounts for a significant portion. E.g. Below are balances of a few bank accounts as of December 31st 2020.



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Project	Bank Accounts	Balance as at Dec 31 2019
RDVRP	135155	4,517,592.95 XCD
	143363	519,433.81 XCD
	9064	309,032.39 US
	9016	3,635,887.16 US
CARCIP		2,086,990.38 XCD
		689,677.85 US
HSDSP	144015	1,405,023.64 XCD
	9070	1,500,839.22 US
OECS Regional Health		1,052,108.69 US
		963,699.71 XCD

\$23,605,637.50 which represented revenue from IDA loan deposited in our account at ECCB was to make payments on behalf of the Government of St. Vincent and the Grenadines. The expenditure was brought to account but the revenue was omitted in error.

Information from the Debt Unit on Loan disbursements to projects in the last quarter of 2020 were received after the financial year 2020 was closed. This amounted to \$9,686,122.25 and was recorded in 2021 via journal Debttre311221-8.

Further, the Statement has shown a balance of \$11,100,618.00 on a loan owed to the Government of Trinidad and Tobago. However, it was noted that this loan is not being serviced by the Government.

2.148



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COST OF SERVICING PUBLIC DEBT

\$223,273,620.99

2.149

The cost of servicing public debt includes amortisation, interest, charges and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$223,273,620.99 was expended for the servicing of domestic and external debts and sinking fund contributions.

2.150

Debt servicing decreased by 7.9 percent from \$242,495,608.10 in the previous year to \$223,273,620.99 in 2020. All categories of debt servicing, with the exception of Sinking Fund Contributions and Local Charges, decreased when compared to financial year 2019. The highest decrease and increase of 54 percent and 39 percent were recorded under foreign charges and sinking fund contributions, respectively. The cost of servicing public debt as a percentage of Recurrent Revenue and Recurrent Expenditure, showed decreases of 3.5 percent and 3.4 percent, respectively, for 2020, when compared to 2019, as shown in Table 1.22.

2.151

Table 1.22 shows Public Debt, Debt Servicing, Debt Servicing to Recurrent Revenue and Expenditure for the financial year 2020, with comparative figures for the financial year 2019.



Table 1.22

PARTICULARS	2020 \$	2019 \$	% CHANGE
Total Debt	1,558,893,794.58	1,364,114,642.36	14.3%
Central Government Debt Servicing	223,273,620.99	242,495,608.10	-7.9%
External Debt	71,868,101.40	94,448,096.66	-23.9%
<i>Amortisation</i>	52,309,634.27	73,009,452.58	-28.4%
<i>Interest Payments</i>	19,134,141.13	20,515,380.24	-6.7%
<i>Foreign Charges</i>	424,326.00	923,263.84	-54.0%
Domestic Debt	151,405,519.59	148,047,511.44	2.3%
<i>Amortisation</i>	73,080,769.59	79,575,854.98	-8.2%
<i>Interest Payments</i>	32,478,063.34	35,389,265.78	-8.2%
<i>Local Charges</i>	846,687.00	711,724.00	19%
<i>Sinking Fund Contribution</i>	45,000,000.00	32,370,666.68	39%
Recurrent Revenue	606,266,639.64	601,719,336.69	0.8%
Recurrent Expenditure	812,202,270.67	785,394,110.48	3.4%
Debt Service/Recurrent Revenue (%)	36.8%	40.3%	-3.5%
Debt Service/Recurrent Expenditure (%)	27.5%	30.9%	-3.4%

PUBLIC DEBT AND DEBT SERVICING 2016-2020

2.151

Public Debt and Debt Servicing showed net increases of \$319.79M or 27.7 percent and \$62.1M or 38.5%, respectively, during the years 2016 to 2020, as shown in Table 1.23.

2.152

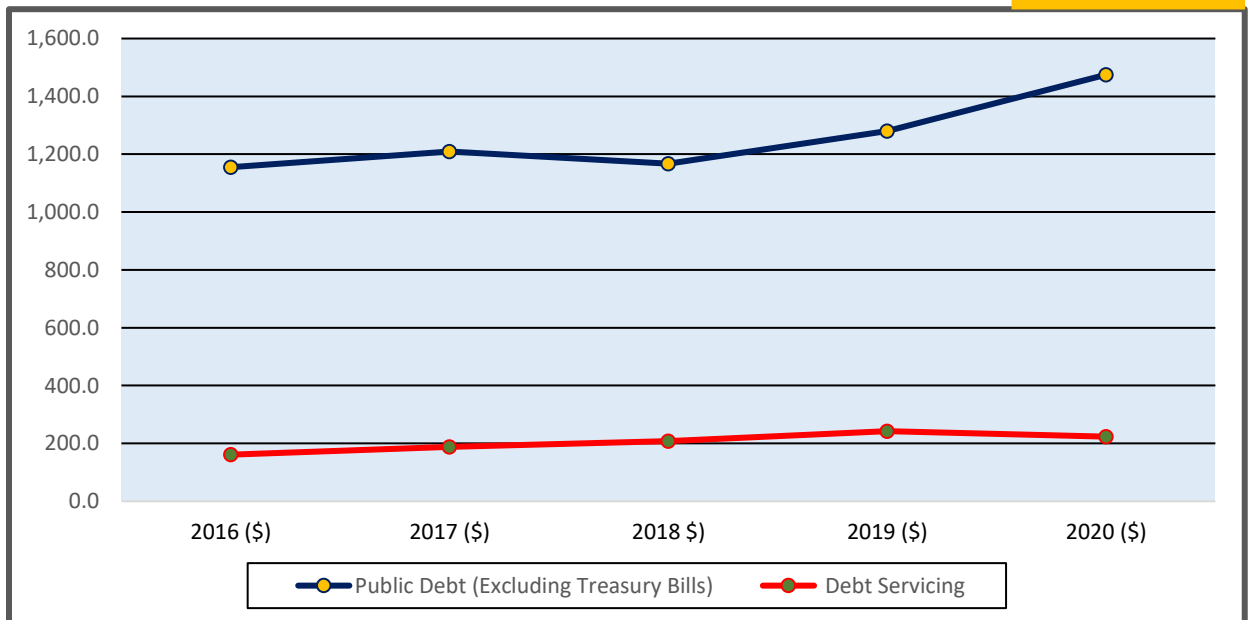
Public Debt and Debt Servicing for financial years 2016 to 2020 are shown in the Table 1.23 and Figure 1.10



Table 1.23

PARTICULARS	2020	2019	2018	2017	2016
Public Debt (Excluding Treasury Bills)	1,474.8M	1,280.1M	1,167.8M	1,207.7M	1,155.1M
Cumulative Increase (dollar \$)	319.79M	125M	12.7M	54.6M	
Cumulative Increase (percentage %)	27.7%	10.8%	1.1%	4.7%	-
Debt Servicing	223.2M	242.4M	207.8M	187.6M	161.1M
Cumulative Increase (dollar \$)	62.1M	81.3M	46.7M	26.5M	
Cumulative Increase (percentage %)	38.5%	50.5%	29%	16.4%	

Figure 1.10





2.152

RECOMMENDATIONS

1. The Accountant General should ensure that adequate narrative is inserted in the comments field to justify the transactions under the Loan Accounts in SmartStream.
2. The discrepancies between the Public Debt Statement and the Capital Revenue Statement; and the information recorded in the Loan Accounts in SmartStream should be reviewed and adjusted by the Accountant General and the Debt Unit at the Ministry of Finance, prior to the preparation and submission of the Public Debt Statement for auditing.
3. The Accountant General should ensure that all public debts are included in the accounts prior to the preparation and submission of the financial statements within the statutory deadline.
4. All bonds and loan receipts should be paid into the Accountant General's bank account in accordance with Part III, Section 11 (a) and Part IV, Section 14 (1) of the Finance Administration Act and the requisite entries effected in the SmartStream.
5. The Accountant General should ensure that accounting entries effected in SmartStream to account for Bond transactions are in keeping with the Government's Chart of Accounts.



STATEMENT OF ADVANCES

2.153

In accordance with section 32 (3) of the Finance Administration Act, an advance is recoverable within a period not exceeding twelve months after the end of the financial year in which the advance was made. It was noted that the balances on several accounts remained unaccounted for periods in excess of twenty (20) years.

2.154

The failure to clear these advances increased the risk of understating the reported expenditure for the financial year in which the advances were granted.

2.155

The Detailed Statement of Advances comprised of the following categories:

- ✚ Government Officers;
- ✚ Other Advances;
- ✚ Receivables; and
- ✚ Other Governments.

Total Balance of Advances

\$12,628,002.84

2.156

The aggregate of advances not repaid showed a decrease of \$262,823.68 or 2 percent from \$12,890,826.52 in 2019 to \$12,628,002.84 in 2020. The balances on the four (4) categories of advances when compared to 2019, are shown in Table 1.24 and Figure 1.11



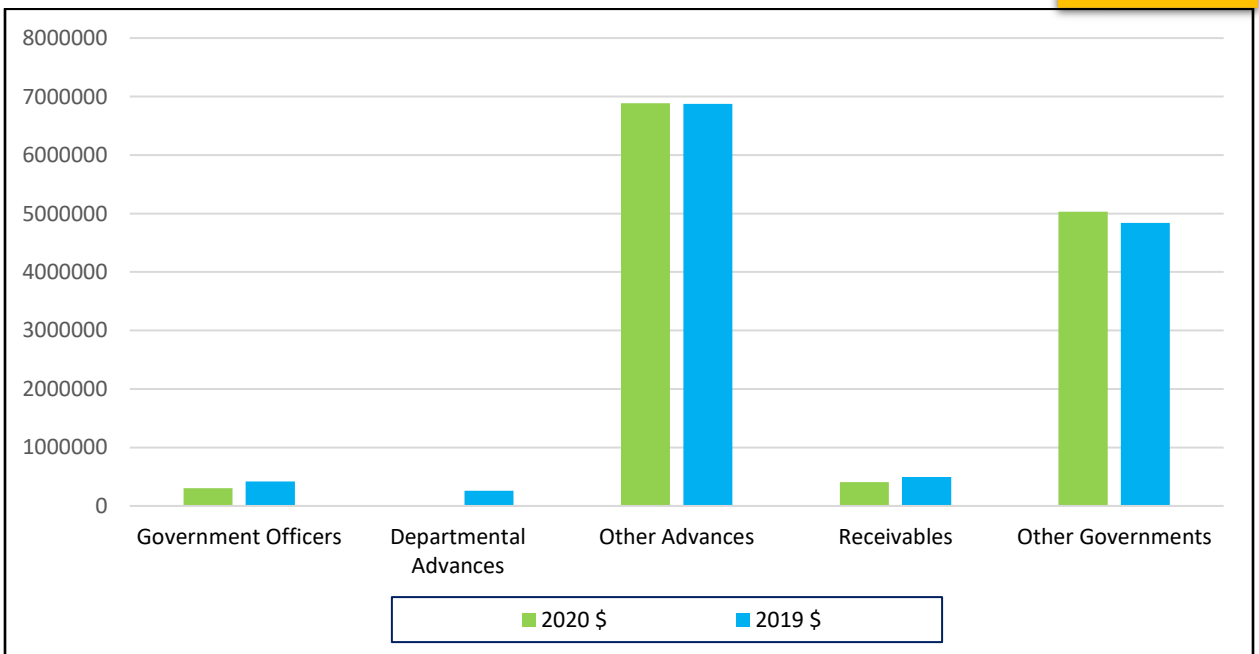
2.157

The balances on the five (5) categories of advances when compared to 2019 are shown in Table 1.24 and Figure 1.11.

Table 1.24

CATEGORY	2020 \$	2019 \$	INCREASE/(DECREASE)
Government Officers	303,659.66	418,289.06	(114,629.40)
Departmental Advances	-	262,044.83	(262,044.83)
Other Advances	6,885,590.54	6,873,675.08	11,915.46
Receivables	405,816.96	496,980.78	(91,163.82)
Other Governments	5,032,935.68	4,839,836.77	193,098.91
TOTAL	12,628,002.84	12,890,826.52	(262,823.68)

Figure 1.11





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Government Officers

\$303,659.66

2.158

The financial statement has shown a net debit balance of \$303,659.66 for Advances issued to Government Officers, as at December 31, 2020, which was \$114,629.40 less than the balance of \$418,289.06 for 2019. Of the total outstanding, an amount of \$179,998.12 is shown as advances to persons who are retired.

2.159

The amount of \$179,998.12 advanced to persons who are retired should have been recovered from the Officers on payment of their retirement benefits and journalised to reduce the balance under the Advance Account. Further, Government Officers are granted one (1) month to account for their expenses after their return to the State. In addition, the known policy of the Government is that non-compliance should result in the amount being deducted from the Officers' salaries. The balance on the Advance Account indicates the failure of the Accountant General's Office to implement its policy to recover the outstanding amounts from the Officers' salaries.

Other Advances

\$6,885,590.54

2.160

The Statement showed a net balance of \$6,885,590.54 at December 31, 2020, \$11,915.46 more than the balance of \$6,873,675.08 for the previous year. Seven (7) of the fifteen (15) accounts on the Statement showed no activity during the financial year 2020. The highest balances of \$1,275,268.53, \$1,184,034.69, \$703,550.97, \$591,399.88 and \$478,579.78 were reflected primarily under the Permanent Representative-SVG UN, Toronto Consulate, New York Consulate, Embassy of SVG Taiwan and Embassy of SVG



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Cuba, respectively, which indicated that expenditure incurred by the offices remained unaccounted for in the Government's Accounts. The high balances on these accounts were highlighted in previous audit reports issued to the Accounting Officer, requesting a detailed analysis of the balances and to effect adjustments where necessary. However, there has been only a slight reduction on the balances, when compared to 2019.

Receivables **\$405,816.96**

2.161

Receivables which resulted from Dishonoured Cheques decreased by \$91,163.82 from \$496,980.78 in 2019 to \$405,816.96 in 2020.

Other Governments **\$5,032,935.68**

2.162

The Statement showed twelve (12) accounts with debit balances totalling \$5,032,935.68 as at the year ended December 31, 2020. This balance increased by \$193,098.91 when compared to the balance of \$4,839,836.77 for 2019. Four (4) of the accounts have shown fixed balances since 2000, while eight (8) accounts have not reflected any repayment for the last eleven (11) years, although the Accountant General continued to make payments for gratuity and pensions on behalf of the Governments.

It must be reiterated that if this trend is allowed to continue, the Governments' debt may escalate beyond unmanageable proportions.

RECOMMENDATIONS

2.163

- The balances which remained outstanding for extended periods in the Advance Accounts should be investigated and the relevant corrective action be taken to



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have the outstanding advances repaid and cleared or written off, in accordance with section 17 (1) of the Finance Administration Act;

- The internal controls should be strengthened to ensure that Advances are promptly cleared in keeping with the requirements of the accounting policies;
- Policies and procedures should be enforced, aimed at ensuring that Public Officers exercise due care when accepting cheques from businesses and individuals. In addition, reference should be made to the Dishonoured Cheque List prepared by the Accountant General; and
- The Accountant General should inform the regional Governments of their indebtedness to the State and seek confirmation of the balances, since these debts may escalate beyond manageable proportions.



CHAPTER 3

GENERAL OBSERVATIONS AND NON-COMPLIANCE ISSUES

RESPONSIBILITY OF MANAGEMENT OF THE AUDITED ENTITIES

3.1

Accounting Officers have a responsibility to ensure that adequate internal controls are instituted in the Ministries and Departments to safeguard the assets and other resources against fraud and irregularities; and that the controls are functioning as intended. Also, it is critical that Accounting Officers take remedial actions to correct reported deviations by implementing recommendations issued by my Office, to improve the performance of the entities. Accordingly, an audit does not absolve Accounting Officers of their responsibilities. However, the results of the audits conducted revealed that the responsibilities herein before mentioned, were relinquished by some Accounting Officers, as several discrepancies were identified.

GENERAL OBSERVATIONS AND NON - COMPLIANCE

3.2

Reports and queries for audits completed in 2020, were issued to the respective Accounting Officers and Heads of Departments. Further, recommendations were made to assist management in the implementation of corrective actions to improve the operations of the audited entities.

3.3

I noted with grave concern that despite the issuance of recommendations to enhance the performance of the audited entities, Accounting Officers have continued to exhibit passivity; since the recommendations issued to improve operations were not



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implemented and enforced. Generally, recommendations are derived from the requirements of the Finance Administration Act and Regulations of 2009, Store Rules, established policies and procedures, as well as other legislative authorities, which provide for the performance of the Government's entities. Although I expect the recommendations to be implemented, my primary concern is whether the Accounting Officers and Heads of Departments select the best course of action to address the issues identified in a timely manner.

3.4

I must reiterate that the most significant function of public auditing is to advance accountability and transparency in government's operations, thereby achieving successful management of public sector resources. However, the accomplishment of the foregoing is contingent, inter alia, upon the willingness and timeliness of Accounting Officers and Heads of Departments to take remedial actions to implement recommendations issued in audit reports to correct identified deficiencies and improve the operations of the entities.

3.5

The audits continue to reveal that Public Officers within the Ministries and Departments are not exercising due care and diligence in the execution of their duties. Hence, greater attention must be placed on compliance with requisite legislations and established accounting policies and guidelines, in efforts to improve the internal controls and operations of the entities. There is also need for continuous training of staff in the ministries and departments in accounting regulations and procedures, with the view of enhancing accountability and good governance. The lack of training will continue to negatively impact the operations of the audited entities.



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3.6

ARREARS OF REVENUE RETURNS

The annual returns of arrears of revenue and monthly reports of recovery of arrears of revenue were not submitted by the Accounting Officers and Heads of Departments who are responsible for the collection of revenue, as required by regulation 99 of the Finance Administration Regulations, 2009, although a request was made by the Accountant General. Therefore, the true position of arrears due to the Government was not determined, since the collectors of revenue failed to submit returns in accordance with the requirements of the regulations. The non-submission of taxpayers' indebtedness prevents the Government from implementing appropriate and effective recovery measures in the collection of outstanding revenue, which would increase the cash flow and reduce the need for borrowing. This issue needs urgent attention as the Government should be adequately informed of the outstanding arrears, the factors attributable to any increase and the action taken to reduce or contain the accumulation.

3.7

The Accountant General should take actions to ensure that the annual returns and reports are submitted by the Collectors of revenue and arrears revenue are classified and credited to the appropriate account provided and approved in the Estimates of Revenue and Expenditure by Parliament.

3.8

RETURN OF RECEIPT BOOKS

All Revenue Collectors are required by the Finance Administration Regulations 2009 to submit half-yearly returns of Revenue Receipts Books in their custody to the Accountant General. This is to ensure that all books are properly controlled and can be vouched for by the Accountant General. There has been non-compliance with the regulations.



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3.9

SURPRISE CASH SURVEYS

Surprise Cash Surveys were conducted at the Government's Offices throughout St. Vincent, to ascertain whether all cash collected were accounted for in accordance with the Finance Administration Regulations, 2009. There were no major deficiencies identified at the entities during the fiscal year.

3.10

IMPREST WARRANTS

A total of \$8,604.46 remained outstanding on the Imprest Accounts, at the end of 2020, although, section 33 (2) of the Finance Administration Act, states *that " Any officer to whom an imprest has been issued...shall retire that imprest not later than the end of the financial year in which the imprest was issued or, if some earlier date is specified in the Imprest Warrant or by the Accountant General, not later than that earlier date."*

3.11

The failure of Accounting Officers to comply with the requirements of the Act resulted in the under reporting of expenditure by the defaulting Ministries/Departments.

3.12

VIREMENT WARRANTS

Virement Warrants are used to vary budgetary resources assigned to any programme within an expenditure vote under a Ministry or Department, due to savings arising from an item in the expenditure vote. The request for a virement is submitted by an Accounting Officer to the Minister of Finance for approval.



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3.13

One hundred and ninety-four (194) Virement Warrants totalling \$8,727,095.97 were approved in respect of the year ended December 31, 2020; resulting in an increase of \$752,239.33 of the amounts varied, when compared to the sum of \$7,974,856.64 in 2019.

3.14

It was noted that the amount on one (1) Virement Warrant was posted incorrectly in the Government's Accounts – SmartStream as follows:

- Virement Warrant No. 66/2020 was approved to transfer \$25,000.00 from Account No. 40 410 22321; \$65,000.00 from Account No. 40 410 22511; \$30,000.00 from Account No. 40 410 22111; \$20,000.00 from Account No. 40 410 22231; \$45,000.00 from Account No. 40 411 22111; \$5,000.00 from Account No. 40 411 22511 and \$30,000.00 from Account No. 40 430 22212, a total of \$220,000.00 to Account No. 40 410 22212. However, Account No. 40 410 22212 was debited with only \$217,000.00, since \$42,000.00 instead of \$45,000.00 was credited from Account No. 40 411 22111. This resulted in an overstatement and understatement of \$3,000.00, in the Revised Estimates under Accounts Nos. 40 411 22111 and 40 410 22212, respectively.

3.15

SPECIAL WARRANTS

In accordance with section 28 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, the Minister of Finance may, after the Appropriation Act for the financial year has come into force, approve special warrants authorising the issue from the Consolidated Fund, such sums which may be required to defray unforeseen expenditure not provided for or not sufficiently provided for in anticipation of approval of the expenditure in a Supplementary Appropriation Act.



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3.16

The Act states that “... *the aggregate of the amounts authorised by special warrants issued under this section in the financial year and not approved in a Supplementary Appropriation Act shall not exceed the amount fixed by resolution of the House of Assembly*”. The Act further states that “*A special warrant may be issued so long as the amount in the Contingencies fund does not exceed the amount fixed by resolution of the House of Assembly for the Contingencies Fund.*” The amount fixed by Resolution of the House of Assembly was \$35,000,000.00 on 6th February, 2020.

3.17

One hundred and two (102) Special Warrants totalling \$60,983,906.25 were approved by the Minister of Finance, during the financial year 2020, an increase of \$7,529,882.52 when compared to the amount of \$53,454,023.73 approved for 2019.

3.18

The total of \$60,983,906.25 approved by Special Warrants, exceeded the sum of \$35,000,000.00, by \$25,983,906.25, which was the aggregate amount that may be authorised by Special Warrants for financial year 2020.

3.19

It was noted that one (1) Special Warrant was omitted from the Government’s Accounts - SmartStream; resulting in the understatement of \$636.92 in the Revised Estimates of Capital Expenditure. This is attributable to the following:

- An amount of \$636.92 approved by Special Warrant No. 81/2020 to supplement Account No. 35 350603 1062 under the Ministry of Education, etc. was not posted in SmartStream.



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3.20

AUDIT QUERIES

Responses to Audit Queries by the Ministries and Departments remained unsatisfactory. A total of thirty - six (36) queries were issued to Heads of Departments and Accounting Officers in 2020. However, one (1) was reissued and nineteen (19) remained outstanding at the end of the financial year.



CHAPTER 4

AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

4.1

This section summarises the salient observations arising from the audits conducted at the Ministries/Departments, for the period under review. More detailed comments on the issues mentioned, as well as, recommendations conveying the corrective measures considered necessary, were communicated to the Accounting Officers, by way of audit queries, reports and memoranda. The significant findings are outlined hereunder: -

MINISTRY OF NATIONAL SECURITY, ETC.

COAST GUARD SERVICES

FOLLOW-UP REVIEW ON THE IMPLEMENTATION OF PRIOR YEARS AUDIT RECOMMENDATIONS - COAST GUARD SERVICE

4.2

Supreme Audit Institutions (SAIs) are required by International Standards of Supreme Audit Institutions (ISSAIs), to follow-up on recommendations issued to the audited entities. The follow-up is critical to determine the adequacy, effectiveness and timeliness of actions taken by management to implement recommendations issued to correct reported observations, in order to improve the operations of the entity. Therefore, if management does not implement the recommendations arising from audit findings, it exposes the organisation to risk.



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4.3

As a result of the foregoing and in accordance with the Audit Office's Performance Activities for 2019, we conducted our first Follow-up assessment, which reviewed the implementation status of 22 audit recommendations, issued to the Coast Guard Services in the audit report for the financial years 2012 – 2015.

4.4

The most significant function of public auditing is to advance accountability and transparency in public sector, thereby achieving successful management of public sector resources. However, the accomplishment of the foregoing is contingent, inter alia, upon the willingness and timeliness of management to take remedial actions to implement recommendations issued in audit reports to correct identified deficiencies and improve the operations of the audited entities.

4.5

The auditors found that despite the designed and issuance of recommendations to enhance the performance of the Coast Guard Services and improve the Government's governance and accountability mechanisms, all of the recommendations issued were not fully implemented although sufficient time had elapsed to enable the implementation of same.

4.6

Management of the Coast Guard Services reported that eighteen (18) recommendations were fully implemented, three (3) were partially implemented while one (1) was not implemented. However, our assessment found that only four (4) recommendations were fully implemented, seven (7) were substantially implemented, four (4) had insignificant progress, six (6) had no progress and one (1) was at the planning stage.



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4.7

Accordingly, I encouraged the Coast Guard Services to implement all of the recommendations previously issued in the audit report, which have not achieved full implementation status, to ensure that all recommendations are fully implemented to improve the operations of the Coast Guard Services.

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FORESTRY SERVICES

4.8

An audit was conducted on the Forestry Services Cash Book for the period 26th April, 2006 – 18th February, 2020. The findings are articulated hereunder.

Receipt Book Stock Register

Findings

4.9

A stock register was not maintained by the Forestry Services to account for receipt books received from the Ministry of Agriculture, etc., the distribution, return of exhausted receipt books and the balance of receipt books in stock, contrary to regulation 62 of the Finance Administration Regulations, Chapter 252 of the Laws of SVG, Revised Edition, 2009. Consequently, a list of receipt books issued to the Forestry Services was compiled from the Ministry of Agriculture's stock register.



4.10

The Audit Office recommended that a stock register should be maintained to clearly and accurately account for the receipt books in keeping with the Finance Administration Regulations.

Cash Book and Receipt Books

4.11

Several improper accounting practices and non-compliance with the Finance Administration Regulations, 2009, were identified in the maintenance of the cash book. The compliance deviations were as follows:

1. Receipt book No. 152201 – 152300, which included receipts for the period 1st February, 2006 to 23rd March, 2010, was not presented for audit inspection; hence, the auditor was unable to verify the transactions for the period 3rd April, 2006 to 22nd, March, 2010, in the cash book.
2. A book containing duplicate pages with the heading *Department of Agriculture, St. Vincent, W.I.* - No. 8801 – 8900 (hereinafter referred to as a receipt book) was used, among other receipt books, to evidence the collection of revenue during the period 3rd April, 2006 to 18th February, 2020, contrary to regulation 51 of the Finance Administration Regulations, 2009.

We found that during the period 7th May, 2008 to 2nd March, 2009, receipts were issued to persons by the Ministry of Agriculture which were attached to some duplicate receipts in the sequence 8801 – 8850 which inferred that the originals of the duplicates may have been issued to persons to facilitate payment for goods



at the Ministry of Agriculture. However, the auditor noted that there were no receipts to verify the total of \$6,701.89 collected from persons, shown in Table 1.

The audit revealed that receipt book No. 8801 – 8900 served the dual functions of invoice book and receipt book to facilitate payment at the Ministry of Agriculture and evidence the collection of revenue by the Forestry Services, respectively.

Table 1. Receipt Nos. for which cash was not accounted.

Receipt Nos.	Date	Payer	Amount \$
8802	07/05/2008	A	941.00
8803	14/05/2008	B	40.00
8808	02/06/2008	C	259.80
8810	18/06/2008	D	250.00
8811	18/06/2008	E	180.00
8816	03/07/2008	F	485.40
8825	08/08/2008	G	300.00
8833	02/09/2008	H	1,022.28
8834	30/09/2008	H	236.25
8836	23/10/2008	H	485.40
8837	14/11/2008	I	225.00
8838	27/11/2008	J	200.00
8840	16/01/2009	K	50.00
8841	26/01/2009	L	200.00
8842	26/01/2009	M	300.00
8846 - 8847	29/01/2009	N	1,526.76
TOTAL			6,701.89

- Receipt Nos. 8853 and 8854 dated 2nd April, 2009, in favour Payer H were used to evidence the collection of \$452.27. An examination of the receipts revealed that



4. the total amount of \$452.27 recorded on receipt No. 8854 represented the sum of sub totals recorded on both receipts which were used to account for a single transaction;
5. The right edge of receipt No. 8859 dated 4th September, 2009, which depicted the amount per line item was torn and removed, contrary to regulation 63 of the Finance Administration Regulations, 2009. Consequently, the total amount collected on the receipt could not be identified. Using the particulars quoted on the defaced receipt, the auditors recomputed the cost of each item and determined that the amount per line item was erroneously stated based on the rate per cubic foot. Hence, an approximate total revenue of \$2,760.15 instead of \$1,840.10 was collected, resulting in an over collection of \$920.05. Further, it was found that the amount of \$2,760.15 was not accounted for in the cash book, contrary to regulation 86(a) of the Finance Administration Regulations, 2009;
6. The original and duplicate receipts No. 8858 dated 4th September, 2009, in the amount of \$360.00, were retained in the receipt book. However, the transaction was not recorded in the cash book, contrary to regulation 86(a) of the Finance Administration Regulations, 2009;
7. Receipt Nos. 8885 and 1027827 were cancelled; however, the receipts were not accounted for in the cash book;
8. Receipt No. 450405 dated 22nd May, 2014, in the amount of \$200.00, was cancelled; however, the serial number, name of payer, and amount were entered in the cash book instead of the serial number and the word "CANCELLED". Nonetheless, the aforementioned moneys were accounted for via receipt No.



449948 dated 23rd May, 2014 issued by the Ministry of Agriculture which was affixed to the cash book;

9. Receipt No. 450407 dated 23rd May, 2014, in the amount of \$192.00, was not brought to account in the cash book, contrary to regulation 86(a) of the Finance Administration Regulations, 2009;
10. An amount of \$247.69 collected via receipt No. 450437 dated 3rd July, 2015, was recorded in the cash book. There was no evidence that the amount received was brought to account at the Ministry of Agriculture;
11. The amount of \$60.00 recorded in figures was written in ink on the duplicate receipt No. 450490 dated 18th July, 2016, which suggests that the amount was not recorded at the time of issuance of the original receipt, contrary to regulation 67(2) of the Finance Administration Regulations, 2009;
12. An amount of \$3,000.00 was collected on receipt No. 129111 dated 26th March, 2018. The narrative states that the moneys were collected as part-payment on 27 trees, with a balance of \$3,783.26. Forestry Services Invoice No. 93-94 dated 9th March, 2018, in the amount of \$6,783.26 was appended to the receipt outlining the details of the trees. However, the auditors found no evidence that the remaining balance of \$3,783.26 was collected by the Forestry Services. The issuing of goods prior to the collection of the total fees payable is not in keeping with the Government's accounting policy; and
13. The Forestry Services currently uses a schedule of fees obtained from the Botanical Garden, for establishing the price for décor plants sold by the nursery. The auditors were informed that the fees were not approved by the Permanent



Secretary, Ministry of Agriculture, Forestry, Fisheries etc. it was noted that there were inconsistencies in the application of fees for plants sold by the nursery for the period under review. The Senior Forestry Supervisor informed us that due to the variation in size and quality of plants, some plants may be priced differently from the normal rate.

4.12

As a result of the foregoing findings, a total of \$14,044.99 was not accounted for by the Forestry Services for the period 7th May, 2008 to 26th March, 2018, as schematically depicted in Table 2.

4.13

Table 2. Total revenue unaccounted for by the Forestry Services

Receipt No.	Date	Amount \$
		6,701.89
8859	04/09/2009	2,760.15
8858	04/09/2009	360.00
450407	23/05/2014	192.00
450437	03/07/2015	247.69
129111	26/03/2018	3,783.26
TOTAL		14,044.99



4.14

It was recommended by my Office that:

1. *the Director of Forestry Services should account for Receipt Book No. 152201-152300;*
2. *Receipt books used to evidence the collection of public money should be in a format prescribed by the Accountant General, in accordance with the Finance Administration Regulations, 2009;*
3. *all receipts evidencing the collection of revenue by the Forestry Services should be issued in accordance with the applicable regulations of the Finance Administration Regulations, 2009;*
4. *the total fees payable for plants sold by the Forestry Services should be collected prior to the delivery of goods;*
5. *the Director of Forestry Services should submit proof that:*
 - I. *revenue totalling approximately \$10,261.73 which was unaccounted for, was brought to account at the Ministry of Agriculture; and*
 - II. *the remaining balance of \$3,783.26, in respect of receipt No. 129111 dated 26th March, 2018, (supported by invoice No.93-94) in favour of Payer X was collected and brought to account at the Ministry of Agriculture.*
6. *the Director of Forestry Services should implement an appropriate schedule of fees approved by the Permanent Secretary for plants sold by the nursery.*

4.15

To date, my Office has not received a response from the Ministry of Agriculture, etc., indicating the corrective actions taken to resolve the foregoing serious deficiencies, to improve the performance of the Forestry Services and prevent recurrences.



CHAPTER 5

AUDIT OF STATUTORY BODIES

5.1

Pursuant to section 13 (1) of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, the Director of Audit is mandated to audit the financial statements of statutory bodies and transmit the audit report to the Minister, to be laid in the House of Assembly. Further, the legislations governing these statutory bodies, require the statutory bodies to submit their financial statements to the Director of Audit. While the Director of Audit is responsible for conducting these audits, due to capacity constraints, there are a number of statutory bodies that are not audited by my Office. As such, the financial statements of some statutory bodies are audited by external auditors.

5.2

This chapter outlines the reports issued in financial year 2020, by the Audit Office and the external auditors duly appointed by the Director of Audit.

AUDIT OF STATUTORY BODIES CONDUCTED BY THE AUDIT OFFICE

St. Vincent and the Grenadines Community College

5.3

The audit reports for the St. Vincent and the Grenadines Community College (SVGCC) for the financial years ended 31st December, 2015 and 2016, were issued on 12th November, 2020. The unaudited 2015 and 2016 financial statements submitted by the SVGCC,



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contained numerous material errors, omissions and inconsistencies. Consequently, the financial statements for the year ended 2015 were restated to correct the discrepancies and an unqualified opinion was issued for the financial statements for both years.

AUDIT OF STATUTORY BODIES CONDUCTED BY EXTERNAL AUDITORS

5.4

PetroCaribe (Special Purpose) Fund

The purpose of the PetroCaribe (Special Purpose) Fund is to provide the resources necessary to advance the social and economic programmes of the public and private sectors of St. Vincent and the Grenadines. The financial statements for the year ended 31st December, 2018, were audited by BDO Eastern Caribbean. A qualified opinion was issued on 28th May, 2020.

5.5

Financial Services Authority

The principal activity of the Financial Services Authority is to regulate and supervise the financial sector in St. Vincent and the Grenadines. The audit of the financial statements for the year ended 31st December, 2019, was conducted by Grant Thornton Chartered Accountants. An unqualified opinion was issued on 30th June, 2020.

5.6

St. Vincent and the Grenadines Postal Corporation

The St. Vincent and the Grenadines Postal Corporation is principally engaged in the provision of postal services, sale and encashment of postal money orders, the production and sale of postage, definite and commemorative stamps, as well as money transfer



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services (Money Gram). The financial statements for the year ended 31st December, 2019, was audited by KDLT Chartered Certified Accountants. An unqualified opinion was issued.



CHAPTER 6

SPECIAL AUDIT

MINISTRY OF AGRICULTURE, FORESTRY, FISHERIES, RURAL TRANSFORMATION, INDUSTRY AND LABOUR.

SPECIAL AUDIT REPORT ON THE MANAGEMENT OF REVENUE OF THE HORTICULTURE FUND

EXECUTIVE SUMMARY

6.1

A compliance audit was conducted on the management of revenue of the Horticulture Fund, Orange Hill Horticulture Station, Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour for the period 3rd March, 2014 to 31st May, 2019. The audit was performed to ascertain whether there are adequate internal controls to safeguard revenue collected, all revenue collected were accounted for in the requisite internal accounting records and the Horticulture Fund bank account at the Bank of St. Vincent and the Grenadines; and fraudulent activities had occurred involving the Horticulture Fund.

6.2

The audit was conducted during the period July 2019 to January 2020.

6.3

The salient findings of the audit are articulated hereunder:

1. There was an absence of segregation of duties, resulting in the revenue collected being unaccounted for;



2. A Stock Register was not maintained by the Orange Hill Horticulture Station to account for the receipt, distribution, return of exhausted receipt books and the balance of receipt books in stock, hence; employees at the Orange Hill Horticulture Station could not determine whether all receipt books procured were accounted for;
3. The auditors could not determine the quantity of receipt books purchased, issued to the various Officers and Agricultural Stations, receipt books completed and returned to the Station, the stock of receipt books on hand and whether all of the receipt books were presented for audit inspection, as a result of absence of a Stock Register;
4. Various improper accounting practices and non-compliance with the Finance Administration Regulations were identified in the maintenance of the cash book and receipt books as follows:
 - a. transactions were recorded in the cash books, however, subtotals, totals and balance carried forward were not inserted in the cash books for revenue collected daily and for the weekly periods for which deposits were made at the bank, contrary to regulation 12 (1);
 - b. the receipts issued were not recorded in ascending order of their serial numbers in the cash book, in accordance with regulation 86 (a) of the Finance Administration Regulations, hence, it was difficult to account for all of the receipts and amounts collected;
 - c. some duplicate receipts were not affixed to the cancelled original and triplicate receipts, contrary to regulation 68 (2) (c).
 - d. receipts were entered in the cash book; however, the triplicate receipts were torn out of the receipt book contrary to regulations 64 (a) of the



Finance Administration Regulations, 2009. As a result, it was not possible to verify the information entered in the cash book;

- e. several receipts totaling \$ 15,317.77 were not brought to account in the cash book, in accordance with regulation 86 (a) of the Finance Administration Regulations, 2009;
 - f. amounts recorded in the cash book differ from the amounts collected on various receipts, resulting in a net shortage of \$761.07 which was not accounted for in the cash book, contrary to regulation 12 (2); and
 - g. the amount payable for plants sold was incorrectly computed on some receipts, resulting in a net short collection of \$576.93 by the cashier;
5. Several duplicate Customer Account Deposit Slips were altered subsequent to the deposit of revenue in the Horticulture Fund bank account, to reflect more money than what was actually deposited. Hence, there were discrepancies between the duplicate Customer Account Deposit Slips, original Customer Account Deposit Slips and Bank Statements;
6. All of the revenue evidenced by receipts at the Orange Hill Horticulture Station were not accounted for in the Deposit Register and the Horticulture Fund bank account; and
7. A total of \$230,741.57 was not accounted for in the Horticulture Fund bank account by the Accounts Clerk who was responsible for the recording of revenue and receipts in the cash book and Deposit Register, preparation of Customer Account Deposit Slips and deposit of revenue in the Horticulture Fund bank account for the period under review.



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6.4

The compliance deviations and fraudulent activities identified in this report necessitate urgent remedial and other appropriate actions by the relevant Accounting Officer(s). Recommendations have been issued to assist management in the improvement of employees' performance, the enhancement of the Horticulture administrative operations and recovery of revenue that was not accounted for. The implementation of recommendations and initiation of other urgent appropriate actions remain the responsibility of management.

DETAILED FINDINGS

BACKGROUND

6.5

The Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour operates a Horticulture Station at Orange Hill. The activities of the Station are, inter alia, the propagation of plant, fruit and vegetable seedlings, tissue culture operation, production of composite flower, bio fertiliser and bio pesticide, testing of new varieties and the provision of clean and improved planting materials to farmers. The Orange Hill Horticulture Station, which was previously managed by the Taiwanese, was handed over to the Government of St. Vincent and the Grenadines in 2012.

6.6

Information provided by personnel of the Ministry of Agriculture etc. during interviews conducted, revealed that during the Taiwanese's management of the Horticulture Station, a bank account, No. 200489, was established at the National Commercial Bank (currently operating as Bank of St. Vincent and the Grenadines (BOSVG)) to facilitate the deposit of moneys collected from the operation.



6.7

Further, we were informed that:

- the account is maintained as a revolving fund to finance the purchase of supplies for use at the Orange Hill Horticulture Station and other Agricultural Stations;
- on assumption of ownership of the Horticulture Station by the Government of St. Vincent and the Grenadines, the pre-existing bank account was also handed over by the Taiwanese to continue the purpose of the fund; and
- the signatories to the bank account were subsequently changed by the Accountant General to enable the Ministry of Agriculture, etc. to administer the account.

6.8

There are five (5) Agricultural Stations namely; New Grounds, Three Rivers, Perseverance, Dumbarton and Wallilabou, whose propagation activities fall under the management of the Orange Hill Horticulture Station. The Orange Hill Horticulture Station supplies the New Grounds, Dumbarton and Wallilabou Agricultural Stations with seedlings hence; revenue collected for sale of seedlings by the Agricultural Stations is paid to the Orange Hill Horticulture Station. Seedlings propagated by the Three Rivers and Perseverance Agricultural Stations are transported to the Orange Hill Horticulture Station for sale by the Orange Hill Station.

6.9

The Ministry of Agriculture, etc. deployed four (4) employees to perform the daily functions related to the administrative operations of the Orange Hill Horticulture Station. The employees are a Product Development Officer who reports to the Permanent



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Secretary within the Ministry and is responsible for the technical management of the Station and the daily operating and financial activities, an employee who performs financial/accounting related activities pertaining to the fund (hereinafter referred to as the Accounts Clerk), a Technical Aide who carries out the duties of a Cashier (hereinafter referred to as a Cashier) and an Extension Aide who performs the duties of a Secretary. The Accounts Clerk, Technical Aide and Extension Aide report to the Product Development Officer.

SCOPE OF AUDIT

6.10

The Orange Hill Horticulture Station's operation encompasses activities relating to revenue and expenditure. Transactions pertaining to expenditure were subject to stronger internal controls hence; the component of revenue was identified as the area of greater risk. Accordingly, our audit examined the management of revenue for the period 3rd March, 2014 to 31st May, 2019, and as such, did not include the activities pertaining to expenditure.

AUDIT OBJECTIVES

6.11

The audit was conducted to determine whether:

1. the Ministry of Agriculture etc. has:
 - a. implemented internal controls to safeguard revenue collected at the Orange Hill Horticulture Station and the adequacy of the controls; and
 - b. employed procedures to account for revenue in accordance with the Finance Administration Regulations, 2009;



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all revenue relating to the Horticulture Fund were deposited to the account at Bank of St. Vincent and the Grenadines (BOSVG) in accordance with the Finance Administration Regulations, 2009; and

2. fraudulent activities had occurred involving the Horticulture Fund account.

SUMMARY OF WORK PERFORMED

6.12

Audit procedures were planned to gather sufficient, appropriate and reliable evidence. We used different evidence gathering techniques such as inquiries and analytical procedures to arrive at a conclusion.

6.13

In carrying out our audit, we reviewed a significant amount of records maintained by the Orange Hill Horticulture Station, (hereinafter referred to as the Station) such as receipt books, cash books, a note book which was used to record revenue collected by the Station for sale of plants and moneys received from other Agricultural Stations to be deposited to the Horticulture Fund bank account (herein after referred to as the Deposit Register) and duplicate Customer Account Deposit Slips. Various copies of original Customer Account Deposit Slips and bank statements provided by BOSVG were also examined. Interviews were conducted with personnel from the Ministry of Agriculture and staff employed at the Station in order to obtain an understanding of the operations of the Station and the procedures employed for accounting for the revenue collected. In addition, an exit meeting was held with the Permanent Secretary within the Ministry and the Technical Officer in charge of the Station, in which the results of the audit were communicated.



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REASON FOR THE AUDIT

6.14

In June 2019, the Permanent Secretary, Ministry of Agriculture etc. (hereinafter referred to as the Ministry) submitted a request to the Director of Audit to conduct an audit of the Horticulture Fund which falls under the ambit of the Ministry, as the Ministry was of the opinion that there have been fraudulent activities by one or more individuals, involving the Horticulture Fund. The Director of Audit agreed to carry out the audit and engagement activities commenced in July 2019.

LIMITATION AND CHALLENGES OF THE AUDIT

6.15

All the source documents that were required to facilitate the audit; such as the project document/agreement between the Taiwanese and the Government of St. Vincent and the Grenadines, articulating the terms of the operation of the Orange Hill Horticulture Station, some receipt books used to evidence the collection of revenue for sale of plants at the Station and duplicate Customer Account Deposit Slips, were not presented for audit inspection. Further, all of the cash books maintained by the Dumbarton, New Grounds and Wallilabou Agricultural Stations and all receipt books utilised by the Station to evidence the receipt of moneys collected from the Agricultural Stations during the period under review, were not presented for auditing.

6.16

In addition to the non-submission of the aforementioned records, the Audit Office experienced difficulties in obtaining pertinent records requested from the Ministry, within reasonably time frames. The Permanent Secretary/ Ministry of Agriculture etc.



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expressed that the tardiness in the submission of some records to the Office was ascribed to the BOSVG's protracted delay in fulfilling the Ministry's request for provision of the relevant records. The records were subsequently requested and received by the Accountant General and were transmitted to the Audit Office on November 29, 2019. As a result of the untimely submission of records, the audit was inevitably extended beyond the estimated completion date.

6.17

Further, the non-submission of all of the requisite accounting records obscured the audit trail; accordingly, we could not verify all of the revenue collected which should have been deposited to the Fund's bank account.

REVENUE PROCESSING PROCEDURES

6.18

The Station accepts payment from the public and other Agricultural Stations in the form of cash or cheque. Private receipt books procured from the Galaxy Printery were used to evidence the collection of revenue at the Station for the period under review. The receipts, which are pre-numbered, are prepared in triplicate copies by the cashier at the Station. The original receipt is issued to the customer, the duplicate copy and moneys collected are kept daily in a cash pan and the receipt book containing the triplicates is presented to the Accounts Clerk who records the serial number of the receipts issued and the revenue collected in the cash book. Moneys collected daily are retained in a cash pan by the Cashier and the total weekly revenue which is comprised of cash and cheques are handed over on Fridays to the Accounts Clerk to be deposited to the Horticulture Fund bank account.



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6.19

A Deposit Register is maintained to account for revenue to be deposited to the Horticulture Fund account. The Deposit Register, which is intended to account for revenue collected by the Station and the Agricultural Stations, to be deposited to the Horticulture Fund bank account, was implemented with effect from January 22, 2016, however, it was not maintained accordingly, until September 29, 2017. The Accounts Clerk and the Cashier are responsible for recording in the Deposit Register, the total revenue to be deposited, the sequence of receipt numbers for which the cash and cheques relate and the name of the Station and Agricultural Stations for which the revenue relates. The Accounts Clerk prepares the Customer Account Deposit Slips on the date the entry is made in the Deposit Register and takes the revenue to be deposited to the Horticulture Fund bank account at the BOSVG. Revenue collected is deposited weekly to the Horticulture Fund bank account.

6.20

In addition, the Accounts Clerk is responsible for the collection of revenue from the Agricultural Stations.

RESPONSIBILITIES OF THE ACCOUNTS CLERK

6.21

Interviews conducted with personnel from the Ministry and administrative staff of the Station, established the following responsibilities of the Accounts Clerk in which there was absence of segregation of duties:

1. recording of transactions in the cash book using the triplicate receipts;
2. collection of revenue from the Agricultural Stations;



3. documenting revenue collected in the Deposit Register and preparation of Customer Account Deposit Slips;
4. depositing of revenue in the Horticulture Fund bank account;
5. preparation of monthly financial reports on income and expenditure;
6. preparation of reconciliation statements;
7. procurement of receipt books for use by the Station and the Agricultural Stations;
and
8. procurement of supplies for use by all of the Agricultural Stations.

AUDIT FINDINGS AND RECOMMENDATIONS

Internal controls

6.22

Criteria

1. There should be approved documented policies and procedures to govern the management of revenue;
2. There should be separation of employee duties to mitigate fraudulent activities;
and
3. The revenue management process should be monitored and supervised to ensure accountability and adherence to policies and legislations.



6.23

Findings

We found that there was absence of:

- documented policies and procedures to govern the management of revenue;
- separation of employee responsibilities. This internal control principle is intended to ensure that no single individual is responsible for performing incompatible accounting duties. The control serves as checks-and-balances and is effective at detecting errors and minimising fraudulent activities. Our review concluded that there are weaknesses in this control principle at the Station due to the absence of segregation of duties in the collection of revenue from Agricultural Stations, recording of receipts in the cash book, recording of revenue in the Deposit Register, preparation of Customer Account Deposit Slips, depositing of revenue and reconciliation of bank statements, as all of these functions were performed by the Accounts Clerk, which made the revenue management process susceptible to fraud; and
- monitoring and supervision of the revenue management process by a supervisor to ensure that:
 1. all the revenue collected were accounted for in the Station's internal records and the Fund's bank account; and
 2. that the records were satisfactorily maintained by the Accounts Clerk in keeping with best practices.



Recommendations

6.24

The Audit Office recommended that:

- Documented policies and procedures be implemented to maintain a strong system of internal controls for revenue management and to facilitate compliance with applicable laws and regulations.
- There is segregation of duties in the revenue management process. Receiving, recording, depositing and reconciling of revenue should be performed by separate employees to minimise the opportunity for misappropriation of funds and the delay in detection of errors and or fraud.
- An employee who is not involved in the collection and deposit of revenue should reconcile the bank statement with the accounts to ensure that all amounts were duly credited to the bank account and reconciled with the cash book and Deposit Register balances.

Management of Receipt Books

Audit Criterion

6.25

A Stock Register should be maintained to clearly and accurately account for the quantity of receipt books received together with the serial numbers and the date of receipt; when receipt books are issued with the serial numbers, the date of issuance and the Officer or Agricultural Station to whom/which the receipt books were issued; the remaining stock; and the return of exhausted receipt books.



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Findings

6.26

Receipt books for use at the Station were procured by the Accounts Clerk. A Stock Register was not maintained to account for the receipt, distribution, return of exhausted receipt books and the balance of receipt books in stock. We were informed by employees at the Station that only the quantity of receipt books received, the Agricultural Station to which a receipt book was issued and the quantity of receipt books issued were recorded in a book. As a result of failure to maintain a Stock Register, the Officers at the Station encountered difficulty in locating the receipt books for submission for audit review and, therefore, could not determine whether all receipt books were accounted for.

6.27

Further, the auditors could not determine the quantity of receipt books purchased, issued to the various Officers and Agricultural Stations, receipt books completed and returned to the Station, the stock of receipt books on hand and whether all of the receipt books were presented for audit inspection. The absence of a Stock Register to account for the receipt books renders them susceptible to be used by unauthorised persons, and cash collected may not be brought to account in the Station's cash book and Horticulture Fund bank account.

Recommendations

The Audit Office recommended that:

6.28

1. the procurement and receipt of receipt books should be performed by separate employees;



2. a Stock Register should be maintained to clearly and accurately account for:
 - a. the quantity of receipt books received together with the serial numbers and the date they were received,
 - b. receipt books issued with the serial numbers, date of issuance and the Public Officer and Station to whom/which the books were issued;
 - c. the remaining stock;
 - d. the date on which exhausted receipt books were written off; and
 - e. the responsible Officer's signature; and
3. receipt books should be kept in safe custody.

6.29

Cash Book, Deposit Register, Customer Bank Deposit Slips and Bank Statements

Audit Criteria

1. A cash book should be maintained by a receiver of revenue in accordance with the Finance Administration Regulations, 2009;
2. Revenue collected by a receiver of revenue shall without delay, be deposited in the account operated by the accounting officer, in accordance with the Finance Administration Regulations, 2009; and
3. Amounts recorded on all copies of Customer Account Deposit Slip should be reconciled with the credits reflected on the monthly bank statements for the corresponding dates.



ORANGE HILL HORTICULTURE STATION CASH BOOK AND SUBSIDIARY CASH BOOKS

Findings

Orange Hill Horticulture Station Cash Book

6.30 An examination of the cash books and receipt books used by the Orange Hill Horticulture Station, for the period 3rd March, 2014 to 8th January, 2019, revealed that the records were not satisfactorily maintained which resulted in various improper accounting practices and non-compliance with the Finance Administration Regulations, 2009.

6.31 It was noted that the cash book was not balanced daily neither were there any verification marks in the records to indicate that the transactions were verified by a supervisor or an independent person.

6.32 A number of non-compliances was noted during the examination of the cash book which are highlighted hereunder.

1. Transactions are recorded in the cash books; however, subtotals, totals and balances carried forward were not inserted in the cash books for revenue collected daily and for the weekly periods for which deposits were made at the bank, contrary to regulation 12 (1) of the Finance Administration Regulations, 2009. It appears that the cash book is kept as a sales register.
2. The receipts issued were not recorded in ascending order of the serial numbers in the cash book, in accordance with regulation 86 (a) of the Finance Administration



Regulations, hence, it was difficult to account for all of the receipts and amounts collected.

3. The duplicate receipts were not affixed to the cancelled original and triplicate receipts, contrary to regulation 68 (2) (c).
4. Two (2) receipts totalling \$102.40 were entered in the cash book; however, the triplicate receipts were removed from the receipt book. This practice is not in keeping with regulations 64 (a) of the Finance Administration Regulations, 2009. As a result, it was not possible to verify the information entered in the cash book.
5. Several transactions inclusive of cancelled receipts were not brought to account in the cash book, in accordance with regulations 12 (2) and 86 (a) of the Finance Administration Regulations, 2009. Receipts totalling \$15,317.77 were not brought to account in the cash book.
6. Amounts recorded in the cash book differ from the amounts collected on various receipts, resulting in a net shortage of \$761.07 which was not accounted for in the cash book, contrary to regulation 12 (2).
7. The amount payable for plants sold was incorrectly calculated on some receipts, resulting in a net short collection of \$576.93 by the cashier.
8. The name of the person who paid the money or on whose behalf the money was paid, was not, in all instances, recorded on the receipts issued by the Station. Upon inquiry, the auditors were informed that some persons usually decline to provide their names, resulting in the receipts being issued in the name of Retail, a Nickname, Surname or Christian name by the Station. The absence of persons' name on receipts precludes the identification and location of those persons, should the need arise, as a result of an investigation relating to fraudulent activities associated with the receipts or errors made on the receipts.



9. An approved documented schedule of fees for plants sold by the Station and the Agricultural Stations was not presented for audit inspection. Consequently, the auditors could not determine whether the fees charged for sale of plants were in accordance with the established fees. The auditors were informed by personnel at the Station that the fees are undocumented.

Subsidiary Cash Books - Agricultural Stations

6.33 The Auditors were informed by the Officers that the Accounts Clerk had full responsibility for the collection of revenue from the Agricultural Stations. All of the revenue collected from the subsidiary cash books maintained at the Agricultural Stations were not brought to account in the Station's cash book. In addition, all of the receipt books used to collect the revenue from the Agricultural Stations by the Accounts Clerk were not presented for audit inspection. Further, all of the receipts issued to the Agricultural Stations during the period audited were not inserted in the subsidiary cash books. Therefore, it was not possible to determine whether all of the amounts collected from the Agricultural Stations were brought to account in the Deposit Register and the Horticulture Fund bank account for the period under review.

Recommendations

6.34 It was recommended that the Permanent Secretary, Ministry of Agriculture etc. take remedial actions to ensure that:



1. serious breaches of the Finance Administration Regulations, 2009 are urgently addressed;
2. the fees chargeable for sale of plants at the Station and Agricultural Stations are documented, approved and made available to all Agricultural Stations;
3. the names of persons who pay money or on whose behalf money is being paid is documented on the receipts prior to their issuance; and
4. revenue collected from the Agricultural Stations are brought to account in the cash book at the Station.

DEPOSIT REGISTER, CUSTOMER ACCOUNT DEPOSIT SLIPS AND BANK STATEMENTS

Disparity between the amounts collected and amounts deposited to the Horticulture Fund Bank Account

6.35

All of the duplicate Customer Account Deposit Slips were not submitted for the period under review and as a result, it was not possible to compare the duplicate slips with the originals and the amount on the bank statements for the entire audited period. Duplicate Customer Account Deposit Slips for the periods January 2015 to June 2015, 27th June 2016 to December 2016, January 2017 to December 2017 and January 2018 to 9th March 2018 were not presented for audit examination.

6.36

Our review included a comparison of the Station's accounting records to the bank's records for the period 19th March, 2018 to 31st May, 2019. We compared the amounts collected on the receipts with the amounts recorded in the Bank Deposit Register and the



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duplicate Customer Account Deposit Slips, with the original Customer Account Deposit Slips and the amounts registered on the bank statements.

6.37

The review determined that the amount deposited weekly to the Horticulture Fund bank account did not agree with the amount recorded in the Station's internal accounting records. We found a large disparity between the amounts collected and recorded in the Deposit Register and the amounts brought to account at the BOSVG via the original Customer Deposit Slips. Also, it was noted that there were large variances between the amounts recorded on the duplicate Customer Account Deposit Slips and the amounts recorded on the original Customer Account Deposit Slips.

6.38

A close scrutiny of the duplicate Customer Account Deposit Slips revealed that the cash value and total amount were altered subsequent to deposits made at the bank, to reconcile with the amount documented in the Deposit Register, as the original Customer Account Deposit Slips did not reflect those changes. The amount recorded on the original Customer Account Deposit Slips is substantially less than what is depicted on the duplicate copies.

6.39

Based on our examination, total receipts of \$159,364.80 was accounted for in the Deposit Register, however, a total amount of \$23,651.08 or 14.84 percent of the amount documented in the Deposit Register was recorded on the original Customer Account Deposit Slips and bank statements, showing a difference of \$135,713.72 or 85.16 percent for the aforementioned period. Our finding signifies that all of the moneys were not



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deposited in the BOSVG Account No. 200489, by the Accounts Clerk, during the aforementioned period.

6.40

Further, an examination of the bank statements for the period October 2016 – February, 2018 and 2nd and 9th March, 2018, revealed that there is a substantial difference between the amount recorded on the statements and the amount recorded in the Deposit Register. We found that a total of \$140,970.87 was recorded in the Deposit Register while the bank statements for the corresponding period only accounted for \$65,566.77, or 46.51 percent of the amount recorded in the Deposit Register, resulting in an amount of \$75,404.40 or 53.48 percent of the total collections being unaccounted for in the Horticulture Fund bank account by the Accounts Clerk, for the aforementioned period.

6.41

In addition, an examination of the Deposit Register for the 21.09.18, 14.12.18, 15.03.19, and 25.05.19 revealed that amounts totalling \$9,170.28 should have been deposited to the Horticulture Fund bank account; however, collections for the aforementioned dates were not reflected on the bank statement. Duplicate Customer Account Deposit Slips for the 21.9.18 and 14.12.18, in the amount of \$1,876.20 and \$2,712.48; respectively, were seen; however, the official stamp of BOSVG was not affixed to the slips in accordance with regulation 88 (1) (b) of the Finance Administration Regulations, 2009.

6.42

Further, original copies of these deposit slips were not amongst those submitted by the Bank, indicating that the amount of \$4,588.68 purported to be deposited, was not deposited to the Horticulture Fund account. Also, original and duplicate copies of deposit



slips evidencing the deposit of the aggregate amount of \$4,581.60 (\$2,485.10 + \$2,096.50) could not have been verified.

Inconsistencies in amount recorded on receipts and amount documented in the Deposit Register.

6.43

Verification of revenue collected by the Station for sale of plants for the period 22.01.16 to 31.05.19, showed inconsistencies in the total amount recorded on the receipts and total amount entered in the Deposit Register (to be deposited to the Horticulture Fund bank account) during the period 21.03.17 to 31.05.19. Our review revealed that a total of \$65,629.43 was collected via receipts; however, a total of \$55,176.26 was recorded in the Deposit Register, resulting in a variance of \$10,453.17 which was unaccounted for by the Accounts Clerk.

Moneys collected were not brought to account without delay in the Horticulture Fund bank account.

6.44

In accordance with regulation 88 (1) (a) of the Finance Administration Regulations, 2009, when a collector or receiver chooses to deposit public money in a government bank account operated directly by the Accountant General, the receiver of revenue shall without delay or in any event not later than the following business day, prepare a bank deposit slip in duplicate for the public money and make the deposit into the government bank account as directed by the Accountant General. However, based on our examination, we found that deposits were made weekly to the Horticulture Fund bank



account. Revenue deposited by the Station is inclusive of cheques hence; untimely deposit of revenue increases the likelihood that cheques will be returned by the bank as a result of insufficient funds and decreases the chances of recovering the revenue from the holder of the account.

6.45

Further, it was noted that all of the revenue collected was not deposited to the account. A summary of the total revenue which was not brought to account in the Horticulture Fund is depicted in Table 1.

6.46

Table 1 shows a summary of the total revenue which was not brought to account in the Horticulture Fund bank account.

Description	Amount \$
Variance between amounts recorded on duplicate and original Customer Account Deposit Slips and bank statements	135,713.72
Disparity between amounts recorded in the Deposit Register and bank statements.	75,404.40
Total amount recorded in the Deposit Register as deposited which was not deposited to the Horticulture Fund bank account.	9,170.28
Disparity between revenue collected via receipts for sale of plants at the Station and the amount recorded in the Deposit Register.	10,453.17
Total	230,741.57



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Recommendations

6.47

It was recommended that the Permanent Secretary, Ministry of Agriculture, etc. take corrective actions to:

1. develop and implement documented policies and procedures for:
 - a. the process of collection of revenue; and
 - b. recording and depositing of revenue in order to ensure proper accountability at the Stations;
2. ensure that training is provided to the staff to develop their capacity and improve their performance in the execution of their duties;
3. implement the control of segregation of duties for the collection, recording and depositing of revenue collected in order to mitigate fraud;
4. ensure that revenue collected is, without delay, brought to account in the cash book and the Horticulture Fund bank account at BOSVG;
5. ensure that there is regular supervisory oversight of the internal accounting records by the supervisor in order to ensure that all revenue collected are accurately reflected in the Station's internal records and the Horticulture Fund bank account; and
6. have the total amount of \$230,741.57 determined by our audit as unaccounted for in the Horticulture Fund account, be accounted for by the Accounts Clerk who was responsible for the preparation of the cash book, Deposit Register, Customer Account Deposit Slips and deposit of revenue to the Horticulture Fund bank account during the period under review.



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CONCLUSION

6.48

Based on the audit conducted, it was determined that fraudulent activities had occurred involving the Horticulture Fund as the audited actual receipts of \$375,135.68 at the Station did not reconcile with the actual deposits of \$144,394.11 or 38.5 percent in the Horticulture Fund bank account, resulting in an amount of \$230,741.57 or 61.5 percent being unaccounted for by the Accounts Clerk who was responsible for the deposit of revenue in the Horticulture Fund Bank Account. The audit further concluded that there was absence of internal controls at the Orange Hill Horticulture Station to safeguard revenue collected during the period under review.

6.49

In addition, the Station did not employ procedures to account for revenue and receipt books in accordance with the Finance Administration Regulations, 2009 and best practices, respectively. Although undocumented established procedures exist to govern the revenue accountability process, the process was devoid of segregation of duties and the Station's internal accounting and other financial records were not reviewed by the responsible personnel to ensure that the financial information contained therein, accurately reflected the receipts of the Station.

6.50

Notwithstanding the control weaknesses, based on our audit findings, it is inferred that the Accounts Clerk at the Orange Hill Horticulture Station, utilised the weaknesses and absence of supervisory oversight as opportunities to surreptitiously divert current assets of the Station for which she had control, from the Horticulture Fund bank account. Further, the alteration of financial records in the form of duplicate Customer Account



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Deposit Slips, in attempts to conceal the diversion and deceive management into believing that all revenue collected are accounted for, accentuates the intended deliberate fraudulent actions on the part of the Accounts Clerk.

6.51

It is, therefore, incumbent on the Permanent Secretary within the Ministry and other appropriate Officer(s) to take remedial actions to address the discrepancies identified at the Station and recover the amount of \$230,741.57 which remains unaccounted for in the Horticulture Fund Account.



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Appendix I

STATEMENT OF AUTHORITIES FOR EXPENDITURE 2020

The following shows a list of the authorities for expenditure for the year under review.

ESTIMATES:	Passed in the House of Assembly on 22 nd January, 2020	
APPROPRIATION ACT:	Enacted as Act No.1/2020 on 6/2/2020	\$1,186,168,337.00
GENERAL WARRANT:	Signed by the Honourable Minister of Finance on 7 th February, 2020	
SPECIAL WARRANT:	One hundred and two (102) Special Warrants totalling \$60,983,906.25 were approved for the financial year. The total remained unappropriated at the end of 2020.	
SUPPLEMENTARY APPROPRIATION:	Two (2) Supplementary Appropriations were approved by Parliament in 2020, as follows:	
	Supplementary Appropriation Act No. 4 of 2020	\$67,626,798.00
	Supplementary Appropriation Act No. 9 of 2020	\$36,000,000.00
VIREMENT WARRANT:	One hundred and ninety-four (194) Virement Warrants totalling \$8,727,095.97, were approved in 2020	

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*Appendix II***EXCESS EXPENDITURE WITHOUT THE APPROPRIATE AUTHORITY 2020**

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN REVISED ESTIMATES \$
AUTONOMOUS DEPARTMENTS					
22311	House of Assembly - Local Travel and Subsistence	235,000.00	235,000.00	243,383.26	8,383.26
	SUB TOTAL	235,000.00	235,000.00	243,383.26	8,383.26
MINISTRY OF EDUCATION, ETC.					
21111	Policy, Planning and Administration - Personal Emoluments	5,093,800.00	5,093,800.00	5,139,728.15	45,928.15
21113	Special Education Services - Allowances	21,260.00	21,260.00	24,640.00	3,380.00
21113	Education Quality Assurance and Standards - Allowances	47,520.00	47,520.00	51,180.84	3,660.84
21113	Pre-Primary and Primary Education - Allowances	708,440.00	708,440.00	709,442.10	1,002.10
21113	Secondary Education - Allowances	679,120.00	679,120.00	807,099.57	127,979.57
	SUB TOTAL	6,550,140.00	6,550,140.00	6,005,090.66	181,950.66
MINISTRY OF AGRICULTURE, ETC.					
21111	Animal Health and Production Services – Personal Emoluments	1,002,000.00	1,002,000.00	1,239,744.00	237,744.00
	SUB TOTAL	1,002,000.00	1,002,000.00	1,239,744.00	237,744.00
MINISTRY OF HEALTH, ETC.					
22311	Policy, Planning and Administration - Local Travel and Subsistence	112,000.00	112,000.00	113,598.01	1,598.01
21111	Community Health Services - Personal Emoluments	11,485,461.00	11,692,551.46	11,692,604.97	53.51
22111	Mental Health Services - Supplies and Materials	1,466,145.00	1,375,044.36	1,441,989.75	66,945.39
21113	Laboratory Services - Allowances	128,640.00	128,640.00	130,434.99	1,794.99
	SUB TOTAL	13,192,246.00	13,179,595.82	13,378,627.72	70,391.90
	TOTAL	20,979,386.00	21,216,735.82	21,635,774.84	498,469.82



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