



*Director of Audit*

*Report for the year*

*2012*



To: The Honourable Minister of Finance

Sir,

Pursuant to Sec 12 (2) of the SVG Constitution 1979, I have the honour to submit my report on the results of the examination of the Public Accounts for the year ended December 31, 2012 for tabling in the House of Assembly.

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Ms. Dahalia Sealey

**DIRECTOR OF AUDIT**

17<sup>th</sup> July, 2018



## MISSION

To promote accountability, transparency and improvement of all Government Departments and Entities and to ascertain that all funds appropriated by Parliament are applied to the purposes intended.

## VISION

An independent, professional, and respected supreme audit institution conducting innovative and efficient audits to advance transparency and accountability in government operations.

# **AUDIT CERTIFICATE**

I have examined the Public Accounts of St. Vincent and the Grenadines for the financial year ended 2012, in accordance with the provision of Section 75 (2) of the Constitution of St. Vincent and the Grenadines and the Audit Act 2005.

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

The audit was guided by the International Standards for Supreme Audit Institutions (ISSAI), issued by the International Organisation of Supreme Audit Institution (INTOSAI) which require that I plan and perform the audit to obtain reasonable assurance as to whether the Financial Statements are free from material misstatements.

The audit procedures involved examination on a test basis of evidence supporting the amounts and other disclosures on the accounts and the evaluation of accounting policies and estimates. These procedures have been undertaken to form an opinion whether in all material respect, the Financial Statements so presented are in agreement with the Treasury accounts.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my opinion.

Except for my concerns raised in this report, I am of the opinion that the Financial Statements presents a true and fair view of the financial transactions processed in the Treasury accounts.

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Ms. Dahalia Sealey

**DIRECTOR OF AUDIT**

**AUDIT OFFICE**

**SAINT VINCENT AND THE GRENADINES**

**17TH JULY.2018**

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*Report of the Director of Audit on the Public Accounts of  
St. Vincent and the Grenadines for the Period  
1<sup>st</sup> January 2012 to 31<sup>st</sup> December 2012*

## INTRODUCTION

1.1

The Director of Audit is the constitutionally appointed auditor of all Government departments, authorities of Government, courts of law, and other offices and commissions established by the Constitution of St. Vincent and the Grenadines.

1.2

This Report summarises the findings and conclusions of the audit of the Public Accounts for the year ending December 31, 2012.

1.3

The main purpose of the audit is to obtain the necessary information for the issuing of an opinion on the accounts and provide Parliament with the assurance that the funds appropriated by Parliament have been applied to the purposes intended.

1.4

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, 2012 in accordance with Section 75 (4) of the Constitution of St. Vincent and the Grenadines, (CAP 10) the Finance Administration Act 2004, (CAP 252) and the Audit Act 2005 (CAP 245) of the Laws of St. Vincent and the Grenadines, (Revised Edition, 2009).

1.5

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



1.6

The Report on the accounts for the year ended December 31, 2012 was tabled in the House of Assembly on 29<sup>th</sup> January 2018.

### AUDIT MANDATE

1.7

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

1.8

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





### SCOPE OF AUDIT

1.9

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

1.10

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

1.11

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



## GENERAL ISSUES

### **OFFICE ACTIVITIES**

1.12

Compliance Audits were carried out at various Ministries and Departments, the Grenadines Offices and Overseas Offices. Several surprise cash surveys were conducted throughout the Island. Queries and Reports were issued to the respective Accounting Officers and Heads of Departments.

1.13

The Audit Office continued to verify Pension and Gratuity payments. This is the only activity of a pre-audit nature that is undertaken by the Office.

1.14

The posts of Deputy Director of Audit and Senior Audit Officer II were filled after being vacant for almost two (2) years.

1.15

Two (2) Senior Officers commenced an e-course on Implementing Compliance Audit Techniques (iCATs). One of the main objectives of this course was to create capacity for the implementation of International Standards of Supreme Audit Institutions (ISSAIs).

1.16

An application for Additional Capacity Development Support to the Audit Office for the period 2012-2015 was submitted to the INTOSAI Donor Cooperation in response to a Global Call for Proposals. The proposal was not successful, however, one donor expressed interest as part of a wider project at a later period.

### **Acknowledgement**

1.17

I wish to express my appreciation to the members of staff for their support throughout the year. I also wish to express thanks to the Accountant General and her staff and other Accounting Officers.

**PUBLIC ACCOUNTS COMMITTEE**

1.18

Section (76) of the Constitution of St. Vincent and the Grenadines provides for the appointment of a Public Accounts Committee from among members of the House of assembly and sets out its duties. The 2012 Public Accounts Committee was appointed on December 29, 2011 and comprised of ten (10) members.

**NON- COMPLIANCE**

1.19

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

***Arrears of Revenue***

1.20

No annual returns of arrears of revenue or monthly reports of recovery of arrears of revenue were submitted by the Heads of Departments who are responsible for the collection of revenue as required by Regulation 99 - Finance Regulation 2009. This is an area that needs urgent attention as Government should be in a position to know the outstanding arrears. The Accountant General should take actions to ensure that Annual Returns and Reports are received.

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

1.21

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

***Stores Tabular Summary***

1.22

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



**Motor Vehicle Log Books and Garage Register**

1.23

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

**Equipment Ledger and Inventories**

1.24

The Store Rules No's 48-51 set out the format and the process of accounting for Equipment and Furniture. These records are very important for the accounting of assets which, in some instances are costly, and are at a high risk for misappropriation. In the absence of these vital records it is impossible to ascertain that all of the assets that were purchased for use in the Ministry or Department are still at hand.

1.25

Table 1 shows the status of the Equipment Ledger and Inventory at the Ministries and Departments audited during 2012.

Table 1

MINISTRY/DEPARTMENT	2012
House of Assembly	Equipment Ledger not maintained
Service Commissions Department	Not Maintained
Ministry of National Security	Equipment Ledger not maintained
Police	Equipment Ledger not maintained
Coast Guard	Not maintained
Ministry of National Reconciliation	Maintained
Ministry of Foreign Affairs	Maintained
Ministry of Tourism	Maintained
Family Court	Not maintained

**IMPRESTS**

1.26

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

1.27

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

1.28

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

1.29

There were nineteen (19) Imprest Accounts that were outstanding at 31<sup>st</sup> December 2012, sixteen (16) had debit balances and three (3) showed credit balances of \$360,540.00 and \$82,168.19 respectively resulting in a net debit balance of \$278,372.80.

1.30

Details of the outstanding Imprest for the year 2012 is outlined below

**Active Imprest 2012**

Table 2

MINISTRY	NO	BALANCE	
		DR	CR
Magistrates	1	158,982.96	
Commissioner of Police	3	21,809.58	3,217.29
Treasury	1	28,791.03	
Social Welfare	1	1,184.03	
Permanent Secretary, Housing	1		45,000.00
Permanent Secretary ,Education	4	12,353.00	
Permanent Secretary ,Health	5	134,270.39	
Permanent Secretary, Trade	1		33,950.90
President, Family Court	1	150.00	
Director of Planning	1	3,000.00	
<b>Total</b>	<b>19</b>	<b>360,540.99</b>	<b>82,168.19</b>

**VIREMENT WARRANTS**

1.31

One hundred and eighty-eight (188) Virement Warrants totalling \$4,305,582.31 were approved in respect of the year ended December 31, 2012 as compared with one hundred and four (104) Virement Warrants in the sum of \$2,306, 993.33 in 2011.

**SPECIAL WARRANTS**

1.32

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

1.33

The Act states that the aggregate of the amounts authorized by special warrants issued under this section in the financial year and not approved in a Supplementary Appropriation Act shall not exceed the amount fixed by resolution of the House of Assembly. 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. I am not aware of any resolution fixed by the House of Assembly for this purpose neither the establishment of any Contingencies Fund.

1.34

One hundred and ten (110) special warrants totalling \$13,785,305.73 were approved by the Minister of Finance during the financial year 2012. This was approximately two and a half per cent (2.5%) increase of the original budget. A total of \$16,111,219.00 was covered by Supplementary Appropriation Act No. 17/13. An amount of \$4,267,706.00 instead of the amount of \$1,930,761.62 approved for the Ministry of Health, was submitted to Parliament to be covered by Supplementary Appropriation resulting in an amount of \$2,336,944.38 in excess. Further, one (1) special warrant of \$11,026.00 approved for the Ministry of Housing was not covered by Supplementary Appropriation.



### STATEMENT OF LOSSES

1.35

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

1.36

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

**CHAPTER 2****ANALYSIS OF FINANCIAL STATEMENTS**

2.1

The financial statements of Government were submitted to the Audit Office in accordance with Section 49 (2) of the Financial Administration Act 2004. The Act requires the Accountant General to prepare, certify and submit financial statements to the Director of Audit within four (4) months after the close of the financial year. The following statements were submitted for the financial year ended December 31, 2012.

1. Detailed Statement of Revenue
2. Detailed Statement of Expenditure
3. Annual Abstract
4. Statement of Advances
5. Statement of General Deposits
6. Statement of Investments
7. Statement of Public Debt
8. Statement of Assets and Liabilities

2.2

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.





STATEMENT OF DETAILED REVENUE

2.3

The total estimated revenue for 2012 was \$793,911,053.00. Recurrent Revenue was expected to yield 64% (\$507,334,600.00) and Capital Revenue 36% (\$286,576,483.00).

2.4

Actual Revenue of \$580,436,470.58 recorded for 2012 represented 73% of the estimated revenue of \$793,911,053.00. Recurrent Revenue realised \$472,623,491.15 or 81% and Capital Revenue a total of \$107,812,979.73 or 19% of the actual revenue.

Recurrent Revenue

2.5

Recurrent Revenue is comprised of Tax Revenue and Non Tax Revenue. Tax Revenue is comprised of five (5) revenue items, with Non Tax Revenue comprising three (3) items.

2.6

Total recurrent revenue collected was \$472,623,491.15 or ninety-three percent (93%) of the estimated recurrent revenue. Tax Revenue accounted for \$430,577,990.46 or 91%, and Non Tax Revenue the remainder of \$42,045,500.69 or 9% of the actual recurrent revenue.

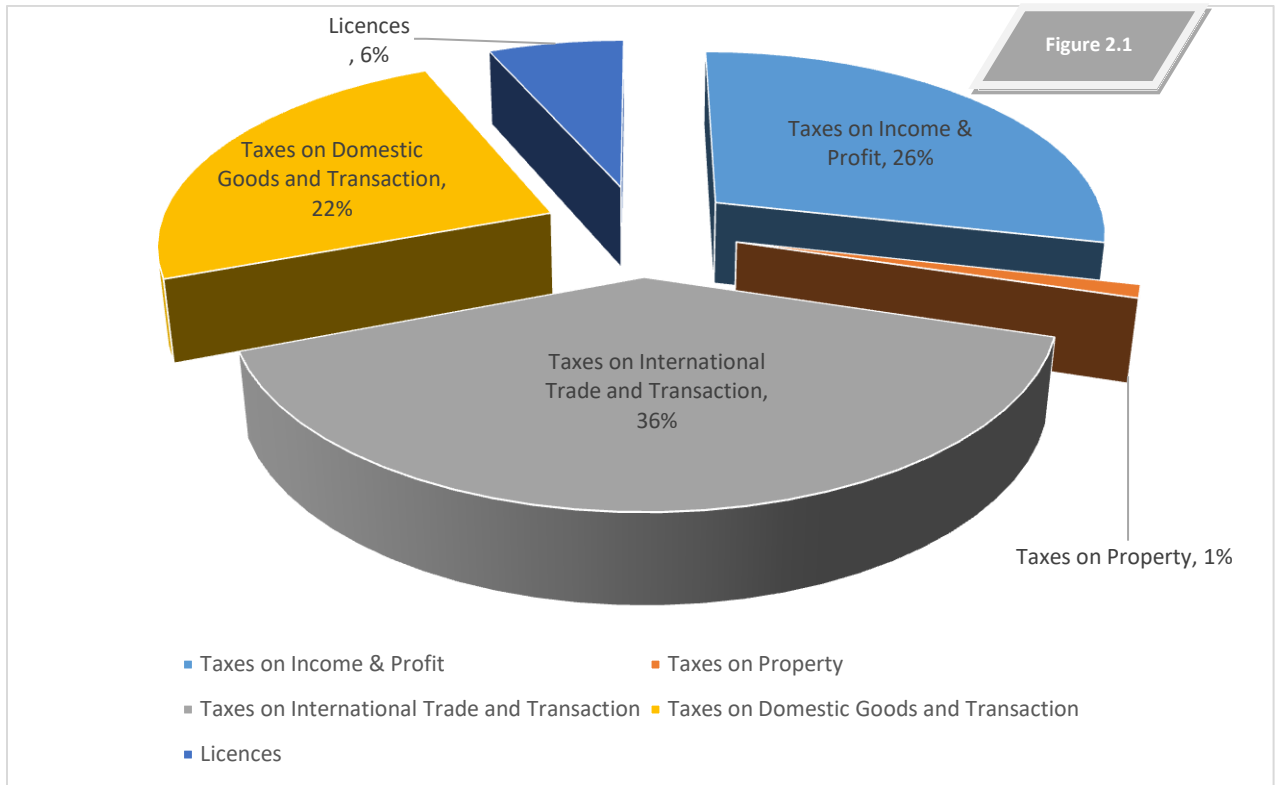
2.7

Tax Revenue

The composition of Tax Revenue collected for the financial year 2012 is shown in Table 2.1 and Figure 2.1.

Table 2.1

TYPE	AMOUNT (\$)	%
Taxes on Income & Profit	122,410,477.28	26%
Taxes on Property	2,695,021.91	1%
Taxes on International Trade and Transaction	172,963,902.60	36%
Taxes on Domestic Goods and Transaction	106,376,146.92	22%
Licences	26,132,441.75	6%
<b>TOTAL</b>	<b>430,577,990.46</b>	<b>91%</b>



2.8

Table 2.2 shows an increase of 18,439,509.80 (430,577,990.46 – 412,138,480.66) or 2% in the tax revenue collected for 2012.

Table 2.2

TYPE	ACTUAL 2012	ACTUAL 2011	VARIANCE
Taxes on Income & Profit	122,410,477.28	114,397,916.72	8,012,560.56
Taxes on Property	2,695,021.91	2,814,201.94	-119,180.03
Taxes on International Trade and Transaction	172,963,902.60	172,579,733.44	384,169.16
Taxes on Domestic Goods and Transaction	106,376,146.92	98,907,148.17	7,468,998.75
Licenses	26,132,441.75	23,439,480.39	2,692,961.36
<b>TOTAL</b>	<b>430,577,990.46</b>	<b>412,138,480.66</b>	<b>18,439,509.80</b>



2.9

**Taxes on Income and Profit**

Revenue collected for Taxes on Income and Profit fell short of estimated amount of \$123,000,000.00 in 2012 by \$598,522.72. Actual collections of Income Tax and Withholding Tax exceeded its estimates by \$1,813,507.14 and \$1,692,011.79 respectively, while there was a shortfall of \$4,095,041.65 in collections for Corporate Tax.

2.10

A comparison of collections in Taxes on Income and Profit for 2011 and 2012 showed that there was an increase of \$8,012,560.56 in revenue recorded for 2012 as shown in Table 2.3.

Table 2.3

ITEM	ACTUAL ( 2012)	ACTUAL ( 2011)	EXCESS/SHORTFALL (\$)
Income Tax	71,813,507.14	67,379,260.12	4,434,247.02
Corporate Tax	40,904,958.35	37,856,922.46	3,048,035.89
Withholding Tax	9,692,011.19	9,161,734.14	530,277.05
<b>TOTAL</b>	<b>122,410,476.68</b>	<b>114,397,916.72</b>	<b>8,012,559.96</b>

2.11

**Taxes on International Trade and Transaction**

Actual collections for Taxes on International Trade and Transactions totaled \$172,963,902.60 but fell short of its estimated revenue by \$23,476,097.40. All seven (7) items under this category fell short of their projections. Value Added Tax recorded the highest shortfall of \$10,590,375.49.

2.12

A comparison of the collections for financial year 2012 with the previous year shows increased collections of \$384,169.16 as reflected in Table 2.4

Table 2.4

ITEM	ACTUAL 2012 (\$)	ACTUAL 2011 (\$)	EXCESS/SHORTFALL (\$)
Import Duty	47,603,991.27	47,123,405.83	480,585.44
Customs Service Charge	30,226,127.46	30,675,135.12	-449,007.66
Travel Tax	761,935.24	863,166.31	-101,231.07
Direct Entry Tax	32,472.50	32,005.00	467.50
Vehicle Surcharge	2,495,763.27	2,502,500.50	-6,737.23
Excise Duty	22,733,988.35	20,181,521.91	2,552,466.44
VAT	69,109,624.51	71,201,998.77	-2,092,374.26
<b>TOTAL</b>	<b>172,963,902.60</b>	<b>172,579,733.44</b>	<b>384,169.16</b>



2.13

**Taxes on Domestic Goods and Transactions**

Taxes on Domestic Goods and Transactions contributed \$106,376,146.92 or 22% of actual recurrent revenue. The revenue collected fell short of its estimated receipts by \$9,398,853.08, however revenue collected was an increase of \$384,169.16 over the previous year's collection.

2.14

Actual collections for 2012 compared with actual collections for 2011 are shown in Table 2.5.

Table 2.5

NARRATIVE	ACTUAL 2012 (\$)	ACTUAL 2011 (\$)	EXCESS/SHORTFALL (\$)
Stamp Duty	17,413,947.79	15,710,680.51	1,703,267.28
Excise Duties	4,815,221.20	4,108,443.65	706,777.55
Insurance Premium	3,695,975.30	3,708,361.05	-12,385.75
Interest Levy	11,913,316.21	10,615,222.87	1,298,093.34
Airport Service Charge	3,590,251.53	3,659,047.00	-68,795.47
VAT	64,947,434.89	61,105,393.09	3,842,041.80
<b>TOTAL</b>	<b>106,376,146.92</b>	<b>98,907,148.17</b>	<b>7,468,998.75</b>

**Taxes on Property**

2.15

Property Tax realised less than fifty percent (50%) of its projected revenue for the financial year. An amount of \$2,513,844.08 was recorded during the year.

2.16

Estate and Succession Duty yielded receipts of \$181,171.81 falling short at \$38,822.17 of its estimated receipts.

2.17

The revenue collected under this category for the financial year, fell short of 2011 collections by \$119,180.03. Table 2.6 shows a comparison of actual collections for the years 2011 and 2012.



Table 2.6

NARRATIVE	ACTUAL 2012 (\$)	ACTUAL 2011 (\$)	EXCESS/SHORTFALL (\$)
Property Tax	2,513,844.08	2,453,832.72	60,011.36
Estate and Succession Duty	181,177.83	360,369.22	-179,191.39
<b>TOTAL</b>	<b>2,695,021.91</b>	<b>2,814,201.94</b>	<b>-119,180.03</b>

**Licenses**

2.18

There was a net shortfall of \$3,609,058.25 in revenue collected for Licenses as a result of short collection of \$3,623,854.25 on twelve (12) heads and excess collection of \$14,796.00 on one (1) head. Actual revenue recorded for the financial year was \$26,132,441.75; this was a decrease of \$2,692,961.36 on the 2011 collections of \$23,439,480.39.

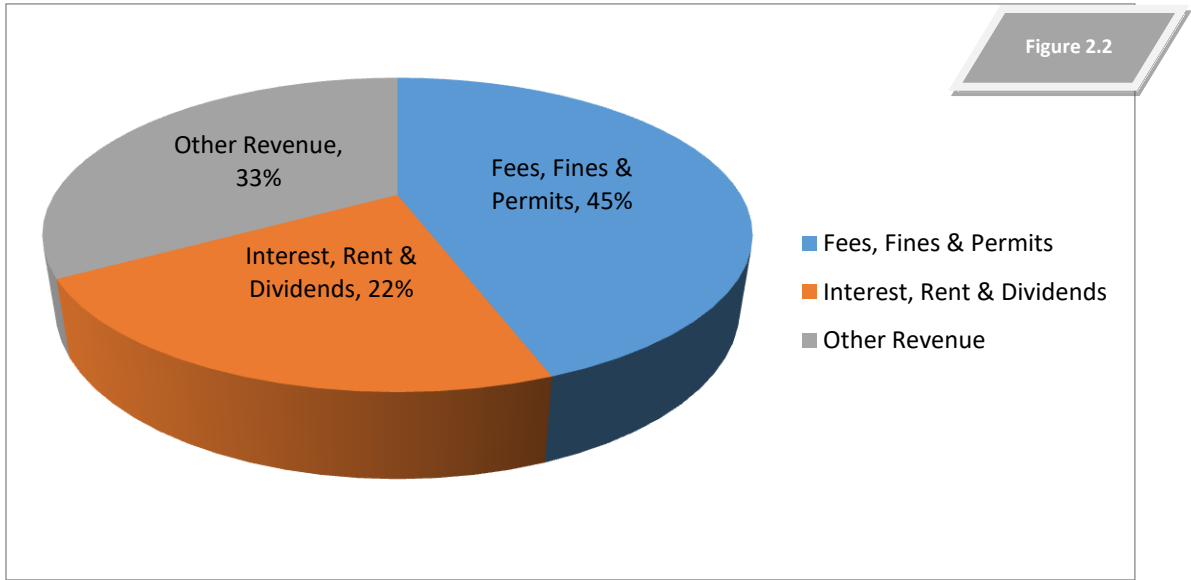
**NON-TAX REVENUE**

2.19

There was a decline of two percent (2%) in the Non Tax Revenue collected for the financial year 2012. Table 2.7 shows actual collection of revenue in absolute and percentage terms.

Table 2.7

ITEMS	ACTUAL (\$)	%
Fees, Fines & Permits	17,815,227.57	4
Interest, Rent & Dividends	10,923,101.78	2
Other Revenue	13,307,171.34	3
<b>TOTAL</b>	<b>42,045,500.69</b>	<b>9</b>



2.20

**Fees, Fines & Permits**

Seventeen (17) items recorded revenue of \$3,774,401.28 below their estimates, while three (3) realised revenue of \$295,628.85 in excess of their estimates resulting in a net shortfall of \$3,478,772.43 for the year 2012 projections.

2.21

**Interest, Rent & Dividends**

The total collection of \$10,923,101.78 exceeded the estimate of \$7,792,100.10 by \$3,131,001.78. Eight (8) items recorded an aggregate shortfall of \$568,562.01, while three (3) items exceeded their estimated projection by \$3,699,563.09.

2.22

**Other Revenue**

The total collections from Other Revenue exceeded its estimated collection in 2012 by \$6,235,171.34. Four (4) items realised revenue in excess of the estimates, totaling \$6,797,971.05 while six (6) recorded a shortfall of \$562,799.71.



2.23

Table 2.8 shows non tax revenue collected in 2011 with comparative figures for 2010, reflecting a shortfall of \$18,145,066.18 in the 2011 collections.

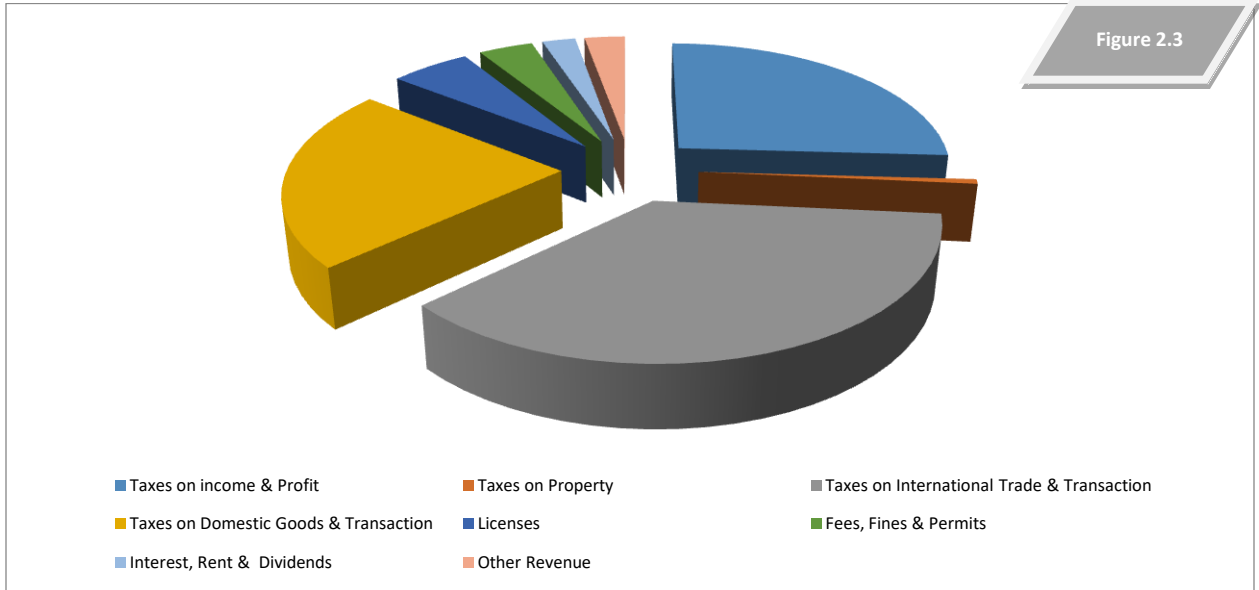
Table 2.8

NARRATIVE	ACTUAL 2012 (\$)	ACTUAL 2011 (\$)	EXCESS/SHORTFALL
Fees, Fines & Permits	17,815,227.57	17,670,237.15	144,990.42
Interest, Rent & Dividends	10,923,101.78	11,160,453.21	-237,351.43
Other Revenue	13,307,171.34	21,508,678.07	-8,201,506.73
<b>TOTAL</b>	<b>42,045,500.69</b>	<b>50,339,368.43</b>	<b>-8,293,867.74</b>

2.24

The Figure below shows the allocation of revenue collected for 2012 according to Tax Revenue and Non Tax Revenue.

Figure 2.3



**CAPITAL REVENUE**

2.25

Capital Revenue comprises Grants and Loans from local and external sources, and local revenue. Capital Revenue of \$286,576,453.00, projected for the financial year 2012 was to be derived from twenty-one (21) sources. A total of \$107,812,979.73 was received from fourteen (14) sources. Local Revenue – Sale of Land was the only revenue item to exceed its projections, recording an amount of \$66,986.42 in excess of its budgeted amount of \$1,000,000.00. All other items fell short of the projections for the year.

2.26

Table 2.9 shows a comparison of estimated revenue with actual revenue.

Table 2.9

Account Number	Type	Source	Estimated	Actual	Difference
1001	Revenue	Local	1,000,000.00	1,066,986.42	<b>-66,986.42</b>
1031	Revenue	Local	19,200,000.00	431,326.19	<b>14,886,730.81</b>
1062	Loan	Local	59,762,580.00	59,633,408.80	<b>129,171.20</b>
2144	Grant	Caribbean Development Bank	4,600,400.00	4,019,866.43	<b>580,533.57</b>
2145	Loan	Caribbean Development Bank	12,350,000.00	313,216.58	<b>12,036,783.42</b>
2164	Grant	PAHO Grant	150,000.00	75,462.36	<b>74,537.64</b>
2204	Grant	CIF	1,900,000.00	19,258.98	<b>1,880,741.02</b>
2206	Loan	CIF	850,000.00	2,573.90	<b>847,426.10</b>
3275	Grant	ROC/TAIWAN	15,486,020.00	6,446,759.43	<b>9,039,260.57</b>
3277	Loan	ROC/TAIWAN	11,380,030.00	10,799,995.00	<b>580,035.00</b>
3506	Loan	International Development Agency	2,300,000.00	2,125,677.87	<b>174,322.13</b>
3604	Grant	European Union	32,739,010.00	15,557,439.74	<b>17,181,570.26</b>
3626	Loan	International Development Agency	9,385,000.00	2,962,965.94	<b>6,422,034.06</b>
3684	Grant	Global Environmental Facility	1,067,200.00	476,023.81	<b>591,176.19</b>
<b>TOTAL</b>			<b>172,170,240.00</b>	<b>107,812,904.45</b>	<b>178,763,548.55</b>





2.27

There were six (6) sources from which no revenue was recorded during the year. Table 2.10 shows the sources from which no revenue was recorded and their estimated projections.

Table 2.10

Account	Source	Amount
22001 1031	Local Revenue	100,660,983.00
22201 3684	Grant – Global Environment Facility	190,800.00
22201 3994	Grant - Other External	483,500.00
22299 2195	Grant - Government of Venezuela	1,270,020.00
22299 3315	Grant - United States of America	3,450,900.00
22301 2197	Loan - Government of Venezuela	8,350,000.00
<b>TOTAL</b>		<b>114,406,203.00</b>

**COMPARISON OF ESTIMATED AND ACTUAL REVENUE FOR THE YEARS 2008 - 2012**

2.28

Table 2.11 shows comparative of estimates and actual revenue for the years 2008 to 2012.

Table 2.11

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
<b>2008</b>	757,367,400.00	598,174,655.07	<b>159,192,744.93</b>
<b>2009</b>	750,904,091.00	645,580,651.35	<b>105,323,439.65</b>
<b>2010</b>	913,475,489.00	784,470,049.52	<b>129,005,439.48</b>
<b>2011</b>	786,488,289.00	634,987,618.63	<b>151,500,670.37</b>
<b>2012</b>	793,911,053	580,436,470.88	<b>213,474,582.12</b>



STATEMENT OF DETAILED EXPENDITURE

2.29

The 2012 Appropriation, Act No. 1 of 2012 was passed in the House of Assembly on January 13, 2012, authorising total expenditure of \$793,752,238.00. The total expenditure appropriated by Parliament comprised recurrent expenditure of \$608,836,768.00 and capital expenditure of \$184,915,470.00. The difference of \$158,815.00 between the amount of \$609,660,324.00 approved for Recurrent Expenditure by Appropriation Act and the amount of \$609,819,139.00 reflected in the Estimates for the financial year is attributable to the Governor General's Emoluments and Allowances which is provided for by the Governor General's Emoluments and Pensions Act, CAP 269. The budget was revised by an amount of \$16,111,219.00 of which \$12,676,325.00 and \$3,434,894.00 were approved by Supplementary Appropriation (No. 3) Act No. 17 of 2013, to supplement recurrent and capital expenditure, respectively, for the financial year.

2.30

The comments made hereunder are based on comparison of revised estimates with actual expenditure

RECURRENT EXPENDITURE

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**Revised Estimates vs Actual Expenditure**

2.31

The actual expenditure of \$565,956,211.98 recorded for the year, was \$53,416,785.30 or 9% less than the revised estimates of \$619,372,995.28 as shown in Table 2.12.



2.32

Table 2.12 – Revised Estimates vs Actual Expenditure

Table 2.12

Ministry/Department	Revised Estimates (\$)	Actual Expenditure (\$)	Difference
Autonomous Department	\$ 24,821,288.00	\$ 25,403,559.59	\$ (582,271.59)
Office of the Prime Minister	\$ 14,287,776.00	\$ 13,108,725.82	\$ 1,179,050.18
Ministry of National Reconciliation	\$ 4,779,218.47	\$ 4,190,194.90	\$ 589,023.57
Ministry of Finance and Planning	\$ 229,052,945.00	\$ 203,732,612.69	\$ 25,320,332.31
Ministry of National Mobilisation	\$ 29,447,056.19	\$ 26,392,680.18	\$ 3,054,376.01
Ministry of Education	\$ 107,034,965.00	\$ 103,243,174.80	\$ 3,791,790.20
Ministry of National Security	\$ 53,962,300.00	\$ 52,620,843.91	\$ 1,341,456.09
Ministry of Agriculture, Forestry & Fisheries	\$ 20,325,505.94	\$ 17,225,683.97	\$ 3,099,821.97
Ministry of Transport & Works	\$ 32,009,558.00	\$ 31,039,749.18	\$ 969,808.82
Ministry of Health & the Environment	\$ 66,826,245.62	\$ 61,630,783.85	\$ 5,195,461.77
Ministry of Housing	\$ 3,957,923.06	\$ 3,571,102.31	\$ 386,820.75
Ministry of Legal Affairs	\$ 2,768,165.00	\$ 2,158,276.00	\$ 609,889.00
Ministry of Foreign Affairs	\$ 12,203,199.00	\$ 9,836,167.83	\$ 2,367,031.17
Ministry of Tourism	\$ 17,896,852.00	\$ 11,802,656.95	\$ 6,094,195.05
<b>TOTAL</b>	<b>\$ 619,372,997.28</b>	<b>\$ 565,956,211.98</b>	<b>\$ 53,416,785.30</b>



**Comparison of Actual Expenditure 2012 vs 2011**

2.33

Actual recurrent expenditure for 2012 with comparatives for 2011 shows that the actual recurrent expenditure of \$565,956,211.98 recorded for 2012 was \$5,053,946.81 less than the recorded expenditure of \$571,010,158.79 for 2011. Comparatives for 2012 and 2011 are shown in Table 2.13.

2.34

Comparison of Actual Expenditure for 2011 and 2012

Table 2.13

Ministry/Department	Actual (\$) 2012	Actual (\$) 2011	Increase /Decrease(-)
Autonomous Department	\$25,403,559.59	\$ 24,388,300.96	\$ 1,015,258.63
Office of the Prime Minister	\$13,108,725.82	\$ 13,783,394.24	\$ (674,668.42)
Ministry of Reconciliation	\$4,190,194.90	\$ 4,160,924.04	\$ 29,270.86
Ministry of Finance and Planning	\$203,732,612.69	\$ 208,283,012.64	\$(4,550,399.95)
Ministry of National Mobilisation	\$26,392,680.18	\$ 26,892,619.78	\$ (499,939.60)
Ministry of Education	\$103,243,174.80	\$ 99,608,023.32	\$ 3,635,151.48
Ministry of National Security	\$52,620,843.91	\$ 51,160,027.92	\$ 1,460,815.99
Ministry of Agriculture, Forestry & Fisheries	\$17,225,683.97	\$ 18,014,130.54	\$ (788,446.57)
Ministry of Transport & Works	\$31,039,749.18	\$ 29,988,814.35	\$ 1,050,934.83
Ministry of Health and the Environment	\$61,630,783.85	\$ 62,380,740.50	\$ (749,956.65)
Ministry of Housing	\$3,571,102.31	\$ 9,746,077.79	\$(6,174,975.48)
Ministry of Legal Affairs	\$2,158,276.00	\$ 2,567,808.09	\$ (409,532.09)
Ministry of Foreign Affairs	\$9,836,167.83	\$ 9,218,786.88	\$ 617,380.95
Ministry of Tourism and Industry	\$11,802,656.95	\$ 10,817,497.74	\$ 985,159.21
<b>TOTAL</b>	<b>\$565,956,211.98</b>	<b>\$571,010,158.79</b>	<b>\$(5,053,946.81)</b>



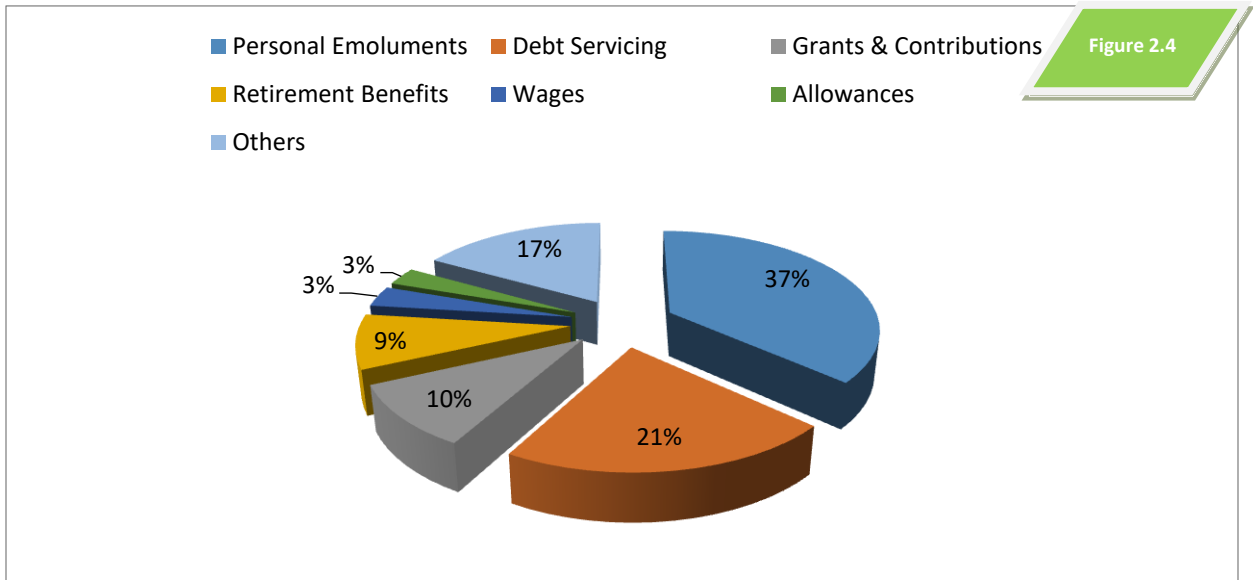
2.35

**Expenditure By Classification**

Personal Emoluments accounted for the largest expenditure of \$207,533,780.55, followed by Debt Servicing of \$121,427,543.71. An analysis of expenditure by classification is illustrated in Table 2.14 and Figure 2.4.

Table 2.14

<b>Classification</b>	<b>2012</b>	<b>%</b>
Personal Emoluments	207,533,780.55	37
Debt Servicing	121,427,543.71	21
Grants & Contributions	56,862,928.12	10
Retirement Benefits	49,605,270.92	9
Wages	18,853,524.26	3
Allowances	16,511,807.14	3
Others	95,161,357.28	17
<b>TOTAL</b>	<b>565,956,211.98</b>	<b>100</b>



2.36 A comparison of expenditure for the financial years 2012 with 2011 shows that spending was increased for Personal Emoluments, Retirement Benefits, Wages and Allowances. However, there was decreased spending in Debt Servicing, and Grants and Contributions for the financial year 2012.



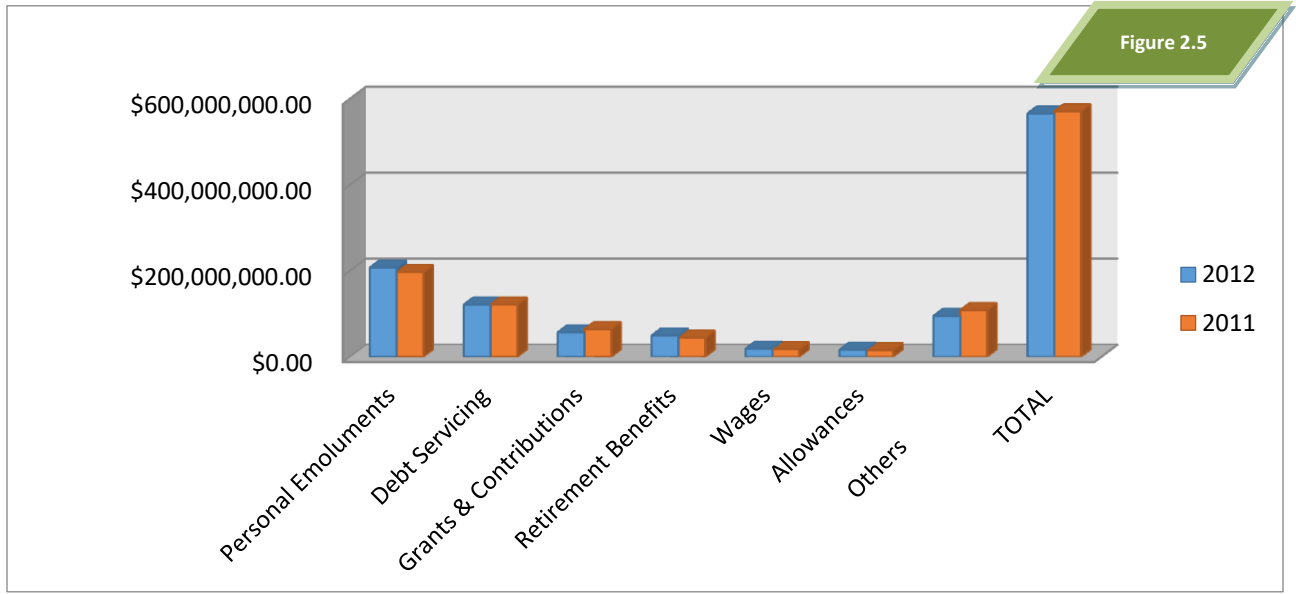
2.37

Comparison of 2011 and 2012 expenditure is shown in Table 2.15 and depicted in Figure 2.5.

Table 2.15

CLASSIFICATION	EXPENDITURE (\$)		DIFFERENCE
	2012	2011	
Personal Emoluments	\$ 207,533,780.55	\$ 197,353,244.93	\$ 10,180,535.62
Debt Servicing	\$ 121,427,543.71	\$ 121,861,152.76	\$ (433,609.05)
Grants & Contributions	\$ 56,862,928.12	\$ 64,273,355.14	\$ (7,410,427.02)
Retirement Benefits	\$ 49,605,270.92	\$ 45,008,148.30	\$ 4,597,122.62
Wages	\$ 18,853,524.26	\$ 18,184,122.39	\$ 669,329.87
Allowances	\$ 16,511,807.14	\$ 15,637,467.69	\$ 874,339.45
Others	\$ 95,161,4357.28	\$ 108,692,628.73	\$(13,531,199.45)
<b>TOTAL</b>	<b>\$ 565,956,211.98</b>	<b>\$ 571,010,119.94</b>	<b>\$ (5,053,907.96)</b>

Figure 2.5





**CAPITAL EXPENDITURE**

2.38

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

**EXPENDITURE BY MINISTRIES**

2.39

Table 2.16 and Figure 2.6 shows the variance between actual capital expenditure and revised estimates by Ministries and Departments for the financial year 2012.

Table 2.16

MINISTRY	REVISED (\$)	ACTUAL (\$)	VARIANCE (\$)	PERCENTAGE %
Office of the Prime Minister	8,093,588.00	3,907,951.02	4,185,636.98	7.22
Ministry of National Reconciliation	1,759,300.00	135,120.00	1,624,180.00	0.25
Ministry of Finance and Planning	21,822,646.00	6,007,988.82	15,814,657.18	11.09
Ministry of National Mobilisation	1,130,020.00	257,369.57	872,650.43	0.48
Ministry of Education	28,900,793.00	14,274,897.54	14,625,895.46	26.36
Ministry of National Security	36,296,600.00	8,579,036.71	27,717,563.29	15.84
Ministry of Agriculture, Forestry & Fisheries	8,795,014.00	4,885,062.66	3,909,951.34	9.02
Ministry of Transport & Works	43,902,150.00	4,612,342.00	39,289,808.00	8.52
Ministry of Health & the Environment	18,654,204.00	2,803,095.08	15,851,108.92	5.18
Ministry of Housing	5,740,010.00	422,158.80	5,317,851.20	0.78
Ministry of Legal Affairs	680,000.00	-	680,000.00	0.00
Ministry of Foreign Affairs	1,600,030.00	721,469.16	878,560.84	1.33
Ministry of Tourism	10,976,010.00	7,550,654.55	3,425,355.45	13.94
<b>TOTAL</b>	<b>188,350,365.00</b>	<b>54,157,145.91</b>	<b>134,193,219.09</b>	<b>100</b>



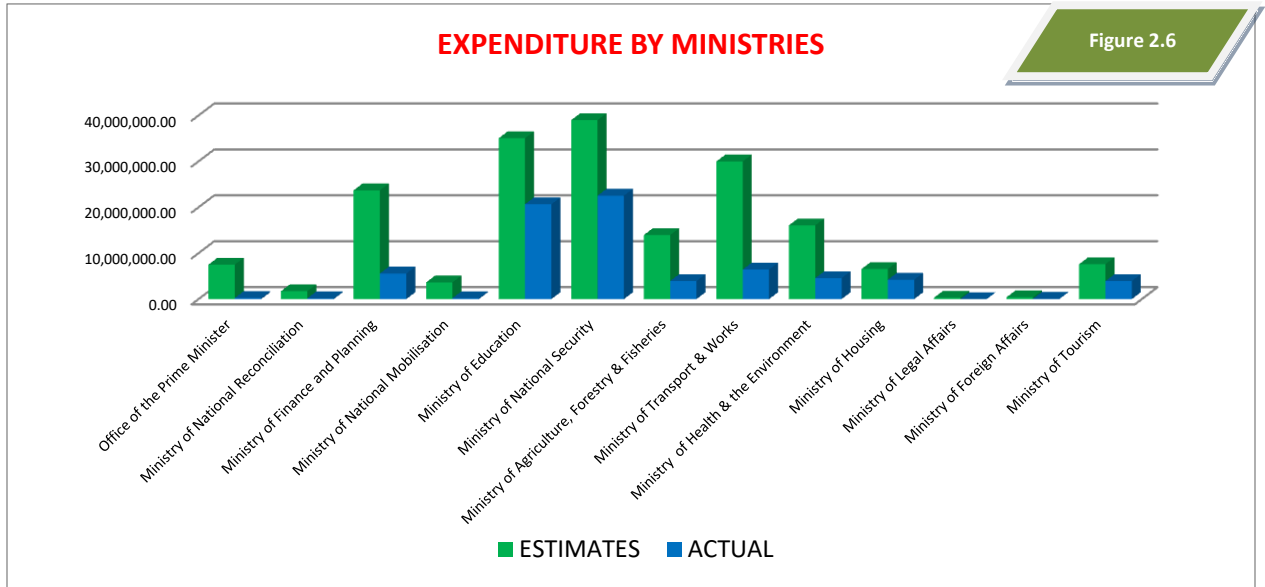


Figure 2.6

**Office of the Prime Minister**

2.40

An amount of \$7,712, 000.00 was estimated for the execution of eleven (11) projects. During the year, a special warrant in the amount \$381,588.00 was approved to cover expenses for the Purchase of Printing Equipment resulting in revised estimates of \$8,093,588.00.

2.41

The Ministry spent a total of \$3,907,915.02 or 50% of its budgeted expenditure on six (6) projects. The E Government Regional Integration Programme (ERIP) Project which was financed through a loan from International Bank for Reconstruction and Development (IBRD) incurred expenditure totalling \$2,068,843.00.

**Ministry of Finance and Economic**

2.42

The Ministry of Finance spent \$6,007,988.82 of its capital budget on ten (10) of the seventeen (17) projects. The actual expenditure represented 28% of the Ministry’s budgeted expenditure.

2.43

The Ministry of Finance original budget of \$21,408,020.00 was increased by \$414,626.00 to \$21,822,646.00. Two (2) special warrants totalling \$414,626.00 were authorised for the



financing of two (2) additional projects namely, National Poverty Reduction Strategy (\$264,626.00) and the CARCIP-SVG Project (\$150,000.00), an amount of \$56,834.87 was spent on the CARCIP-SVG Project, however, no expenditure was incurred on the National Poverty Reduction Project. The Project recording the highest expenditure was the Hurricane Tomas Emergency Recovery with an expenditure of \$2,862,965.94 representing 47% of the Ministry's spending followed by the Population and Housing Census programme with \$938,431.53. The Emergency Recovery-Hurricane Tomas was financed through a Loan from International Development Agency (IDA).

### **Ministry of Education**

2.44

The Ministry of Education had a total of twelve (12) projects with a budget of \$28,900,793.00 earmarked for the financial year. Seven (7) projects had expenditure totalling \$14,274,897.54, representing 50% of the Ministry's budget. Two (2) projects the OECS Education Project and Improvement of Education through ICT incurred expenditure of \$1,504,300.00 and \$10,034,988.46, respectively.

2.45

The OECS Education Project was funded through local revenue whereas, the Improvement of Education thru ICT Project received financing from two (2) sources. An amount of \$2,900,527.05 from Local Loans and a Grant of \$7,134,461.41 from the European Union.

### **Ministry of National Security**

2.46

The Ministry of National Security expenditure of \$8,579,036.71 represented approximately 24% of the Ministry's budgeted expenditure and approximately 16% of the total actual capital expenditure.

2.47

Spending was incurred on five (5) of the twenty-two (22) projects listed under the Ministry, with the Argyle Airport Development incurring expenditure of \$8,000,000.00 representing approximately 93% of the Ministry's actual expenditure. This project was funded through local revenue.



2.48

**Ministry of Agriculture, Forestry and Fisheries**

The Ministry had a total of sixteen (16) projects earmarked for the year at an estimated cost of \$8,556,540.00. Expenditure of \$4,885,062.66 or 57% of the Ministry's budget was spent on three (3) Capital Projects during the year. The Rural Development Infrastructure Project which was financed by a Local Loan and a Grant from the Caribbean Development Bank, incurred expenditure totalling \$4,749,574.28. This expenditure represented approximately 97% of the Ministry's expenditure for the year.

2.49

**Ministry of Transport and Works**

The Ministry spent \$4,612,342.00 or 10.5% of its revised budget of \$43,902,150.00. Expenditure was incurred on six (6) of the thirty-one (31) projects listed under the Ministry. Projects incurring in excess of \$1,000,000.00 included the rehabilitation of Colonarie Bridge which was financed by a Grant from ROC/Taiwan totalling \$1,878,986.74 and the Reconstruction of Customs Building which was funded by local loans of \$1,459,679.01.

2.50

**Ministry of Health and the Environment**

The Ministry spent 15% of its revised budget of \$18,654,204. Expenditure incurred on eight (8) of the fifteen (15) projects. The Modern Medical Complex was the only project to record expenditure in excess of \$1,000,000.00. Financing for this project was made possible through a Loan of \$1,500,000.00 from the Government of Saint Vincent and the Grenadines.

2.51

**Ministry of Tourism**

The Ministry was responsible for executing six (6) projects with a revised budget of \$1,076,010.00 was allocated. The actual expenditure of \$7,550,654.55 was spent on two (2) projects, namely, Tourism and Private Sector Development and Access Roads to Tourism Sites Project. Both projects were financed by Local loans and Grants from the European Union.



2.52

Capital Projects incurring expenditure in excess of \$1,000,000.00 and their Source of Funds are shown in Table 2.17.

Table 2.17

Ministry	Project #	Description	Source of Fund	Amount (\$)
10	101003	EGRIP Project	Loan - International Bank for Reconstruction and Development	2,068,843.00
20	201101	Emergency Recovery Hurricane Tomas Project	Loan - International Development Agency	2,862,965.94
35	350402	OECS Educational Development Project	Revenue - Local -	1,504,300.10
	350801	Improve Education through ICT	Loan - Local	2,900,527.05
40	401002	Argyle Airport Development	Revenue - Local	8,000,000.00
45	457006	Rural Development Com Infrastructure	Loans - Local	1,160,274.00
			Grant - Caribbean Development Bank	3,589,240.28
55	550901	Rehabilitation of Colonarie Bridge Project	Grant - Republic of China/Taiwan	1,878,906.74
	559626	Reconstruction of Customs Building	Loans - Local	1,459,679.01
65	650602	Modern Medical Complex Project	Loans - Local	1,500,000.00
90	900804	Tourism and Project Sector Development	Loans-Local and Grant-European Union	6,263,813.74
	901001	Access Roads to Tourism Sites	Loans - Local	1,286,840.81

**STATEMENT OF ANNUAL ABSTRACT**

2.53

The Statement of Annual Abstract consists of recurrent and capital revenue and recurrent and capital expenditure which are classified by accounts. The recurrent revenue is comprised of eight (8) categories of revenue to cover recurrent expenditure, while capital revenue is derived from grants, loans, capital and other receipts to finance capital expenditure.

2.54

The Government submitted to Parliament, a total expenditure budget of \$793,911,053.00, of which recurrent expenditure of \$608,995,583.00 and capital expenditure of \$184,915,470.00. These expenditures were to be financed by recurrent and capital revenue of \$ 507,334, 600.00 and \$286,576,453.00, respectively.

2.55

The total revised budget of \$809,863,457.00 approved by Parliament differs to the total revised budget of \$807,723,360.28 shown in the Annual Abstract Account Statement of Recurrent and Capital Expenditure, a difference of \$2,140,096.72.

2.56

An analysis of the Financial Statement, the Appropriation Acts and the Treasury accounts revealed the following:

1. The difference of \$158,815.00 between the total budget of \$24,284,854.00 in the Financial Statement and the amount of \$24,126,039.00 in the Appropriation Act under Autonomous Departments is the amount provided to finance the Governor General's Emoluments and Allowances, in accordance with the Governor General's Emoluments and Pension Act.



2. The Financial Statement shows that the revised estimates for the Ministry of Education were overstated by \$27,500.00. This was due to duplication of amounts for the following special warrants  
SW No. 54/2012 - \$2,000.00  
SW No. 56/2012 - \$1,000.00  
SW No. 76/2012 - \$24,500.00
3. The Financial Statement shows that the budget under the Ministry of Health was revised by \$1,930,761.62 via Special Warrants for the financial year 2012. However, a total of \$4,267,706.00 was approved by Supplementary Appropriation No. 17/2013 to supplement the Ministry of Health's budget, resulting in an overstatement of \$2,336,944.38.
4. An amount of \$11,026.06 approved by Special Warrant No.110 of 2012 under the Ministry of Housing etc. was not included in the Supplementary Appropriation Act.
5. An amount of \$2,500.00 approved by Virement Warrant No. 94 of 2012 was not credited to Account No. 30 310 340 under the Ministry of National Mobilisation etc.
6. Annual Abstract Account Statement of Recurrent Expenditure shows an amount of \$608,992, 587 instead of \$608, 995, 583.00 which is reflected in the Estimates of Revenue and Expenditure and General Warrant, resulting in the understatement of \$2,996.00.

**RECURRENT BUDGET**

It was estimated that expenditure would exceed revenue by \$101,660,983 (\$ 608,995,583 – \$507,334,600.00) on the recurrent budget. The Recurrent Expenditure was revised to \$621,671,908.00 increasing the projected deficit to \$114,337,308. The actual deficit was



\$93,332,720.83, as recurrent expenditure of \$565,956,211.98 exceeded recurrent revenue of \$472,623,491.15. The actual deficit of \$93,332,720.83 realised was \$21,004,587.17 less than the projected deficit of \$114,337,308.00.

### Recurrent Revenue

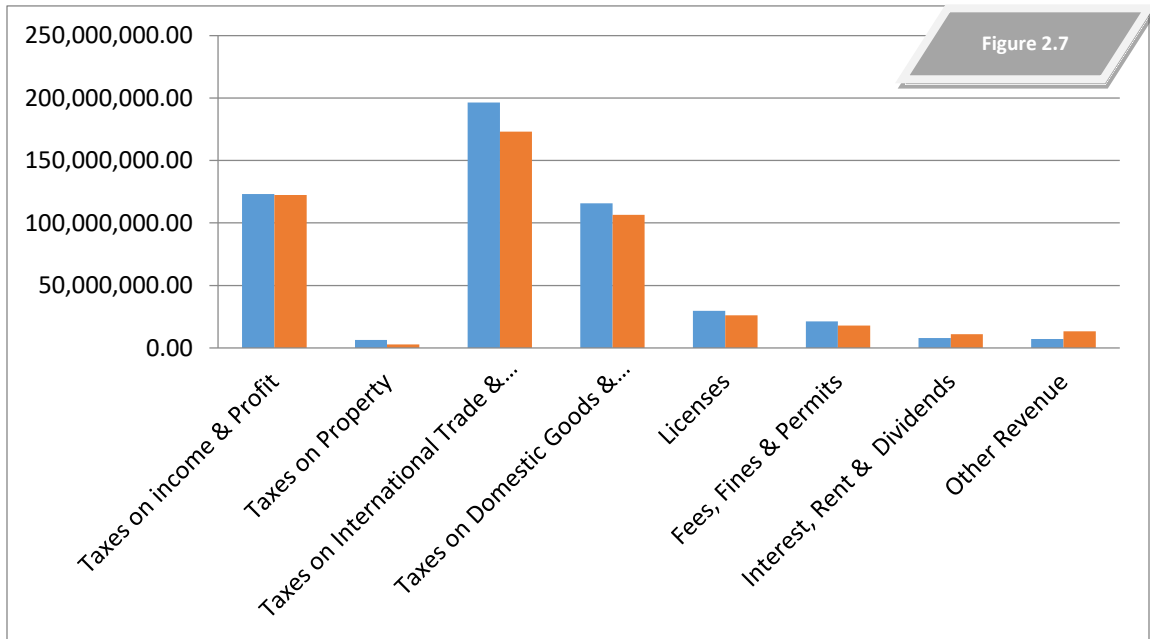
2.58

The budgetary figure for recurrent revenue was \$507,334,600.00 for 2012. The revenue for the year totaled \$472,623,491.15, resulting in a short collection of \$34,711,108.85 of the budgeted amount. A shortfall of \$ 23,476,097.40 in the collection of taxes on international trade and transaction was the main contributing factor in the Government not meeting its forecast.

As shown in Table 2.18. and Figure 2.7 that follow, the shortfall of \$34,711,108.85 in revenue collection is the net shortfall of \$44,077,281.97 under six (6) revenue items and a net increase of \$9,366,173.63 under two (2) Revenue items.

Table 2.18

Type of Revenue	Estimates	Actual	Variance
Taxes on income & Profit	123,000,000.00	122,410,477.28	(589,522.72)
Taxes on Property	6,220,000.00	2,695,021.91	(3,524,978.09)
Taxes on International Trade & Transaction	196,440,000.00	172,963,902.60	(23,476,097.40)
Taxes on Domestic Goods & Transaction	115,775,000.00	106,376,146.92	(9,398,853.08)
Licenses	29,741,500.00	26,132,441.75	(3,609,058.25)
Fees, Fines & Permits	21,294,000.00	17,815,227.57	(3,478,772.43)
Interest, Rent & Dividends	7,792,100.00	10,923,101.78	3,131,001.78
Other Revenue	7,072,000.00	13,307,171.34	6,235,171.34
<b>TOTAL</b>	<b>507,334,600.00</b>	<b>472,623,491.15</b>	<b>-34,711,108.85</b>



2.59

The actual recurrent revenue of \$472,623,491.15 was \$10,145,642.06 more than the revenue collected for the previous financial year. The increase in revenue was derived specifically from Taxes on Income and Profit of \$8,012,560.56 and Domestic Goods and Transaction of \$7,468,998.75, while the main item with a decline of \$8,201,506.73 was under Other Revenue. The increases were offset by the decreases.

2.60

Table 2.19 on the following page shows the Actual Recurrent Revenue for financial year 2012, with comparative figures for 2011.





Table 2.19

Revenue Head	2012 \$	2011 \$	Increase ( )/ Decrease \$
Taxes on Income & Profit	122,410,477.28	114,397,916.72	(8,012,560.56)
Taxes on Property	2,695,021.91	2,814,201.94	119,180.03
Taxes on International Trade & Transaction	172,963,902.60	172,579,733.44	(384,169.16)
Taxes on Domestic Goods & Transaction	106,376,146.92	98,907,148.17	(7,468,998.75)
Licenses	26,132,441.75	23,439,480.39	(2,692,961.36)
Fees, Fines & Permits	17,815,227.57	17,670,237.15	(144,990.42)
Interest, Rent & Dividends	10,923,101.78	11,160,453.21	237,351.43
Other Revenue	13,307,171.34	21,508,678.07	8,201,506.73
<b>TOTAL</b>	<b>472,623,491.15</b>	<b>462,477,849.09</b>	<b>(10,145,642.06)</b>

**Recurrent Expenditure**

2.61

The Statement shows that recurrent expenditure recorded was \$571,010,158.79, \$5,053,946.80 less than the previous year. The Financial Statement indicates that the Autonomous Departments' expenditure exceeded the total amount of \$24,284,854.00 appropriated by Parliament, by \$582,271.59. During financial year 2012, the share of recurrent expenditure to total expenditure was around 77%.

**CAPITAL BUDGET**

2.62

The capital revenue was estimated at \$286,576,453.00 to finance capital expenditure of \$184,915,470.00 and to realise a surplus of \$ 101,660,983.00. The initial budget was increased by \$3,434,894.00 via Supplementary Appropriation Act (No.3) Act No. 17 of 2013, which brought the authorised provision to \$188,350,364.00. Consequently, the projected surplus was reduced to \$98,226,089.00.

2.63

The Financial Statement shows a surplus of \$53,655,869.82 over the actual revenue of \$107,812,979.73 and expenditure of \$ 54,157,109.91.

**Capital Revenue**

2.64

The Statement shows that actual capital revenue of \$107,812,979.73 was raised to finance capital expenditure for the year 2012, with local loans of \$59,633,408.80, being the major source of funding.

2.65

The five (5) sources of actual capital revenue were less than the amounts estimated by \$178,763,473.27 as shown in Table 2.20

Table 2.20

Type of Funds	Estimates	Actual	Variance	%
Grants	61,337,850	26,594,886.03	-34,742,963.97	25
External loan	44,615,040	16,204,429.29	-28,410,610.71	15
Local Loan	59,762,580	59,633,408.80	-129,171.20	55
Local Revenue	20,200,000	5,380,255.61	-14,819,744.39	5
Other receipts	100,660,983	-	-100,660,983.00	
<b>Total</b>	<b>286,576,453.00</b>	<b>107,812,979.73</b>	<b>-178,763,473.27</b>	<b>100</b>

2.66

The comparison of actual capital revenue for the financial years 2012 and 2011, showed a 60% decline from \$172.5 million [\$172,509,769.54] to \$107.8 million [\$107,812,979.73]. This was due to a reduction in all of the sources of revenue secured by the Government for financial year 2012.

2.67

Table 2.21 and Figure 2.8 show a summary of the sources of revenue and comparative figures for 2012 and 2011.

Table 2.21

Type of Funds	Actual 2012	Actual 2011	Variance
Grants	26,594,886.03	36,211,901.56	9,617,015.53
Loans	75,837,838.09	125,947,809.79	50,109,971.70
Local revenue, sale of land and assets	5,380,255.61	10,350,058.19	4,969,802.58
<b>Total</b>	<b>107,812,979.73</b>	<b>172,509,769.54</b>	<b>64,696,789.81</b>



### Capital Expenditure

2.68

Capital expenditure is spending on assets such as buildings, new roads, etc. The Statement records actual capital expenditure of EC\$ 54,157,109.91 which is approximately 50.2 % of the total capital resources of \$107,812,979.73 raised for the financial year. Approximately 26% of the total capital expenditure was incurred on projects under the Ministry of Education.

### Differences between Financial Statement and Appropriation Act/General Warrant

2.69

The Statement of Annual Abstract Account for Capital Expenditure shows that the estimates of \$1,090,020.00 and \$43,902,150.00, reflected under the Ministry of National Mobilisation, etc. and Ministry of Transport and Works, respectively, were under and over stated by \$600,000.00 contrary to the Appropriation Act.



2.70

**BUDGET OUT TURN**

There was a deficit of \$39,676,851.01 on the overall budget for the financial year. The Actual Budget Out Turn for the year as compared with the original estimates is shown hereunder;-

Table 2.22

ITEM	ESTIMATE	ACTUAL	DIFFERENCE
Recurrent Revenue	507,334,600.00	472,623,491.15	34,711,108.85
Recurrent Expenditure	608,995,583.00	565,956,211.98	43,039,371.02
Surplus/Deficit	(101,660,983.00)	(93,332,720.83)	(8,328,262.17)
Capital Revenue	286,576,453.00	107,812,979.73	272,096,194.10
Capital Financing	184,915,470.00	14,480,258.90	224,592,321.01
Capital Expenditure	184,915,470.00	54,157,109.91	130,758,360.09
Surplus (Deficit)	-	<b>(39,676,851.01)</b>	<b>39,676,851.01</b>

2.71

Comparison of the Budget Out Turn for 2011 and 2012 is displayed in Table 2.23.

Table 2.23

ITEM	2012 (\$)	2011 (\$)
Recurrent Revenue	472,623,491.15	462,477,849.09
Recurrent Expenditure	565,956,211.98	571,010,158.79
Surplus/Deficit	(93,332,720.83)	(108,532,309.70)
Capital Revenue	107,812,979.73	172,509,769.54
Capital Financing	14,480,258.90	63,977,459.84
Capital Expenditure	54,157,109.91	72,521,109.48
Surplus (Deficit)	<b>(39,676,851.01)</b>	(8,543,649.64)

2.72

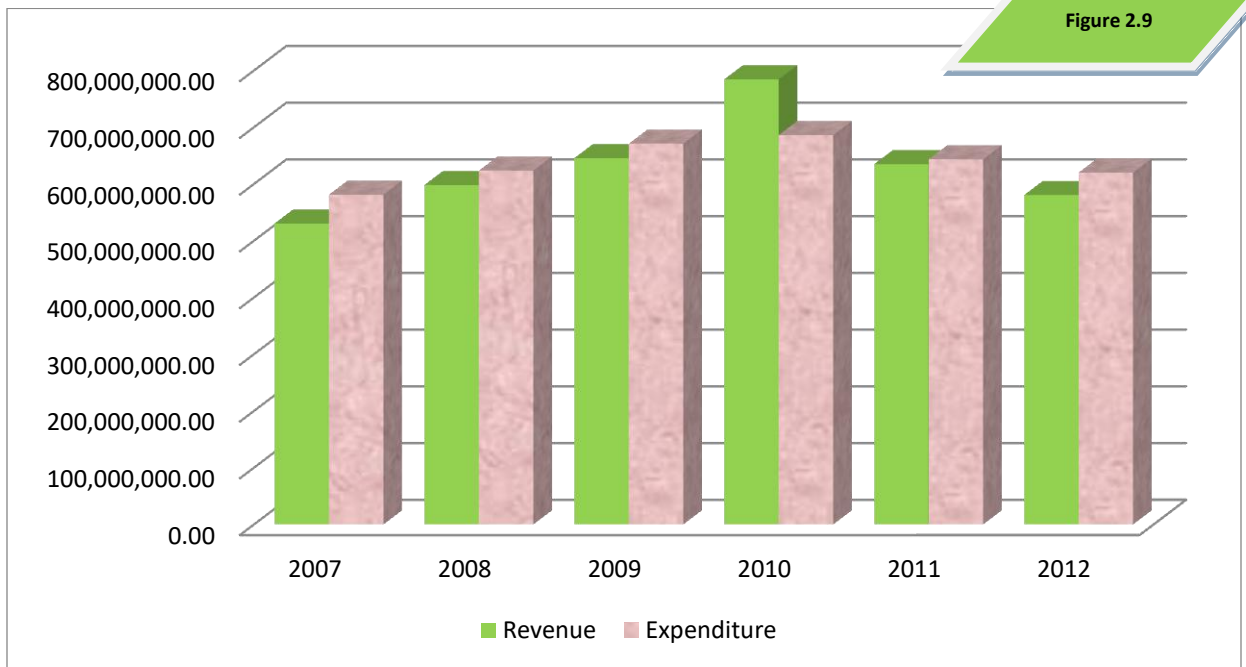
A comparison of total revenue with expenditure for the years 2008-2012 shows the budget out turn for the last five (5) years as depicted in Table 2.24 and Figure 2.9.



Table 2.24

YEAR	REVENUE (\$)	EXPENDITURE (\$)	VARIANCE (\$)
2007	530,278,843.81	581,200,108.98	-50,921,265.17
2008	598,174,655.07	623,623,048.95	-25,448,393.88
2009	645,580,651.35	671,097,020.08	-25,516,368.73
2010	784,470,049.52	686,153,598.63	98,316,450.89
2011	634,987,618.63	643,531,268.27	-8,543,649.64
2012	580,436,470.88	620,113,321.89	-39,676,851.01

Figure 2.9



**STATEMENT OF ADVANCES**

2.73 The Statement of Advances is comprised of the following categories:

- Other Governments
- Government Officers
- Departmental Advances
- Other Advances

2.74 According to Section 32 (4) of the Finance Administration Act 2004, the aggregate of the sum committed or disbursed for the purposes of making advances but not repaid, shall not exceed at any one time five percent (5%) of the recurrent revenue in the annual estimate for the previous financial year. The aggregate sum of \$25,573,482.74 recorded for 2012 exceeded 5% of the estimated recurrent revenue of \$504,784,455.00 for 2011 by \$334,259.99.

**Other Governments**

2.75 There were eleven (11) debit balances totalling \$2,164,467.02 and one (1) credit balance totalling \$35,771.57 resulting in a net debit balance of \$2,128,695.45 as at December 31, 2012. This balance was \$845,594.10 more than that at the previous year end. An examination of these accounts showed that a total of \$817,114.04 was paid out as Gratuity payments from the participating countries during the financial year. The year end balances have not been confirmed with the respective Governments.

**Government Officers**

2.76 The Statement shows a net debit balance of \$435,492.17 for Advances issued to Government Officers. Of the outstanding amount \$179,988.12 and \$5,438.65 was stated as "Advances – Retired, Deceased" and "Advances - To be written off, respectively". The Accountant General should take the necessary action to have these amounts cleared from the accounts.



2.77

Three hundred and sixteen (316) Advance Warrants totalling \$4,862,840.26 were issued by the Ministry of Finance during 2012.

2.78

The warrants issued were analysed as follows:-

Table 2.25

DESCRIPTION	AMOUNT (\$)
Travel	411,898.29
Training/Course expenses	185,653.82
Miscellaneous	60,000.00
Departmental	99,232.94
Other/Overseas Offices	4,106,055.20
<b>TOTAL</b>	<b>4,862,840.26</b>

2.79

The comparative figure for Advances issued for the financial year 2011 was \$4,982,779.17

**Departmental Advances**

2.80

As at December 31, 2012, an aggregate balance of \$333,316.23 remained on the Departmental Advances Accounts. The outstanding balance included the following:

- i. An amount of \$7,492.65, which remained outstanding on an Advance of \$25,647.30 issued in 2001 for Airfare for Migrant Workers.
- ii. An amount of \$315,703.58 remained outstanding on an Advance of \$381,518.00, issued to the Attorney General in 2011 for the purchase of Laws. During 2012, repayments of \$39,824.31 was credited to the Advance Account.
- iii. An Advance of \$10,000.00 issued in 2012, to the Permanent Secretary, Ministry of Agriculture on behalf of WINFARM, to defray expenses for the weekly purchase of cartons for the exportation of bananas. The Advance was to be repaid on the receipt of export earnings by WINFARM.



2.81

**Other Advances**

The balances represent the net result of debit and credit balances on twenty-eight (28) accounts categorized under Other Advances. The Statement shows a net debit balance of \$22,675,978.89 at December 31, 2012. The comparative balance as at December 31, 2011 was \$21,986,598.18.



**STATEMENT OF GENERAL DEPOSITS**

2.82

The balance on the Deposit Accounts reflected on the Statement of General Deposits at December 31, 2012 was \$60,319,372.62.

**Other Governments**

2.83

The eleven (11) deposit accounts which are being operated by the Accountant General that accounts for business conducted by the regional Governments on behalf of the Government of Saint Vincent and the Grenadines showed a net credit balance of \$559,225.78. Seven (7) accounts showed credit balances totalling \$918,320.83 and five (5) with debit balances of \$359,095.05. The transactions for the year were examined, however no confirmation of balances were sent to the respective Governments.

**Statutory Bodies**

2.84

The balance on the twelve (12) deposit accounts held on behalf of the statutory bodies showed a net credit balance of \$11,663,432.05, an increase of \$55,216.25 over the previous year's balance of \$11,608,215.50. During the year, only the Port Authority and CWSA-Environmental Levy recorded transactions. The balances on the other ten (10) accounts remained unchanged.

**Departmental Accounts**

2.85

These accounts are operated by the Accountant General on behalf of various Ministries and Departments and as such, should be monitored by the Accounting Officers to ensure that the correct allocations are affected. There are several of these accounts remaining on the accounts, which may have outlived their usefulness and should be cleared from the accounts by the Accountant General. As at December 31, 2012, there were sixty one (61) departmental accounts showing a net credit balance of \$43,192,475.80.

**Individuals**

2.86

Monies collected and held on behalf of Private Citizens and other Non-Governmental Organizations showed a net credit balance of \$3,485,574.89 as at December 31, 2012. However, the balance includes an amount of \$66,294.63, which is reflected in the Statement and the Treasury Accounts as "Individual Department Account written off". The Accountant General should take the necessary steps to have this balance purged from the accounts.

2.87

As at December 31, 2012, there was a net credit balance of \$3,485,574.89, an increase of \$42,106.60 in the balance of \$3,443,468.29 held at the end of the previous financial year.

**Local Governments**

2.88

There are twelve (12) accounts operated by the Accountant General for the Local Government Authorities. Eight (8) Offices recorded credit balances totalling \$47,875.12 while four (4) recorded debit balances totalling \$14,788.02. At the end of the financial year there was a net credit balance of \$45,217.10, a decrease of \$33,697.77 from the 2011 closing balance. The Accountant General should investigate the debit balances since this indicates over drawn balances. No accounts have been submitted on behalf of the Local Government for many years, therefore the correctness of the balances could not be verified.



STATEMENT OF INVESTMENTS

2.89

A total of \$80,474,637.51 reflected on the Statement of Investment is summarized as follows:

- Trust Funds - 111,617.66
- Sinking Funds - 56,434,549.79
- Investments - 22,134,653.07
- Special Deposits - 1,793,816.99

TRUST FUNDS

2.90

Five (5) Trust Funds are reflected on the Statement. Three (3) of these Funds namely: Graham Bequest, Haywood X Ray Fund and Simmons Bequest Fund are invested at the Bank of Saint Vincent and the Grenadines and was included on the Certificate of Balances issued by the Bank for 2012. Interest of \$3,245.06 was earned on these three (3) accounts. The Accountant General has stated that the other two (2) Trust Funds, the Lady Musgrave Prize Fund and the Major Bain Gray Prize Fund was closed by the Bank and the funds transferred to the ECCB.

SINKING FUND

7% Development Bonds 2012/2013

2.91

During the financial year a total of \$6,218,685.69 representing Sinking Fund contributions and interest earned on the investment was credited to the Sinking Fund resulting in a closing balance of \$56,434,549.79 at December 31, 2012.

INVESTMENTS

2.92

Canouan Development Fund

The Canouan Development Fund reflected an opening balance of \$1,186,903.82. During the year an interest of \$61,429.53 was accrued on the account and an amount of \$500,007.00 was



transferred to the Accountant General's Development Account. At the close of the financial year the balance on the account was \$748,325.81.

**Accountant General Special Drawing Rights**

2.93

The Fund is invested at the BOSVG and was listed on the Certificate of Balances as at December 31, 2012. Transactions during the year included interest of \$790,223.59 and the transfer of \$9,000,000.00 to the Accountant General's current account. The balance on the account as at December 31, 2012 was reduced to \$12,836,086.73.

2.94

Table 2:26 shows the other Investment accounts reflected in the Treasury accounts as at December 31, 2012. Interest earned was brought to account. The Accountant General was asked to indicate where the funds for the GOVSVG Student Loan Guarantee is invested as it is not reflected on the Certificate of Balances. The Accountant General has indicated that the Funds are invested at the BOSVG.

Table 2.26

ACCOUNT	31/12/2011	INTEREST	31/12/2011
Accountant General Balcombe	22,068.91	671.40	22,740.31
Bequia Agricultural Improvement	2,295.36	67.73	2,363.09
GOSVG Student Loan Guarantee	8,196,383.50	328,753.63	8,525,137.13

2.95

**SPECIAL DEPOSITS**

**Fiscal Reserve Account ECCB**

A total of \$215,310.16 representing currency profit and interest was credited to the account during the financial year resulting in a closing balance of \$1,793,816.99.

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

2.96 The Public Debt as disclosed on the Statement of Public Debt prepared by the Accountant General stands at \$269,057,941.17. This reflects an increase of \$35,279,701.05 or 15% from the previous year's debt of \$233,778,240.12. The Public Debt figure does not include the Bank Overdraft, Treasury Bills, neither External debt serviceable from Government's budget. As a result, the Statement only shows Loans (ECCB and Local Banks), and Domestic Bonds.

2.97 New Bank Loans totalling \$19,731,901.94 was included on the Statement. A loan/temporary advance of \$9,133,408.80 from Eastern Caribbean Central Bank (ECCB) and two (2) loans totalling \$10,598,493.14 from the Bank of Vincent and the Grenadines (BOSVG). The purpose for these loans were not ascertained, due to the lack of narrative recorded in SmartStream. The Accountant General was asked to provide information on the purpose, and terms and conditions of the loans.

**LOANS**

2.98 The other two (2) loans reflected on the Statement were:

- **First Caribbean Programme**

The balance on this long term loan as at December 31, 2012 was \$5,625,000.00, after payments of \$3,125,000.00 were made during the year.



2.99

- **Overdraft Loan 675/11 BOSVG**

An overdraft loan of \$50,000,000.00 was secured from the BOSVG in 2011. Repayment during the financial year 2012, totalled \$3,477,334.76. As at December 31, 2012, the Treasury accounts reflected an outstanding balance of \$44,615,323.83.

**BONDS**

Table 2: shows the allocation of payments on Bonds. A total of \$16,642,857.13 was repaid on the undermentioned loans during the financial year.

Table 2.27

Description	Balance		Repayment
	31/12/2011	31/12/2012	
7 % Development Bonds 2012/2013	30,000,000.00	30,000,000.00	0.00
Government Bonds 2014	30,000,000.00	30,000,000.00	0.00
Government Bonds 2016	20,000,000.00	16,000,000.00	4,000,000.00
Government Bonds 2016 A	28,928,572.53	19,285,715.40	9,642,857.13
Government Bonds 2016 B	50,000,000.00	50,000,000.00	0.00
Government Bonds 2017	18,000,000.00	15,000,000.00	3,000,000.00
Government Bonds 2022	30,000,000.00	30,000,000.00	0.00
			<b>16,642,857.13</b>

2.100

**Cost of Servicing Public Debt**

The cost of servicing Public Debt includes amortisation, interest and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$121,427,543.71 was expended for the servicing of Internal and External Debt.

2.101

There was no significant change in the cost of servicing Public Debt as a percentage of recurrent revenue and recurrent expenditure in 2012. Our analysis shows that there was a 3% decline in the servicing of Internal Debt whereas servicing of External Debt showed a 2.5% increase over the previous year.



2.102 Total Debt Servicing during the past five (5) financial years are shown in Table 2.28.

Table 2.28

PARTICULARS	2008 \$M	2009 \$M	2010 \$M	2011 \$M	2012 \$M
Internal Amortisation	24.0	28.4	33.8	17.8	21.4
External Amortisation	23.0	22.5	21.4	52.0	51.6
Sinking Fund Contribution	5.2	6.0	12.0	6.0	4.0
Internal Interest	12.0	18.4	18.9	23.4	23.3
External Interest	43.2	46.9	50.2	22.6	21.1
<b>TOTAL</b>	<b>107.4</b>	<b>122.2</b>	<b>136.3</b>	<b>121.8</b>	<b>121.4</b>

2.103

The cost of servicing Public Debt as a percentage of total recurrent revenue and recurrent expenditure for the past five (5) financial years is shown in the following table.

Table 2.29

FINANCIAL YEAR	COST OF DEBT SERVICING \$M	RECURRENT REVENUE \$M	% OF RECURRENT REVENUE	RECURRENT EXPENDITURE \$M	% OF RECURRENT EXPENDITURE
2008	107.4	489.5	21.9	492.7	21.8
2009	122.2	466.3	26.2	541.0	22.7
2010	136.3	490	27.8	602.6	28.6
2011	121.8	462.5	26.3	571.0	21.3
2012	121.4	472.6	25.6	566	21.4

### SCHEDULE OF LOANS

2.104

Attached to the Statement of Public Debt is a list of loans serviceable from Government's Budget. These loans are maintained by the Debt Unit of the Ministry of Finance. Our examination was limited to the verification of loan repayments recorded in SmartStream. No other audit checks were conducted, therefore, we cannot vouch for the correctness of the balances.

**STATEMENT OF ASSETS AND LIABILITIES****LIABILITIES****CURRENT ACCOUNT**Overdraft at Bank

2.105 The Statement of Assets and Liabilities shows a bank overdraft of \$31,348,999.87, whereas the Certificate of Balances issued by the Bank of St. Vincent and the Grenadines as at December 31, 2012, reflects an overdraft of \$41,635,704.62, a difference of \$10,268,704.75. In the absence of bank reconciliation, it could not be determined to what extent unpresented cheques, bank charges, and direct debits accounted for the differences. The approved overdraft limit for the year ended 31<sup>st</sup> December, 2012, was \$35,000,000.00.

Unreconciled Cash

2.106 The Unreconciled Cash is comprised of unreconciled balances on the Current Account and Development Account at the close of the financial year. The combined total on these accounts was \$23,378,920.32 as at December 31, 2012.

Sub Treasuries

2.107 The Treasury accounts recorded a credit balance of \$128,632.92 for the Union Island Sub Treasury whereas the cashbook reflected a balance of \$1,500.00. No Board of Survey report to confirm year-end balance at the Union Island sub-treasury was received.

**LOANS**

2.108 The total of \$1,003,706,645.47 reflected as Loans on the Statement, is an increase of \$12,733,951.70 over the previous year's loan balance of \$990,972,694.30. The total is inclusive of an amount of \$2,206,646.32 on the Crown Agent Borrowings account. The balance on this account balance has remained unchanged in the Treasury accounts for many years without any





analysis and I have not been able to justify the existence of this account. Recommendations were made in previous reports for the accounts to be analysed and cleared from the accounts.

### Salary Clearing

- 2.109 Salary clearing accounts should reflect zero balances, once the salaries are processed and the adjusting entries made to Personal Emoluments and the Current Account. The Statement shows two (2) salary clearing accounts with balances, (i) Salary clearing- TREACC- \$29,065.76 and (ii) Salary clearing- SmartStream - \$28,399.26. The balances on these accounts is an indication that the necessary adjustments were not made to the respective accounts. The Accountant General should take the action to have the necessary adjustments done.

## **ASSETS**

### **CASH**

#### Cash on Hand - Bank

- 2.110 The total of \$3,969,838.16 was the aggregate balance on eight (8) accounts reflected in the Treasury Accounts. This aggregate cash balance was a net decrease of \$626,323.61 over the 2011 year end balances. An examination of the accounts showed that seven (7) of these accounts are held at the Bank of Saint Vincent and the Grenadines.

- 2.111 During the year, funds were transferred to the Accountant General Development account from several accounts which included the Accountant General's Current Account, the Accountant General Loan Monies and the Environmental Management Fund account. There was a significant difference between the balance recorded in the Treasury accounts and that reflected on the Certificate of Balances as shown hereunder. The balance reflected on the Certificate of Balances reflects a total of \$201,645.085, whereas the Statement and Treasury accounts shows a balance of \$1,301,291.27.

**Sub Treasuries**

2.112

The balance of \$314,691.16 represents cash held by four (4) Sub Treasuries namely, Georgetown, Bequia, Barrouallie and Canouan. However, there were significant differences between the balances recorded in the cash book and that in the Treasury accounts for Bequia and Canouan Sub Treasury at the end of the financial year. The table below shows the comparative year-end balances on the four (4) sub-treasuries.

Table 2.30

Account	Sub Treasury	Cash Book	Treasury Account
51502	Georgetown	300	300
51503	Bequia	0	80,942.00
51505	Barrouallie	300	300
51507	Canouan	1,350.85	233,148.19
	<b>Total</b>	<b>1,950.85</b>	<b>314,691.16</b>

2.113

There were several adjustments made to the accounts as a result of incorrect postings. The high variance between the balances indicates that there are further errors in the accounts which would require a detailed analysis by the Accountant General and the necessary adjustments made

**In- Transit – Union Island**

2.114

The In-transit accounts records remittances by the Accountant General's Office for the running of the sub treasuries and should zero out at the end of the financial year. The Union Island In-Transit account reflected a year-end balance of \$221,221.55. This balance has remained unchanged in the accounts since December 31, 2010. The Accountant General should have this account analysed and the necessary journal transactions done to clear the balance.



Crown Agents and JCF

2.115

There has been no change in the balance/transactions on the Crown Agents and the Joint Consolidated Fund for several years. I wish to once again recommend that the Accountant General take steps to have these accounts analysed and the necessary adjustments made.

Cash-Short Term Deposits

2.116

The sum of \$11,415,778.87 represents the balance on nine (9) short term deposit accounts recorded in the Treasury Accounts. This was a net increase of \$2,962,251.55 over the 2011 year-end balance. However, only five (5) of these accounts were reflected on the Certificate of Balances issued by the Bank. The Accountant General was asked to indicate where the funds for the undermentioned four (4) accounts are invested. No response was received.

Table 2.31

Account No.	Description	Amount (\$)
52511	Government of Saint Vincent and the Grenadines Stabex 1995 - PSIP Account 22038	499,993.00
52513	Government of Saint Vincent and the Grenadines Stabex 1996 EDF/PMCU # 125545	136,252.12
52518	NAO Support SFA 2006 EC Account # 125716	55,192.92
52519	NAO SFA 2006 Euro Account # 8981	-230,452.29

**CONSOLIDATED FUND**

2.117

The deficit of \$39,676,851.01 on the budget out-turn for the financial year was transferred to the Consolidated Fund. There were also a number of adjustments relating to prior periods which were taken into account to produce a balance of \$287,265,509.51 at the end of December 31, 2012.



2.118

**BANK STATEMENT/CERTIFICATE OF BALANCES**

There were three (3) account listed in the Certificate of Balances (BOSVG) which were not reflected in the Treasury Accounts as shown in Table 2.2. The Accountant General was asked to explain the reason for the omission of these accounts from the Statement of Assets and Liabilities.

Government of SVG Commonwealth Secretariat	-	\$186,802.47
Hurricane Tomas Emergency Recovery	-	\$76,596.79
Hurricane Tomas Emergency Recovery Loan	-	\$141,027.36

2.119

The Accountant General confirmed that the accounts were omitted from the Treasury accounts, however, no explanation was given for their omission.

**CHAPTER 3****MINISTRIES AND DEPARTMENTS**

3.1

Audit examinations were carried out at several Ministries and Departments for the financial year. The significant findings are outlined hereunder:-

**AUTONOMOUS DEPARTMENTS****House of Assembly**

3.2

A total of twenty (20) Acts and twenty-seven (27) Statutory Rules and Orders were passed and published in the Government Gazette during the year 2012.

***Hansards***

3.3

A Hansards is an official detailed verbatim report of every debate and proceeding in the House of Parliament. It also includes records of votes and written ministerial statement. The original Hansards is edited to remove errors or repetitions in the document, without changing the meaning of the speech or the illustration of the argument. For every sitting of Parliament, a Hansard is produced by the Clerk of the House of Assembly and an Editor is contracted to edit the Hansard.

3.4

The records showed that there were fourteen (14) sittings of Parliament during the year and that a total of seventy-seven (77) Hansards were to be edited. This number was inclusive of Hansards to be edited for earlier years, our examination revealed that contracts were awarded quarterly for the editing of approximately seven (7) Hansards per month at a rate of \$1,250. A total of \$13,500 was paid to the Editor in 2012. However, the narrative on the contracts was too vague to determine the number of Hansards edited and paid for per month.



3.5

**Registry Department**

The following compliance deviations were noted for the year under review.

- The value of the real estate was not, in all instances, recorded in the Aliens Land Holding Licences hence, fees collected for the licence and registration could not be verified;
- The rate applied for licence fees for Aliens Land Holding Licence was not, in all instances, in accordance with the Aliens (Land-Holding Regulation) Act, resulting in over collection of revenue;
- The rate applied for stamp duty on Deeds of Conveyance and Mortgage was not, in all instances, in accordance with the Stamp Act, resulting in under and over collection of revenue, respectively;
- The stamp duty and registration were not, in all instances, collected for registration of Deeds of Conveyance;
- The penalty for late registration of document was not, in all instances, applied in the late registration of documents;
- The records required to be kept and maintained by the Registrar for Declaration of Possessory Title were not kept and maintained by the Registrar;
- Various copies of Notice of Application for Declaration of Possessory Title were not posted at the Registry and the court building of the Magistrate within the prescribed period;
- Several copies of Notice of Application for Declaration of Possessory Title were not served on owners or occupiers of land adjoining the piece or parcel of land for which Declarations of Possessory Titles were granted, within the statutory period;
- The rate applied for stamp duty on some Declarations of Possessory Title was not in accordance with the Possessory Titles Act, resulting in under and over collection of revenue;
- A Register of Orders was not kept and maintained by the Registrar;



- The particulars of all orders made by the Court containing a declaration of Possessory Title, were not published by the Registrar in one issue of a newspaper circulating in St. Vincent and the Grenadines;

**Service Commissions Department**

3.6 Several personal files requested for audit were not available at the time of the audit and as a result the requisite leave checks relevant to those files were not carried out.

3.7 The absence of approved documented guidelines for the computation of leave eligibility, led to inconsistencies in the method used for the calculation of vacation leave eligibility. Further, there were numerous arithmetic errors resulting in the under and over stating of leave. There needs to be consistency in the method applied in the computation of leave and Officers need to exercise due care in order to reduce or eliminate the number of arithmetic errors.

3.8 It is a requirement that Public Officers and other persons who are granted scholarships, bursaries or study leave to pursue studies at tertiary institutions enter into a bond with the Government to return to the country to serve for the period stipulated in the Bond. A Bond Register is maintained at the Department to record these Officers, however, due to the omission of pertinent information from the Bond Register, it was not possible to compute or verify the Bond Value.

**OFFICE OF THE PRIME MINISTER****Government Printery**

3.9 There was no improvement in the record keeping at the Government Printery despite the highlighting of shortcomings in several reports and recommendations made for improvement. The records required to account for the various operations were either not maintained or not maintained in accordance with the Finance Regulations and Store Rules. Some records were devoid of pertinent information rendering it difficult for an audit to be completed on those



records. The Accounting Officer and the Government Printer need to take urgent action to address these shortcomings to improve the operations of the Government Printery.

### **MINISTRY OF NATIONAL RECONCILIATION**

3.10

The Ministry received a budget of \$4,779,219.00 to meet its recurrent expenditure of the Ministry. The Ministry spent \$4,190,194.90 of its budget realising a savings of \$589,023.57.

3.11

The Ministry's recorded expenditure included the payment of Subventions of \$600,000.00 and \$500,000.00 to the National Broadcasting Corporation and the SVG Postal Corporation respectively.

3.12

Private auditors were engaged for the auditing of these Corporations. KPMG was appointed by the Board of Directors of the National Broadcasting Corporation, while the Director of Audit appointed BDO for the audit of the SVG Postal Corporation.



**MINISTRY OF NATIONAL SECURITY****E T Joshua Airport**

- 3.13 In the absence of lease agreements for rental of space, it could not be ascertained if the correct rent was paid and if all other terms and conditions of the lease were met.
- 3.14 The issue of uncollected amounts for the rental of space, advertising posters and electronic signs continues to be a pertinent issue at the E T Joshua Airport. The Ministry may have to introduce drastic measures to ensure the prompt collection of these outstanding amounts.
- 3.15 Further, pertinent information was omitted from several records maintained at the Airport, rendering it impossible for the records to be properly audited.

**Police***Leave*

- 3.16 Due care and attention was not given to the management of vacation and sick leave granted to Officers Sick leave in excess of twenty-eight (28) days was granted without the appropriate authority, and in most cases, resumptions were not properly recorded.

*Firearms*

- 3.17 The system in place for the issuing of license to Firearms holders and Firearm dealers did not give assurance that all persons owning firearms were granted the requisite approval or that owners of firearms were issued a certificate of competence by the appropriate Officer.

**Coast Guard**

3.18

Several deficiencies were detected in the maintenance of the Uniform Kit Ledger, Stores Ledger and Issue Cards during 2012. The deficiencies which included the omissions of items and differences in quantities made it difficult to ascertain whether the correct transactions and quantity were recorded in the Ledgers.

3.19

Officers in charge of stores need to be conversant with the Store Regulations. Lack of knowledge of Stores Regulations cannot be accepted as an excuse for non-compliance, or for loss of stores which may result from failure to observe the provisions of the Store Rules.

**Prisons**

3.20

The scope of audit at the Prisons Department was limited due to the condition of records as a result of the infestation of the records room.

*Stores Ledger*

3.21

The Stores Ledger which could only be partially examined revealed instances where items procured via SmartStream were not recorded in the Store Ledger. In addition, the Dietary Ledger was not maintained to accurately reflect items purchased and issued.

**Grenadines Administration**

3.22

One of the major concerns continues to be the level of arrears of revenue arising from lack of enforcement. The records show that there were significant amounts of arrears at both the Bequia and Union Island Offices, in respect of following revenue items.

- Property Tax
- Land and House Tax
- Sale of Crown Lands
- Crown Land Rent
- Rental of Space – Offices and Shops
- Motor Vehicle Licences
- Drivers License
- Liquor License

3.23

Examination of records maintained at the Customs and Excise Department in Bequia and Union Island, revealed that issues of omission of the activity from Yacht Declaration Forms and the non-squaring of Manifest and Customs Declarations continue to exist during the period of review. The Customs and Excise Department needs to exercise due care and attention in the execution of duties to ensure the activity is recorded on the Yacht Declaration Forms in order to enable the verification of fees collected and that the Customs Declarations are squared with the manifest to ensure that all dutiable goods landed have been subjected to Customs Duties (Import Duty, Consumption Tax and Customs Service Charge).

3.24

It is imperative that the issues detected at the Union Island and Bequia Offices be treated with utmost importance by the relevant personnel, considering the potential financial implication.

**MINISTRY OF FOREIGN AFFAIRS****Trade**

3.25

The records were well maintained in accordance with the various Regulations. However, the omission of stock value from the application form prevented the verification of payments in several instances. Further, it was difficult to ascertain if the correct fees were paid in accordance with the price and Distribution of Goods Act.

**Overseas Offices**

3.26

During the financial year, a total of **\$3,494,034.00** was remitted to cover the cost of the operations of the Overseas Missions, Embassies and Consulates for the period October 2011 - September 2012. The amounts remitted were as follows:-

Table 3.1

OFFICE	AMOUNT
London High Commission	514,139.40
Washington Mission	504,850.00
New York Mission	562,145.40
New York Consulate	698,285.20
Toronto Consulate	672,836.00
SVG Embassy - Cuba	541,778.00
SVG Embassy -Venezuela	148,436.00
	<b>3,642,470.00</b>

3.27

The issues common to all the Overseas offices were;

- The late remittance of funds to the Offices resulting in the Offices incurring fees for non-payment of goods and services.
- The non or late reimbursement of funds spent on behalf of Government Offices or Officials, such tardiness impacted negatively on the Offices financial status since these expenses were not budgeted for.
- There was no authority for the fees collected for Consular Services provided by the Overseas Offices to Vincentian Nationals. Several recommendations have been made



over the years to have these fees regulated. I am once again urging the Accounting Officer to take the necessary steps to have the fees regulated.

- Shortfalls in salaries at the London and Canada Offices due to fluctuating exchange rates were met from the operating funds, further depleting the funds remitted to meet operational expenses of the Offices.
- The late processing of the monthly expenditure in the Advance accounts contributed to the large outstanding balances on the individual Advance accounts. Monthly expenditure should be cleared promptly to prevent the accumulation of large outstanding balances and to ensure that funds expended are brought to account in a timely manner in the year in which they relate. Further, there were instances in which refunds were made to individual offices, without the requisite reversal of entries made to the Advance accounts. Several requests were made to the Ministry of Foreign Affairs and the Accounting Division to work collaboratively in having the accounts analysed, the expenditure processed and cleared from the Advance Account. It is my hope that the Officers would take heed to the requests.

**3.28****MINISTRY OF LEGAL AFFAIRS**

The records at the Ministry of Legal Affairs were satisfactorily maintained, however, no audit examination was conducted on the records at the law library due to lack of access.

*Appendix I***OUTSTANDING QUERIES FOR THE YEAR 2012**

<b>DEPARTMENT</b>	<b>NO. ISSUED</b>	<b>NO. SETTLED</b>	<b>NO. CLOSED</b>	<b>OUTSTANDING</b>
Accountant General	42	12	0	30
District Officer-Union Island	7	0	0	7
Government Printer	1	0	0	1
Registry	7	0	0	7
Coast Guard	14	0	0	14
<b>TOTAL</b>	<b>71</b>	<b>12</b>	<b>0</b>	<b>59</b>



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

DEPARTMENT	2006	2007	2008	2009	2010	2011
Governor General						1
Clerk, House of Assembly	1	---	---	---	---	
Chief Magistrate	4	2	2	---	4	5
Chief Personnel Officer	2	---	---	12	1	
President, Family Court	4	2	1	---	---	1
Cabinet Secretary	---	---	---	1	---	
Government Printer	1	---	---	---	1	2
Ministry of Finance	5	1	---	2	---	
Director of Planning	---	---	---	---	---	
Accountant General	75	95	132	71	15	15
Comptroller of Customs & Excise	1	9	1	1	---	
Comptroller, Inland Revenue	1	1	---	---	---	2
PS/Social Development	7	---	---	5	4	
P/S Mobilisation						1
Ministry of Education	3	---	11	9	---	
PS/National Security	7	21	---	3	4	
Commissioner of Police	---	5	---	---	---	
Superintendent of Prisons	7	---	---	---	---	
District Officer Southern Grenadines	2	5	10	6	10	
Canouan Revenue Office	---	1	4	3	---	
Georgetown Revenue Office	---	1	2	---	1	
Bequia Revenue Office	4	10	4	7	4	
Ministry of Agriculture	9	---	1	3	2	1
Min. of Transport Works & Housing	1	--	2	6	---	
Min. of Health & the Environment	---	---	---	1	---	
Ministry of Foreign Affairs & Trade	8	14	3	---	---	
Washington Mission	---	---	---	6		
Attorney General	-	-	-	1	-	1
Warden, Kingstown Town Board	---	--	2	---	---	
Director, Financial Intelligence Unit	---	4	---	---	---	



**ARREARS OF REVENUE RETURNS – 2012**

DEPT	ACCOUNT	DESCRIPTION	AMOUNT	REMARKS			
INLAND REVENUE	11001	Income Tax		None Submitted			
	11002	Corporate Tax		None Submitted			
	11003	Income Tax Withholding Tax		None Submitted			
	12001	Property Tax - Union Island		None Submitted			
	12002	Estate & Succession Duty		None Submitted			
	14005	Hotel Tax		None Submitted			
	13006	Travel Tax		None Submitted			
	14007	Entertainment Tax		None Submitted			
	15007	Vehicles Licence – Union Island		None Submitted			
	15005	Liquor Licence	Union Island		None Submitted		
			Bequia		None Submitted		
			Canouan		None Submitted		
			15099	Other Licence – Tutors		None Submitted	
			15008	Professional Licence		None Submitted	
			15006	Drivers Licence	Union Island		None Submitted
					Canouan		None Submitted
					14004	Insurance Premium Tax	
			14011	VAT			
			CUSTOMS	13001	Import Duties		None Submitted
	13003	Consumption Duties- Local			None Submitted		
13004	Customs Service Charge			None Submitted			
16007	Personal Fees Rev. Officers			None Submitted			
17011	Warehouse Rent			None Submitted			
16012	Merchant Shipping			None Submitted			
MINISTRY OF HOUSING	17014	Crown Lands Rent - Union Island		None Submitted			





DEPT	ACCOUNT	DESCRIPTION	AMOUNT	REMARKS
JUDICIAL		Fees/Forfeitures		None Submitted
MEDICAL	16022	Hospital Rental Nurses Hostel		None Submitted None submitted
AGRICUL-TURE	18007	Sale of Plants /Seeds Campden Park		None Submitted None Submitted
	18009	Fishing Operations - Grenadines		None Submitted
PUBLIC WORKS	16018	Electrical Inspection Soils Laboratory		None Submitted
	17017	Royalties		None Submitted
	18011	Sale of Stores & Equipment		None Submitted
AIRPORT	16019	Landing Dues		None Submitted
	16020	NAVCOM Charges		
	17012	Rental of Government Property		None Submitted
TELECOM	15010	Telecom & Broadcast Licence		None Submitted
MAGISTRATES FAMILY COURT		Fees, Fines and Permits Fees, Fines and Permits	\$324,416.70	2010/2011



**STATEMENT OF LOSSES DUE  
TO FRAUD, THEFT OR NEGLIGENCE  
SINCE THE DATE OF LAST REPORT 2011  
A. REQUIRED BY REGULATION TO BE REFERRED TO CABINET**

DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
<b><u>Ministry of Health</u></b>			
Overpayment of Salary	3,281.00	Nil	<i>Resigned</i>
	5,327.40	Nil	<i>Resigned</i>
	1,649.00	Nil	<i>Resigned</i>
	7384.00	Nil	<i>Resigned</i>
	9,327.00	Nil	<i>Resigned</i>
	2,507.50	Nil	<i>Resigned</i>
 <b><u>Ministry of National Security</u></b>			
Overpayment of Salary	687.71	Nil	<i>Resigned</i>
	6,392.58	Nil	<i>Resigned</i>
	10,104.44	Nil	<i>Cessation</i>



DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
<b>Ministry of Education</b>			
<i>Overpayment of Salary</i>	<i>5476.26</i>	<i>Nil</i>	<i>Resigned</i>
	<i>3964.65</i>	<i>Nil</i>	<i>Resigned</i>
	<i>1404.00</i>	<i>Nil</i>	<i>Resigned</i>
	<i>3428.64</i>	<i>Nil</i>	<i>Resigned</i>
	<i>16,303.00</i>	<i>Nil</i>	<i>Resigned</i>
	<i>13,980.63</i>	<i>Nil</i>	<i>Abandonment</i>
	<i>2,618.71</i>	<i>Nil</i>	<i>Resigned</i>
	<i>1,509.09</i>	<i>Nil</i>	<i>Cessation</i>



**STATEMENT OF LOSSES DUE  
TO FRAUD, THEFT OR NEGLIGENCE  
SINCE THE DATE OF LAST REPORT 2011**

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

<b>DEPT. &amp; PARTICULARS OF LOSS</b>	<b>GROSS AMT. INVOLVED</b>	<b>AMOUNT RECOVERED</b>	<b>PRESENT STATUS</b>
<b><u>Customs and Excise</u></b> <i>Overpayment of Salary</i>	<i>314.71</i>	<i>Nil</i>	<i>Abandonment</i>
<b><u>Ministry of National Security</u></b> <i>Overpayment of Salary</i>	<i>174.77</i> <i>361.20</i>	<i>Nil</i> <i>Nil</i>	<i>Resigned</i> <i>Resigned</i>

**STATEMENT OF AUTHORITIES FOR EXPENDITURE 2012**

<b>ESTIMATES:</b>	Passed in the House of Assembly 13 <sup>th</sup> December 2011
<b>APPROPRIATION ACT:</b>	Enacted as Act 1/2012
<b>GENERAL WARRANT:</b>	Signed by the Honourable Minister of Finance on January 2012
<b>SPECIAL WARRANTS:</b>	One hundred and ten (110) Special Warrants were approved for a total of \$13,837,357.65
<b>VIREMENT WARRANT:</b>	A total of one hundred and eighty-eight (188) Virement Warrants were approved to re-allocate a total \$4,305,582.31.
<b>SUPPLEMENTARY APPROPRIATION:</b>	Supplementary Appropriation to date was as follows Appropriation Act No. 17 of 2013 - \$16,111,219.00.
<b>LOAN MONIES:</b>	Amount Expended from Loan Funds were as follows: Local Loans \$59,762,580.00 CDB \$12,350,000.00 Other Loans \$32,355,840.00