



REPORT OF THE

DIRECTOR OF AUDIT



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

2017



*R*eport of the Director of Audit

On the

Public Accounts

Of the Government Of

St. Vincent and the Grenadines

2017



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 St. Vincent and the Grenadines for the financial year ended December 31, 2017, for tabling in the House of Assembly.

A handwritten signature in black ink, appearing to read 'Mrs. Joan Browne', written over a horizontal line.

Mrs. Joan Browne

DIRECTOR OF AUDIT

23rd November, 2022



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 operations.



AUDIT OPINION

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

Qualified Opinion

I have audited the Public Accounts of St. Vincent and the Grenadines, which comprise the Statement of Annual Abstract, Statements of Detailed Revenue, Statements of Detailed Expenditure, Statement of General Deposits, Statement of Investments, Statement of Assets and liabilities, Statement of Public Debt and Statement of Advances, for the financial year ended December 31, 2017.

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, 2017, in accordance with cash basis of accounting.

Basis for Qualified Opinion

Private Placement Bonds of EC \$9,874,995.00, Loans of EC \$1,935,000.00 from Petro Caribe and Government Bonds of EC \$35,000,000.00 issued by First Citizen Investment, were excluded from the Statement of Public Debt.

In addition, repayments of two (2) NIS Bridging loans, in the amount of EC \$17,500,000.00 and EC \$9,124,390.36, drawn down on BOSVG Loan, were erroneously charged to Capital Revenue Account.

Further, ECCB Temporary Advance receipts of EC \$2,500,000.00 was excluded from Capital Revenue and NIS Disadvantage Student Loan receipts of EC \$1,200,000.00 was excluded from Capital Revenue and Capital Expenditure.

If the Accountant General had included the debts, the Public Debt would have increased by EC \$46,809,995.00. Additionally, if the amounts repaid were correctly accounted for and loan receipts were included, Capital Revenue, Capital Expenditure, Recurrent Expenditure and Surplus would have increased by EC \$30,324,390.36, EC \$10,324,390.36, EC \$17,500,000.00 and EC \$2,500,000.00, respectively.

I conducted my audit in accordance with 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 the qualified opinion.

Responsibilities of the Accountant General for the Financial Statements

The Accountant General is responsible for the preparation and fair presentation of the financial statement 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 misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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.

As part of an audit 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 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

23rd November, 2022

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AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines for the Period 1st January to 31st December 2017

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 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 for the financial year 2017 are included in this report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

1.4

This report is divided into four (4) chapters as follows:

1.5

Chapter 1 highlights the audit mandate, responsibilities of the Public Accounts Committee and Audit Office Activities in 2017.

1.6

Chapter 2 consists 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 recommendations made by the Audit Office, to assist the entities in improving their performance.

1.9

The main purpose of the audit was 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.

1.10

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, 2017, 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 –



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Subsidiary Legislation, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009.

1.11

This report is prepared for laying in 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

1.12

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.

1.13

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 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.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

1.14

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 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.”*

RESPONSIBILITY OF THE PUBLIC ACCOUNTS COMMITTEE

1.15

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

1.16

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 report to the House on:

- i. the reasons for any excess 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.

The Public Accounts Committee was appointed on the 10th February, 2017, for the financial year 2017.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

AUDIT OFFICE ACTIVITIES

1.17

During the financial year 2017, the Office focused on building capacity and developing staff competencies; hence, training in Performance and Financial Audits commenced, in order to increase our audit products; thus, creating greater impact. Accordingly, two cohorts of auditors, selected from various units within the Office, were trained, and a Performance and Financial Audit Unit were established. As a result of the training, Compliance Audits were curtailed, as most of the experienced auditors were redeployed to the Performance Audit Unit.

1.18

The training in capacity development in the areas of Performance and Financial Audits was to enable the Office to fulfil its mandate in the conduct of audits with regards to economy, efficiency and effectiveness and financial statements in accordance with section 10 (2) of the Audit Act, which requires the Director of Audit to carry out examinations to determine whether a ministry, department or service has used its resources with economy, efficiency and effectiveness (Performance Audit); and section 13 (1), which requires the Director of Audit (Director), not later than six months after the end of the financial year, to audit the accounts of each statutory body for the previous year.

1.19

The training included the application of auditing precepts that are in line with the International Standards of Supreme Audit Institutions (ISSAIs) to enable compliance with section 8 of the Audit Act – ***Director of Audit to Follow International Audit Standards.***

1.20

The Performance Audit training was facilitated by a Consultant and was funded by local funds from the Government's budget, while the Financial Audit training was facilitated



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

and funded by Caymans Island Supreme Audit Institution and World Bank, respectively, during the period 2017.

1.21

In addition to training in Performance and Financial Audits, staff participated in regional and international training. Two employees attended a one (1) week workshop on the Performance Audit of Public Debt, in St. Kitts, sponsored by the East Caribbean Central Bank (ECCB), while one (1) employee received training in South Korea, sponsored by the Korea International Cooperation Agency (KOICA).

1.22

The Office was also involved in several development activities locally and regionally organised by the Service Commissions Department, World Bank and the Caribbean Organisation of Supreme Audit Institutions (CAROSAI), during the course of the year.

1.23

The primary objectives of CAROSAI are to promote the exchange of ideas, experience, and to provide opportunities for training and continued education amongst audit institutions in the Caribbean. This Organisation has secured funding from international financial institutions to strengthen the training capacity of its members and has conducted a number of regional workshops at which the Audit Office was represented/benefited.

1.24

The attendance of staff at these regional workshops facilitates the sharing of knowledge and experiences with practitioners and other experts in auditing, which is required to enhance the capabilities of staff and the operations of the Office.

1.25

Despite the foregoing, audits were conducted at a few Departments, the Government Offices in the Grenadines and St. Vincent and the Grenadines Consulate in Toronto, during 2017. In addition, the Audit Office verified leave eligibility, salaries, pension and gratuity payments for Public Officers. The audit of pension and gratuity payments, is the only pre-audit that is undertaken by the Office. Also, surprise cash surveys were conducted at



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

Government Offices throughout St. Vincent and the Grenadines. Reports which included recommendations were issued to the respective Accounting Officers and Heads of Departments. The results of the audits conducted at the Government's Departments and Overseas Office during the fiscal year, were analysed and are included in chapter 4 of the report.

ACKNOWLEDGEMENT

1.26

I wish to express thanks to the Accountant General, Accounting Officers and Heads of Department 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.



CHAPTER 2

ANALYSIS OF 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, 2017.

2.2

Government's financial statements, prepared by the Accountant General's Office, do not represent all entities owned and controlled by Government. The statements are comprised of all Ministries and Departments and exclude Statutory Bodies and Government owned companies, which report the results of their operations separately.

2.3

The financial statements were submitted for the financial year ended December 31, 2017, by the Accountant General on the 7th May, 2018.

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 IV of this Report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

SCOPE OF THE AUDIT

2.5

The financial statements for the year ended 2017, 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 Asset and Liabilities
- Statement of General Deposits
- Statement of Investments
- Statement of Public Debt
- Statement of Advances

2.6

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

- Statement of Contingencies Fund
- Statement of Contingent Liabilities of the Government
- Statement of Arrears of Revenue by Detailed Object Code
- Statement of Special Fund



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

METHODOLOGY

2.7

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the statements. The audit was 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, checks against irregularities and fraud were adequate and effective and to give reasonable assurance that the financial statements are free of material misstatements. Therefore, the Audit Report covers only matters which have been examined by the Audit Office. It does not draw conclusions upon matters not examined.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

ANALYSIS OF THE FINANCIAL STATEMENTS

2.8

My analysis and observations related to the examination of these financial statements are detailed as follows:

APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS

2.9

The Appropriation Act No. 1 of 2017 was passed in the House of Assembly on 10th February, 2017, authorising total expenditure of \$976,760,622.00. The total expenditure appropriated by Parliament comprised Recurrent Expenditure of \$747,193,572.00 and Capital Expenditure of \$229,567,050.00. In 2017, only Supplementary Estimates totalling \$35,000,000.00 were submitted to and approved by the House of Assembly via Supplementary Appropriation Act No. 10 of 2017 to revise the budgetary estimates for financial year 2017.

2.10

In addition, sixty-nine (69) Special Warrants, totalling \$48,937,234.24 were approved by the Minister of Finance to supplement the budgetary estimates; however, Supplementary Estimates were not submitted for the approval of the House of Assembly, therefore, the amount remained unappropriated at the end of financial year 2017.

2.11

The total of \$48,937,234.24 approved by Special Warrants exceeded the sum of \$25,000,000.00 which was the aggregate amount that may be authorised by Special Warrants in the financial year, pursuant to section 28 (1) of the Finance Administration Act, approved by Resolution of the House of Assembly on 29th April, 2010.



STATEMENT OF ANNUAL ABSTRACT

OVERALL RECURRENT AND CAPITAL BUDGET 2017

2.12

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 \$976,943,437.00 which comprised of Recurrent Expenditure of \$747,376,387.00 and Capital Expenditure of \$229,567,050.00 was approved by Appropriation Act No.1 of 2017 for the fiscal year 2017. The difference of \$182,815.00 between the amount of \$747,193,572.00 approved for Recurrent Expenditure by Appropriation Act and the amount of \$747,376,387.00 reflected as estimates in the Estimates of Revenue and Expenditure and the financial statement for 2017, is attributable to the Governor General's Emoluments and allowances which are provided for by the Governor General's Emoluments and Pension Act, CAP 269 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009.

2.13

The Estimates of Recurrent Expenditure were recorded on the statements as \$747,436,390.00 instead of \$747,376,387.00 which was approved by Parliament. This was due to an overstatement of the Estimates under the Ministry of Finance by \$60,003. Additionally, the financial statement has shown that the estimates for Recurrent and Capital Expenditure were revised by \$15,267,244.06 and \$68,562,479.44, respectively. Although the estimates of Recurrent Expenditure were shown as revised by \$15,267,244.06, the total amount approved by Special Warrants for Recurrent Expenditure was 15,386,065.86, a difference of \$118, 841.80. The difference was mainly



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

attributable to inaccuracies in the recording of the amounts approved by Virement and Special Warrants in the Government's Accounting System – SmartStream; which contributed to a net understatement of \$118, 841.80 in the Revised Estimates, as outlined at paragraphs 3.17 and 3.22.

OVERALL RECURRENT AND CAPITAL BUDGET OUT-TURN 2017

2.14 An examination and analysis of actual revenue and expenditure revealed that actual Recurrent Expenditure, Capital Revenue, Capital Expenditure and the surplus were understated by \$30,324,390.36, \$17,500,000.00, \$10,324,390.36 and \$2,500,000.00, respectively, due to the following improper accounting in SmartStream:

UNDERSTATEMENT OF CAPITAL REVENUE 2017

2.15 Capital Revenue was understated by \$30,324,390.36 due to:

1. The repayment of two (2) Finance Bridging loans totalling \$17,500,000 from National Insurance Services and total amount of \$9,124,390.36 paid to Contractors from a loan received from the Bank of St. Vincent and the Grenadines (BOSVG) were charged to Capital Loan Receipt Accounts instead of the Recurrent Expenditure (Amortisation Domestic Debt) and Capital Expenditure Accounts; resulting in an understatement of the total Capital Revenue by \$26,624,390.36 for 2017.



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Accountant General's Comments:

We Agree with the findings

2. An amount \$3,000,000 was accounted for on the Public Debt Statement as Economically Disadvantage Student Loan from the NIS; however, only \$1,800,000 was accounted as Capital Receipts via Receipt No. 245167 dated 28/8/2017. The amount of \$1,200,000.00 was not accounted for as Capital Revenue and Expenditure to account for its receipt and payment, respectively; resulting in an understatement of Capital Revenue and Expenditure by \$1,200,000.00 for 2017.

Accountant General's Comments:

The amount of \$3,000,000.00 was a legitimate Loan of \$3,000,000.00 duly signed by all parties concerned. The amount of \$1,200,000.00 less Accrued Interest of \$38,500.00 was disbursed to the Student Loan Company. See copy of letter from NIS. If the amount was received by the Accountant General; the appropriate Journal should have been effected to account for the Accrued Interest. Unfortunately, the amount was not credited to any of the Accountant General's Accounts.

3. \$22,500,000.00 instead of \$25,000,000.00 was accounted under Capital Revenue for ECCB Temporary Advance 2017-\$25M received during the financial year; which resulted in an understatement of Capital Revenue and the Surplus, by \$2,500,000.00 for the financial year 2017.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

Accountant General's Comments:

ECCB Temporary Advance 2017 – 25M. There were three-part payments in December 2017. The amount of \$10,499,995.00, \$1,999,901.00 and \$9,999,995.00 were received from ECCB as part of the 2017 Temporary Advance, giving a total of \$22,499,985.00. The balance of 2.5M was unfortunately not recorded.

UNDERSTATEMENT OF ACTUAL EXPENDITURE 2017

2.16 Total actual expenditure was understated by \$27,824,390.36 for the financial year. This amount comprised of:

Recurrent Expenditure

2.17 1. \$17,500,000.00 repaid for two (2) Finance Bridging loans to the National Insurance Services was charged to Capital Revenue instead of Recurrent Expenditure - Amortisation Domestic Debt; and

Capital Expenditure

2.18 2. Two (2) amounts of \$9,124,390.36 and \$1,200,000.00, totalling \$10,324,390.36 were not charged to Capital Expenditure, as highlighted at paragraph 2.15.

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



AUDIT OFFICE

TOTAL (RECURRENT AND CAPITAL) REVENUE **\$833,947,134.62**

2.20

The actual revenue of \$833,947,134.62 (*which was understated by \$30,324,390.36 as outlined at paragraph 2.15.*) which comprised of Recurrent Revenue of \$592,236,732.91 and Capital Revenue of \$ 241,710,401.71 was collected to finance expenditure for the financial year ended 2017. Recurrent and Capital Revenue exceeded and fell short the projections by \$1,496,052.91 and \$144,492,365.29, respectively.

2.21

The total revenue reported fell short of its Estimates of \$976,943,437.00 by \$142,996,302.38, and increased by \$97,899,150.77 or 13 percent, when compared to the revenue collected in financial year 2016, as depicted in Table 1.

2.22

Table 1 shows actual revenue versus estimated revenue for 2017 and actual revenue for 2017 as compared to 2016.

Table 1

Item a	Estimate 2017 (\$) b	Actual Revenue 2017 (\$) c	Actual Revenue 2016 (\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Revenue	590,740,680.00	592,236,732.91	592,580,205.93	(343,473.02)
Capital Revenue	386,202,757.00	241,710,401.71	143,467,777.92	98,242,623.79
Total	976,943,437.00	833,947,134.62	736,047,983.85	97,899,150.77



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

TOTAL (RECURRENT AND CAPITAL) EXPENDITURE

\$817,554,652.41

2.23

Actual expenditure of \$817,554,652.41, (*which was understated by \$27,824,390.36, as outlined at paragraph 2.16*) which comprised of Recurrent Expenditure of \$694,991,833.86 and Capital Expenditure of \$122,562,818.55 was reported for financial year 2017. Recurrent and Capital Expenditure fell short of their projections by \$52,444,556.14 and \$107,004,231.45, respectively.

2.24

The total expenditure reported, fell short of its Revised Estimates of \$1,060,833,143.50 by \$243,278,491.09 and increased by \$103,290,836.17 or 14 percent, when compared to the expenditure in financial year 2016.

2.25

Total expenditure was understated by \$27,824,390.36 for the financial year, as highlighted at paragraph 2.16.

RECURRENT BUDGET OUT-TURN

2.26

The Estimates of Revenue and Expenditure showed an anticipated deficit of \$156,635,707.00 on the Recurrent Budget. The actual deficit of \$102,755,100.95 over the actual Recurrent Revenue of \$592,236,732.91 and Recurrent Expenditure of \$694,991,833.86 reported, was realised on the Recurrent Budget for 2017, as depicted in Table 1.1.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2017

2.27

Table 1.1 Depicts the Actual Out-turn of Recurrent Budget for 2017.

Table 1.1

ITEM	ORIGINAL ESTIMATE (\$)	ACTUAL (\$)
Recurrent Revenue	590,740,680.00	592,236,732.91
Recurrent Expenditure	747,376,387.00	694,991,833.86
(Deficit)	(156,635,707.00)	(102,755,100.95)

CAPITAL BUDGET OUT-TURN

2.28

The financial statement showed that the initial Capital Expenditure budget of \$229,567,050.00 was revised by \$68,562,479.44 to \$298,129,529.44. Amounts of \$33,551,168.38 approved by Special Warrants and \$35,000,000.00 approved by Supplementary Appropriation, totalling \$68,551,168.38 instead of \$68,562,479.44, was approved to revised the Capital Estimates, a difference of \$11,311.06. It was noted in the Government Accounts that the difference of \$11,311.06 was entered as Special Warrant No. 64/2017 under the Ministry of Transport and Works. However, this amount was not approved by the Minister of Finance for the financial year.

2.29

Further, only \$35,000,000.00 of the revised amount was approved via Supplementary Appropriation Act No. 10/2017 in the financial year 2017.

2.30

The actual Capital Revenue of \$241,710,401.71 and Capital Expenditure of \$122,562,818.55, were realised for the financial year 2017, which resulted in a surplus of \$119,147,583.16, being \$37,488,133.84 less than the original projected surplus of \$156,635,717.00, as depicted in Table 1.2.



AUDIT OFFICE

2.31

Table 1.2 Depicts the Actual Out-Turn of Capital Budget for 2017.

Table 1.2

ITEM	ORIGINAL PROJECTIONS (\$)	ACTUAL (\$)
Capital Revenue	386,202,767.00	241,710,401.71
Less: Capital Expenditure	229,567,050.00	122,562,818.55
Surplus	156,635,717.00	119,147,583.16

Actual Surplus Budget Out-Turn 2017

\$16,392,482.21

2.32

The total actual revenue of \$833,947,134.62 exceeded total actual expenditure of \$817,554,652.41; resulting in a surplus of \$16,392,482.21 on the budget for the financial year. The surplus of \$16,392,482.21 was understated by \$2,500,000.00, due to the errors highlighted in the accounts. The decreased from a surplus of \$21,784,167.61 in 2016 to a surplus of \$16,392,482.21 in 2017, was due to an increase in the capital spending. A summary of Government’s financial performance over the past five (5) years, is shown in Table1.3 and Figure 1.

3.33

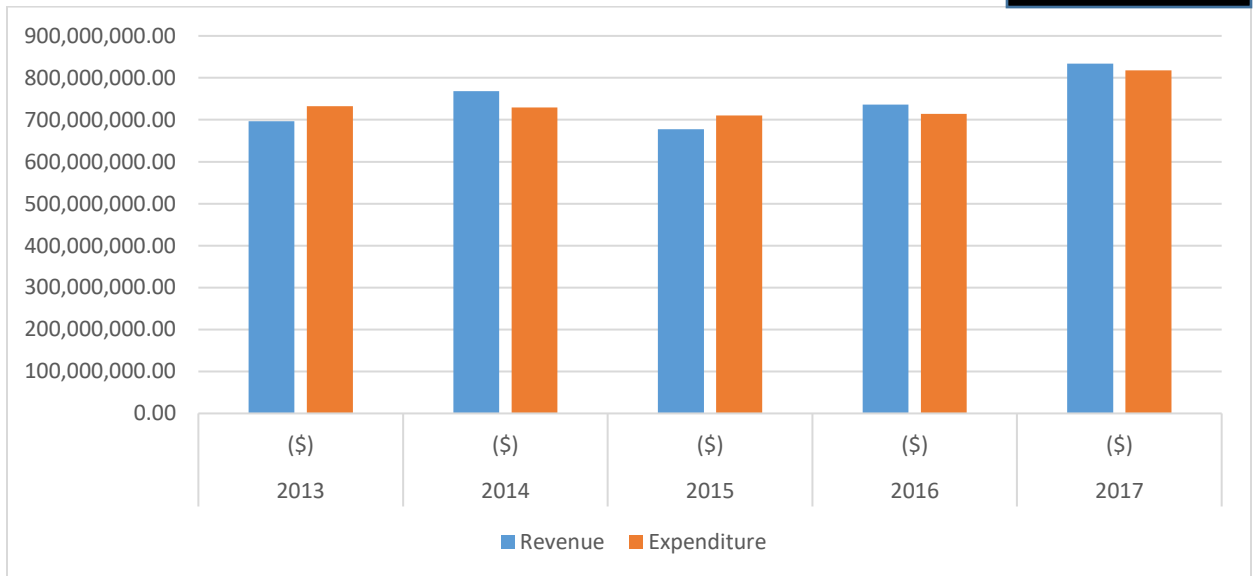
Table 1.3 and Figure 1 depict a Summary of Government’s Financial Performance over the five (5) years period 2013 to 2017.



Table 1.3

Year	2013	2014	2015	2016	2017
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	696,774,689.87	768,399,791.26	677,777,475.50	736,047,983.85	833,947,134.62
Expenditure	732,449,903.68	728,988,240.28	710,640,512.66	714,263,816.24	817,554,652.41
(Deficit)/Surplus	(35,675,213.81)	39,411,550.98	(32,863,037.16)	21,784,167.61	\$16,392,482.21

Figure 1



2.34

The actual budget out-turn for 2017 with comparison of the original estimate and comparison with actual revenue of 2016 are displayed in the Tables 1.4 and 1.5.



2.35

Table 1.4 shows the actual budget out-turn for the year as compared to the original estimates 2017.

Table 1.4

ITEM	ORIGINAL ESTIMATE 2017 (\$)	ACTUAL 2017 (\$)
Recurrent Revenue	590,740,680.00	592,236,732.91
Recurrent Expenditure	(747,376,387.00)	(694,991,833.86)
(Deficit)	(156,635,707.00)	(102,755,100.95)
Capital Revenue	386,202,757.00	241,710,401.71
Capital Financing	229,567,050.00	138,955,300.76
Capital Expenditure	(229,567,050.00)	(122,562,818.55)
Surplus	-	16,392,482.21

2.36

Table 1.5 shows a comparison of the budget out-turn for 2016 and 2017.

Table 1.5

ITEM	ACTUAL 2016 (\$)	ACTUAL 2017 (\$)
Recurrent Revenue	592,580,205.93	592,236,732.91
Less Recurrent Expenditure	(636,102,067.11)	(694,991,833.86)
(Deficit)	(43,521,861.18)	(102,755,100.95)
Capital Revenue	143,467,777.92	241,710,401.71
Capital Financing	99,945,916.74	138,955,300.76
Less Capital Expenditure	(78,161,749.13)	(122,562,818.55)
Surplus/(Deficit)	21,784,167.61	16,392,482.21



STATEMENT OF DETAILED REVENUE

DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN

REVENUE (RECURRENT AND CAPITAL) OUT-TURN 2017 **\$736,047,983.85**

2.37

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.

2.38

The total estimated revenue for 2017 was \$976,943,447.00. Recurrent Revenue was expected to yield \$590,740,680.00 or 60 percent and Capital \$386,202,767.00 or 40 percent.

2.39

The overall revenue collection for the year was reported as \$833,947,134.62. This amount represented 85.3 percent of the estimated revenue of \$976,943,447.00; thus, resulting in a short fall of \$ 142,996,312.38. The actual Recurrent Revenue realised was \$592,236,732.91 or 71 percent and Capital Revenue totaled \$241,710,401.71 or 29 percent of the actual revenue for 2017.



2.40

Table 1.6 shows the Actual Revenue Vs the Original Estimates for 2017.

Table 1.6

DETAILS OF REVENUE	ESTIMATES 2017 \$	ACTUAL 2017 \$	EXCESS/(SHORTFALL) \$
RECURRENT REVENUE			
<i>Taxes:</i>			
Taxes on Income and Profits, etc.	145,000,000.00	151,058,796.19	6,058,796.19
Taxes on Property	42,942,900.00	56,127,417.86	13,184,517.86
Taxes on International Trade and Transactions	165,300,000.00	158,267,428.60	(7,032,571.40)
Taxes on Goods and Services/Licenses	149,655,000.00	147,295,788.90	(2,359,311.10)
Other Taxes	2,670,000.00	2,527,338.75	(142,661.25)
Sub Total	505,567,900.00	515,276,770.30	9,708,870.30
<i>Social Contributions</i>			
Social Security Contributions	50,000.00	17,659.25	(32,340.75)
Sub Total	50,000.00	17,659.25	(32,340.75)
<i>Other Revenue</i>			
Property Income	7,829,400.00	7,943,986.14	114,786.14
Sale of Goods and Services	66,553,080.00	62,237,230.28	(4,315,849.72)
Fines Penalties and Forfeits	1,190,300.00	1,205,629.52	15,329.52
Transfers not elsewhere Classified	1,550,000.00	2,572,425.49	1,022,425.49
Other Revenue not Elsewhere classified	8,000,000.00	2,983,031.93	(5,016,968.07)
Sub Total	85,122,780.00	76,942,303.36	(8,180,476.64)
Total Recurrent Revenue	590,740,680.00	592,236,732.91	1,496,052.91



Table 1.6 Cont'd

DETAILS OF REVENUE	ESTIMATES 2017 \$	ACTUAL 2017 \$	EXCESS/(SHORTFALL) \$
CAPITAL REVENUE			
<i>Domestic Receipts</i>			
Capital Receipts	1,000,000.00	758,241.62	(241,758.38)
Other Capital Receipts	162,385,727.00	5,893,971.15	(156,491,755.85)
Local Loans	67,075,430.00	72,780,594.64	5,705,164.64
Sub Total- Domestic Receipts	230,461,157.00	79,432,807.41	(151,028,349.59)
<i>External Receipts</i>			
Grants	64,341,600.00	134,127,059.99	69,785,459.99
External Loans	91,400,010.00	28,150,534.31	(63,249,475.69)
Sub Total-External Receipts	155,741,610.00	162,277,594.30	6,535,984.30
Total Capital Revenue	386,202,767.00	241,710,401.71	(144,492,365.29)
Total Revenue	976,943,447.00	833,947,134.62	(142,996,312.38)

2.41

The actual revenue increased by \$97,899,150.77 or 13.3 percent when compared to the financial year 2016. This was due to improvements in capital receipts which increased by \$98,242,623.79 or 68 percent, while Recurrent Revenue showed a decrease by \$343,473.02 or 0.06 percent over 2016.

2.42

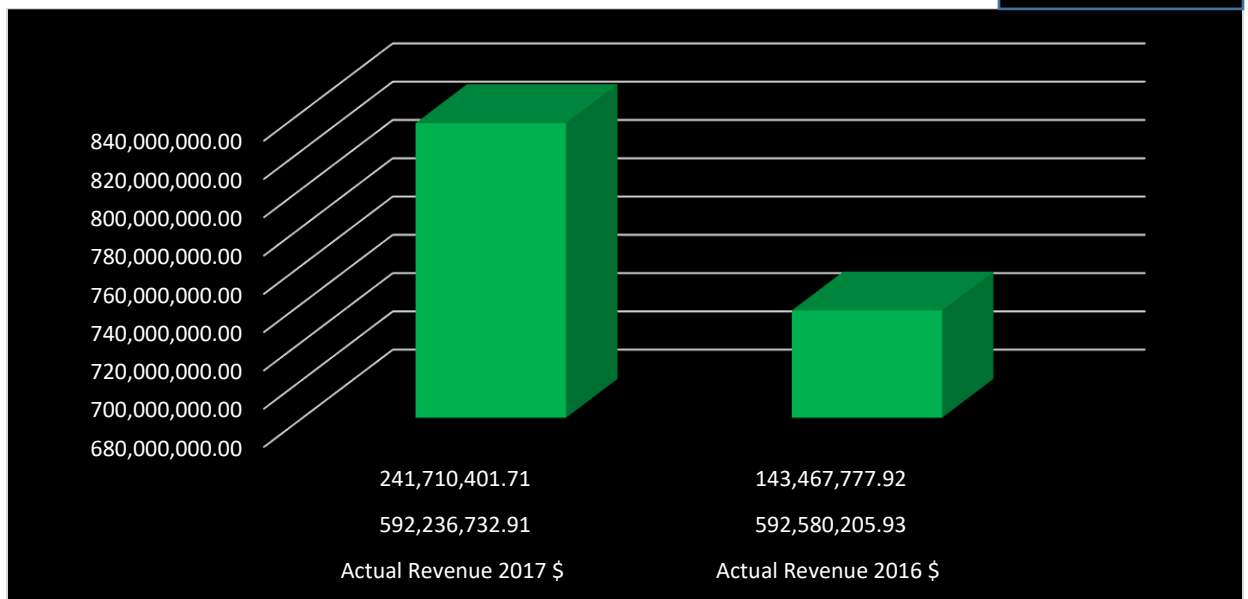
Table 1.7 and Figure 1.1 show revenue collected for the financial year 2017 with comparative figures for the financial year 2016.



Table 1.7

Details of Revenue	Actual Revenue 2017 \$	Actual Revenue 2016 \$	(Decrease)/Increase \$
Recurrent Revenue	592,236,732.91	592,580,205.93	(343,473.02)
Capital Revenue	241,710,401.71	143,467,777.92	98,242,623.79
Total Revenue	833,947,134.62	736,047,983.85	97,899,150.77

Figure 1.1



2.43

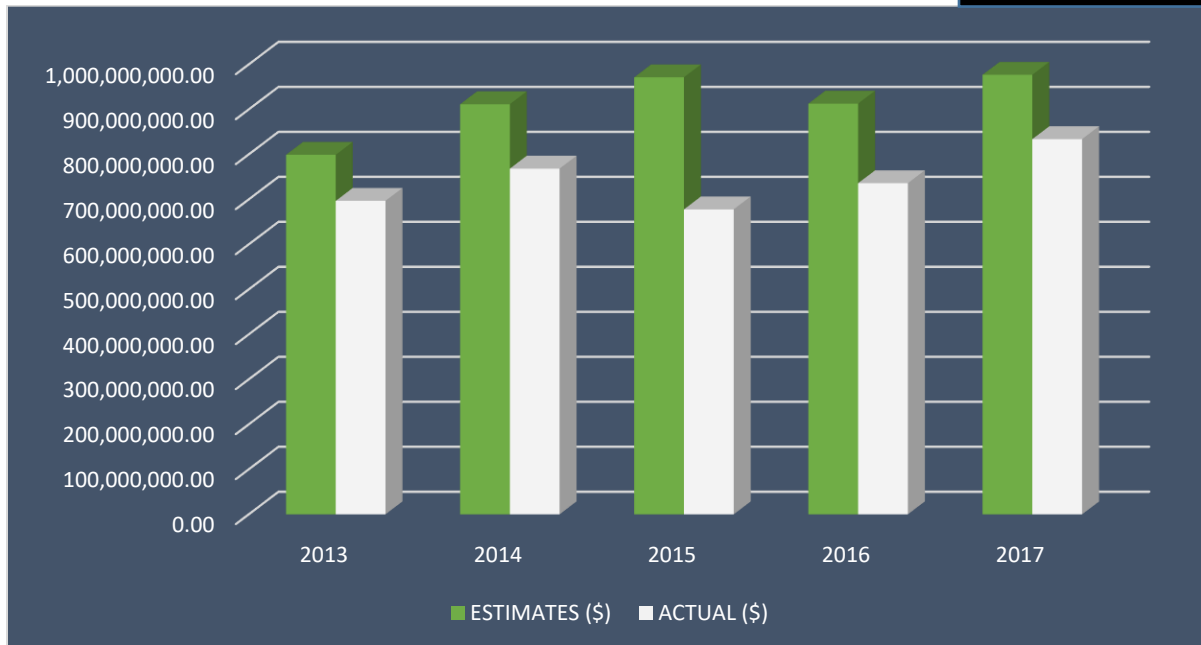
A comparison of estimates and actual revenue for the years 2013-2017, is depicted in Table 1.8 and Figure 1.2 with financial year 2015 showing the largest shortfall.



Table 1.8

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
2013	799,122,337.00	696,774,689.87	102,347,647.13
2014	911,571,046.00	768,399,791.26	143,171,254.74
2015	971,367,582.00	677,777,475.50	293,590,106.50
2016	912,897,311.00	736,047,983.82	176,849,327.18
2017	976,943,447.00	833,947,134.62	142,996,312.38

Figure 1.2





STATEMENT OF DETAILED RECURRENT REVENUE

RECURRENT REVENUE 2017 **\$592,580,205.93**

2.44 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.

2.45 The total Recurrent Revenue collected was \$592,236,732.91. This was \$1,496,052.91 or 0.25 percent surplus of the estimated Recurrent Revenue. The figure is comprised of Taxes of \$515,276,770.30, Social Contributions of \$17,659.25 and Other Revenue of \$76,942,303.26, as detailed in the ensuing paragraph. The Recurrent Revenue fell short by \$343,473.02 or 0.06 percent of the amount of \$592,580,205.93 collected during 2016, as detailed in the ensuing paragraphs.

TAXES **\$515,276,770.30**

2.46 A total of \$515,276,770.30 collected in Taxes, exceeded its estimates of \$505,567,900.00 by \$9,708,870.30. This was due to the excess collections in Taxes on Income, Profits & Capital Gains, and Taxes on Property.



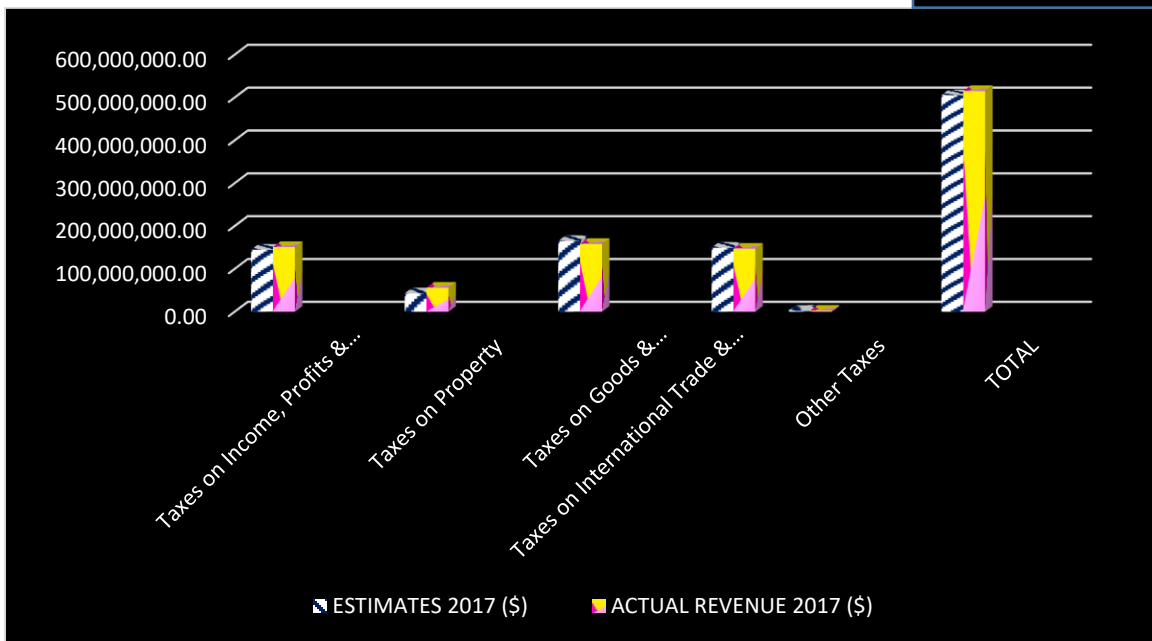
2.47

The composition of the estimates and actual revenue collected for Taxes in 2017 is shown in Table 1.9 and Figure 1.3.

Table 1.9

DETAILS OF REVENUE	ESTIMATES 2017 (\$)	ACTUAL REVENUE 2017 (\$)	Surplus/(Shortfall) (\$)
Taxes on Income, Profits & Capital Gains	145,000,000.00	151,058,796.19	6,058,796.19
Taxes on Property	42,942,900.00	56,127,417.86	13,184,517.86
Taxes on Goods & Services/Licences	165,300,000.00	158,267,428.60	(7,032,571.40)
Taxes on International Trade & Transactions	149,655,000.00	147,295,788.90	(2,359,211.10)
Other Taxes	2,670,000.00	2,527,338.75	(142,661.25)
TOTAL	505,567,900.00	515,276,770.30	9,708,870.30

Figure 1.3





COMPOSTION OF TAXES REVENUE 2017

Taxes on Income, Profits and Capital Gains **\$151,058,796.19**

2.48

The revenue of \$151,058,796.19 collected on revenue for Taxes on Income, Profits and Capital Gains exceeded the estimated amount of \$145,000,000.00 by \$6,058,796.19. The revenue recorded in 2017, in comparison with the amount for 2016 fell short by \$4,767,439.42. This was due mainly to a reduction in the collection of Corporate Tax.

2.49

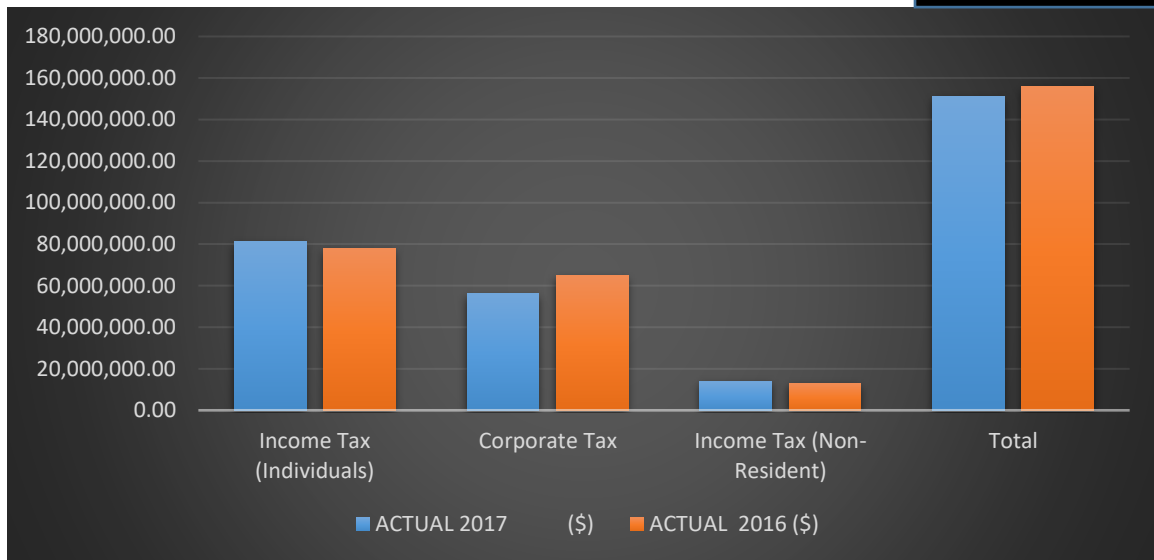
A comparison of collection of Taxes on Income, Profits and Capital Gains for 2017 and 2016 shows that there was a shortfall of \$4,767,439.42 in revenue for 2017, as shown in Table 1.10 and Figure 1.4.

Table 1.10

ITEM	ACTUAL 2017 (\$)	ACTUAL 2016 (\$)	EXCESS/(SHORTFALL) (\$)
Taxes on Income, Profits and Capital Gains			
Income Tax (Individuals)	81,156,949.92	77,797,076.03	3,359,873.89
Corporate Tax	56,065,019.94	64,893,007.85	(8,827,987.91)
Income Tax (Non-Resident)	13,836,826.33	13,136,151.73	700,674.60
Total	151,058,796.19	155,826,235.61	(4,767,439.42)



Figure 1.4



Taxes on Property

\$56,127,417.86

2.50

The actual revenue collected in Taxes on Property exceeded its estimates of \$42,942,900.00 by a net amount of \$13,184,517.86. This was mainly to increased inflows from Alien Land Holding Licence and Stamp Duty on Property, due to increase tax rates in 2017. These two (2) items of taxes exceeded their Estimates by \$5.5 million and \$9.9 million, respectively. Two (2) of the other four (4) items under this category of revenue; Property Tax and Estate and Succession Duty, did not meet their estimated projections.



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Taxes on Goods and Services/Licences **\$158,267,428.60**

2.51

Taxes on Goods and Services/Licences recorded revenue of \$158,267,428.60, a shortfall of \$7,032,571.40 from its estimated projection of \$165,300,000.00. Only eight (8) items under this category exceeded the estimates for 2017.

Taxes on International Trade and Transactions **\$147,295,788.90**

2.52

Revenue from International Trade and Transactions totalled \$147,295,788.90; \$2,359,211.10 less than its estimates of \$149,655,000.00. Three (3) of the six (6) items under this category exceeded the projections for the fiscal year 2017. When compared to 2016, the revenue collection increased by \$2,199,396.87.

Other Taxes **\$2,527,338.75**

2.53

Revenue of \$2,527,338.75 collected from Other Taxes recorded a shortfall of \$142,661.25 from its estimates of \$2,670,000.00.

COMPOSITION OF SOCIAL CONTRIBUTIONS 2017

Social Security Contributions **\$17,659.25**

2.54

The statement shows only one (1) item under Social Contributions – Pension Contributions. The actual revenue collection of \$17,659.25 showed a shortfall of \$32,340.75 or 64.6 percent of the estimated projection for the financial year 2017. The actual revenue for 2017 derived from Pension Contributions fell short by \$16,363.75, when compared to the previous year's figure of \$34,023.00.



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COMPOSITION OF OTHER REVENUE 2017

Property Income **\$7,943,986.14**

2.55

The number of items listed under Property Income, reduced from sixteen (16) in 2016 to eleven (11) in 2017. This was due to the removal of (5) five accounts that were listed under Property Income, as shown below.

Account No.	Name
14122 - 1660	St. Vincent Port Authority
14122 - 1662	WINERA
14122 - 1665	ECCB
14122 - 1699	Other Dividends
14151 - 1703	Royalties from Quarries

2.56

Revenue derived from Property Income was \$7,943,986.14, \$114,586.14 more than its estimates of \$7,829,400.00. Seven (7) of the eleven (11) items recorded revenue more than the estimates. In addition, revenue of \$52,797.97 was posted to Bank Interest Account, although the account was not approved by Parliament. East Caribbean Flour Mills reflected the highest excess revenue of \$2.2 million, while Other Interest and Mustique Company recorded the highest shortfalls of \$1,999,635.34 and \$1,400,000.00, respectively.



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Sale of Goods and Services **\$62,237,230.28**

2.57

Revenue of \$62,237,230.28 from Sales of Goods and Services fell short of its budgetary allocations of \$66,553,080.00 by \$4,315,849.72. When compared to 2016, the revenue increased by \$1,352,338.34. Customs Service Charge realised the highest shortfall of \$5,776,910.90.

Fine Penalties and Forfeits **\$1,205,629.52**

2.58

Revenue of \$1,190,300.00 was projected for the financial year 2017; however, revenue of \$1,205,629.52 was collected, exceeding the projected estimates by \$15,329.52.

Transfers not elsewhere Classified **\$2,572,425.49**

2.59

The two (2) items under this Non- Tax Revenue were Reimbursement and Repayment of Loans. The actual revenue of \$2,572,425.49 collected under this category was \$1,022,425.49 more than estimated amount of \$1,550,000.00. There was a decrease of \$333,541.47 or 11 percent when compared to 2016 revenue.

Other Revenue not elsewhere Classified **\$2,983,031.93**

2.60

Revenue reflected under this category is \$2,983,031.93. This revenue item fell short of its budgetary projection of \$8,000,000.00 by \$5,016,968.07 or 62.7 percent.



STATEMENT OF DETAILED CAPITAL REVENUE

DETAILED CAPITAL REVENUE 2017 **\$241,710,401.71**

2.61

Capital Revenue of \$386,202,767.00 was projected for the financial year, to be derived from Domestic Receipts of \$230,461,157.00 and External Receipts of \$155,741,610.00. A total of \$241,710,401.71 was recorded as Capital Revenue for 2017. Domestic and External Receipts contributed \$ 169,754,455.36 and \$71,955,946.35, respectively, which resulted in a net variance of \$144,492,365.29, as depicted in the Table 1.11.

2.62

The Statement of Capital Revenue has shown that although Domestic Bond Transactions were not approved at the beginning of the financial year, \$90,321,647.95 was the highest contributor in capital financing under Domestic Receipts. Local Loan of \$72,780,594.64 was the second highest contributor of Public Sector Investment financing, which contributed 30.1 percent of the Capital Revenue for 2017. This source of revenue exceeded its budgetary projections of \$67,075,430.00 by \$5,705,164.64. The actual collections for all other sources of Capital Revenue was less than the budgeted allocations for the fiscal year, as depicted in Table 1.11 and Figures 1.5 and 1.6.



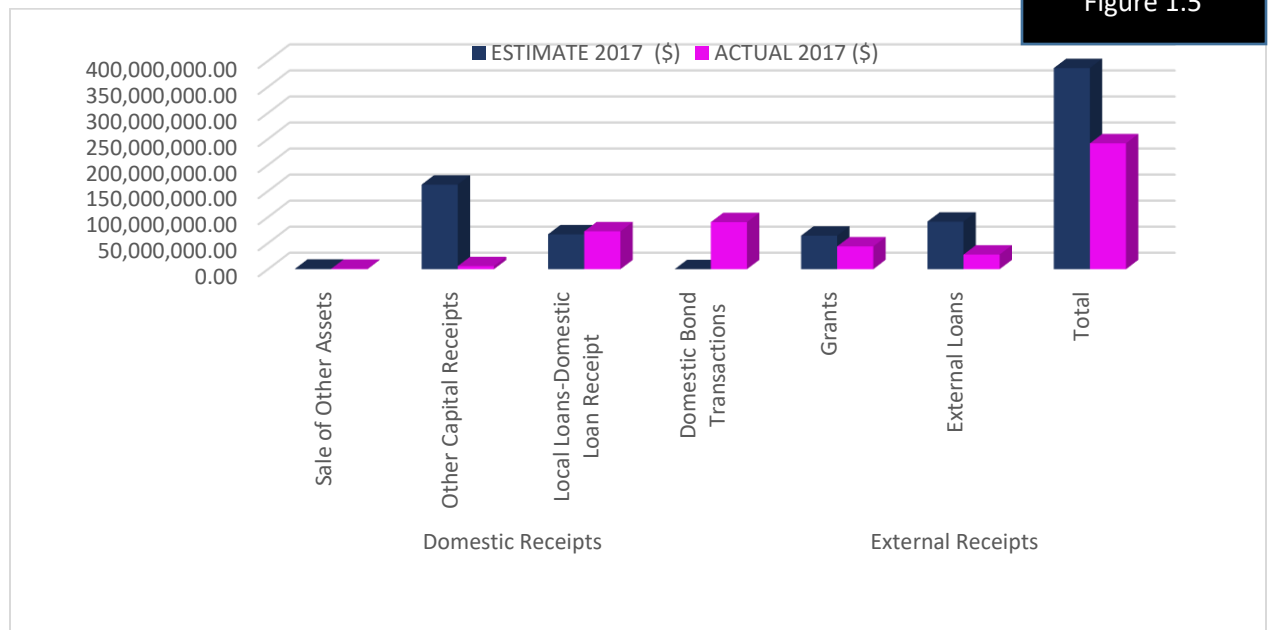
2.63

Table 1.11 and Figures 1.5 show a comparison of estimated revenue with actual revenue for the sources of capital financing.

Table 1.11

TYPES OF FUNDS	ESTIMATE 2017 (\$)	ACTUAL 2017 (\$)	VARIANCE Increase/(shortfall) (\$)
Domestic Receipts			
Sale of Other Assets	1,000,000.00	758,241.62	(241,758.38)
Other Capital Receipts	162,385,727.00	5,893,971.15	(156,491,755.85)
Local Loans-Domestic Loan Receipt	67,075,430.00	72,780,594.64	5,705,164.64
Domestic Bond Transactions	0.00	90,321,647.95	90,321,647.95
Sub total	230,461,157.00	169,754,455.36	(60,706,701.64)
External Receipts			
Grants	64,341,600.00	43,805,412.04	(20,536,187.96)
External Loans	91,400,010.00	28,150,534.31	(63,249,475.69)
Sub total	155,741,610.00	71,955,946.35	(83,785,663.65)
Total	386,202,767.00	241,710,401.71	(144,492,365.29)

Figure 1.5

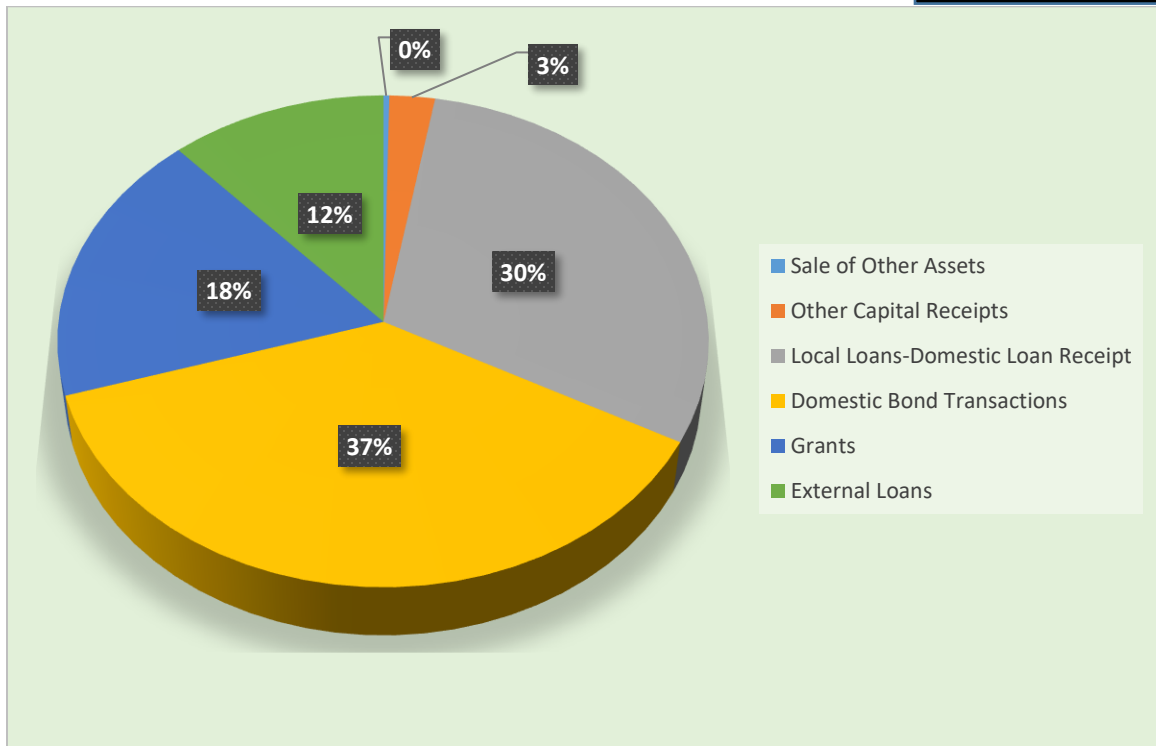




2.64

Figure 1.6 shows the percentage of revenue to each category of capital revenue for 2017.

Figure 1.6



2.65

In addition, \$114,964,947.61 or 47.5 percent of the total financing was received under five (5) sources of Capital Revenue, which were not approved in the Estimates for the financial year, as shown in Table 1.12.



Table 1.12

Account	Description	Actual \$
33141 3303	Domestic Bond Transaction Receipt	90,321,647.95
13221 1522	Food and Agriculture Organisation	9,080.00
33241 2146	Caribbean Development Bank	10,731,264.46
33241 3347	External Bond Receipts	402,982.20
33241 3999	Other	13,500,000.00
TOTAL		114,964,974.61

2.66

Further, there were fourteen (14) sources from which no revenue was recorded during the financial year. Table 1.13 shows the sources from which no revenue was recorded and their estimated projections.

Table 1.13

Account	Details/SOF	Description	Projection \$
13121	1303	Republic of Mexico	8,000,000.00
13121	1307	Government of Japan	600,000.00
13221	1516	International Development Agency	800,000.00
13221	1525	UK Caribbean Infrastructure Program	2,000,000.00
13221	1526	German Development Bank	1,500,000.00
13221	1527	Department of International Development	5,000,000.00
13221	1528	Green Climate Fund	150,000.00
13221	1529	UN Environmental Programme	382,000.00



Table 1.13 Cont'd

Account	Details/SOF	Description	Projection \$
13221	1530	United States Agency for International Development	372,000.00
33241	3277	Republic of China/Taiwan	18,300,010.00
33241	3297	Kuwait	4,500,000.00
33241	2145	Caribbean Development Bank	23,400,000.00
33241	3866	UK Exports Credits Guarantee Department	20,700,000.00
33241	3876	ABN Dhabi Fund for Development	3,000,000.00
TOTAL			88,704,010.00



STATEMENTS OF DETAILED EXPENDITURE

DETAILS OF TOTAL EXPENDITURE 2017 \$817,554,652.41

2.67

The Financial Statement of Detailed Expenditure reported that the approved estimates of \$976,943,438.00 was revised to a total of \$1,060,833,143.50 for the financial year 2017, with \$762,703,614.06 and \$298,129,529.44 being recorded as Revised Recurrent Expenditure and Capital Expenditure, respectively. The Revised Estimates on Recurrent Expenditure has shown a net understatement of \$118,841.80, as is highlighted at paragraphs 3.17 and 3.22.

2.68

An amount of \$817,554,652.41 was recorded as the total expenditure for 2017. Of the total expenditure, \$694,991,833.86 and \$122,562,818.55 represented Recurrent and Capital Expenditure, respectively.

2.69

The total expenditure of \$817,554,652.41 for 2017 was \$103,290,836.17 more than the total expenditure of \$714,263,816.24 for 2016, as is depicted in Table 1.14 and Figure 1.7.

2.70

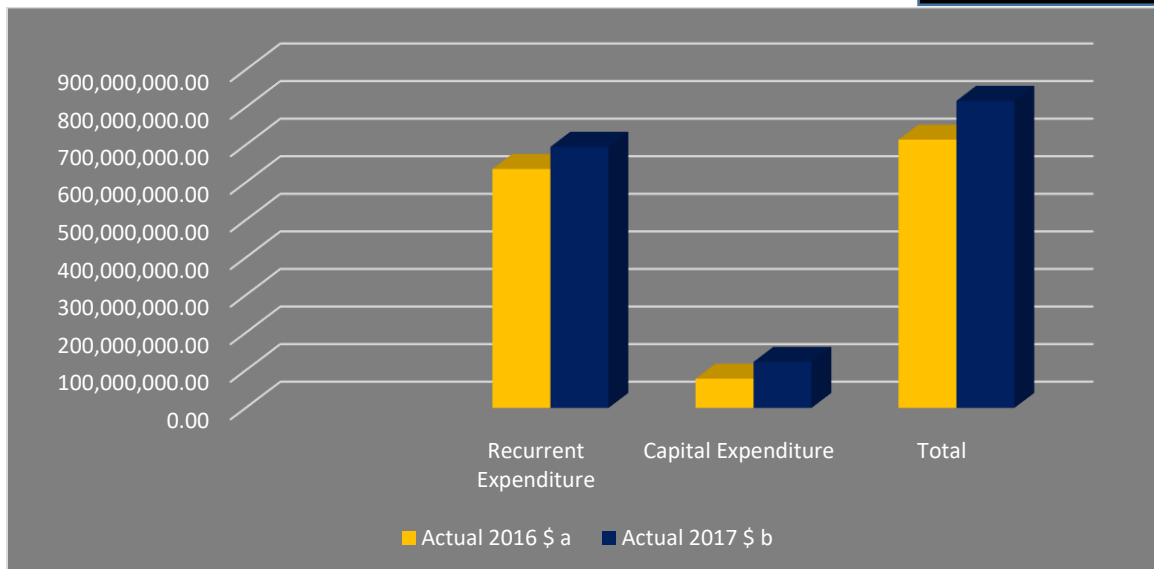
Table 1.14 and Figure 1.7 show a comparison of the Actual Expenditure for 2016 and 2017.



Table 1.14

Item	Actual 2016 \$ a	Actual 2017 \$ b	VARIANCE Increase/(Decrease) \$ a-b
Recurrent Expenditure	636,102,067.11	694,991,833.86	58,889,766.75
Capital Expenditure	78,161,749.13	122,562,818.55	44,401,069.42
Total	714,263,816.24	817,554,652.41	103,290,836.17

Figure 1.7



2.71

The analysis made hereunder is based on comparison of revised estimates with actual expenditure on the Statement of Detailed Expenditure for 2017.



DETAILS OF RECURRENT EXPENDITURE 2017

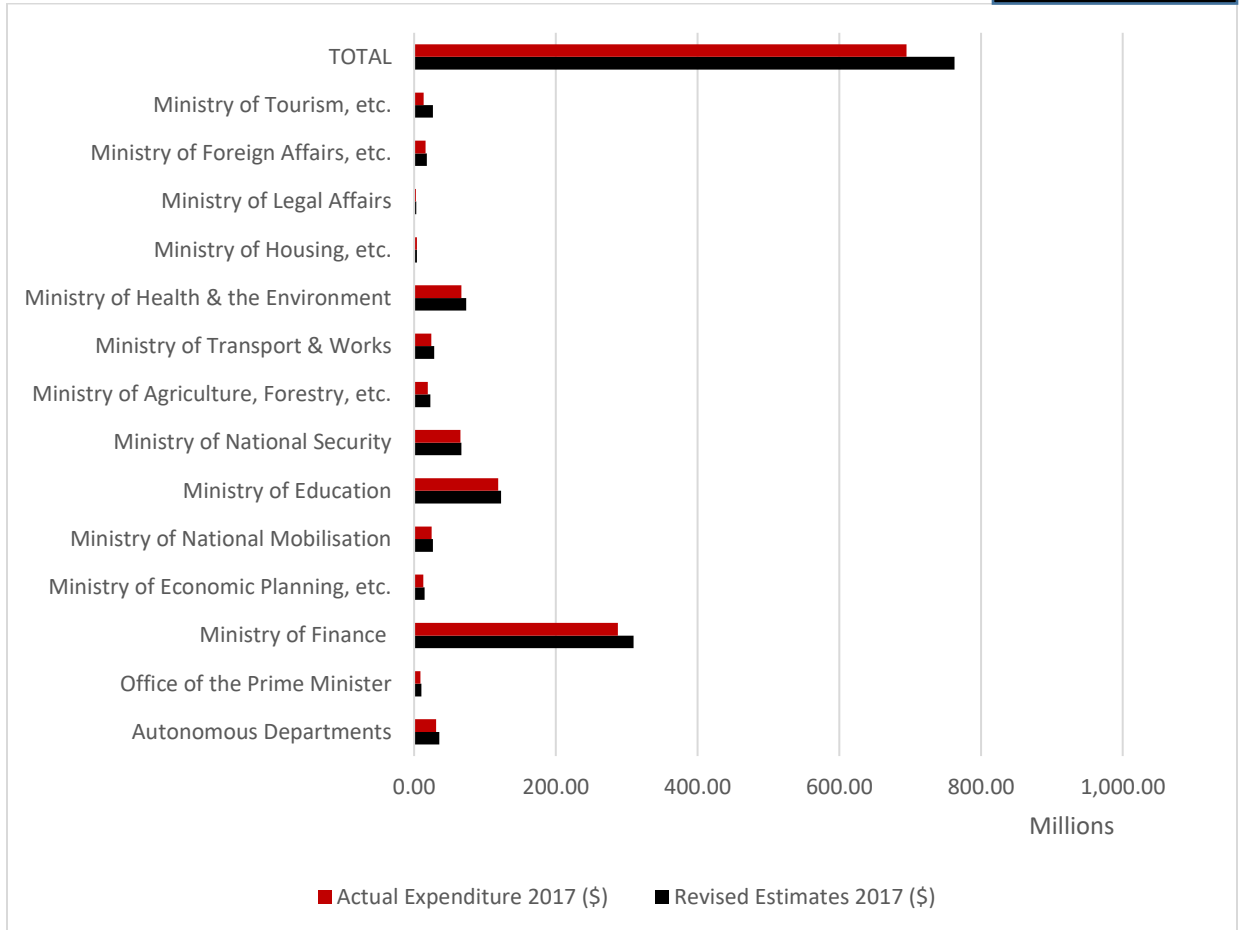
The Statement has shown that actual Recurrent Expenditure was recorded as \$694,991,833.86, with the Autonomous Departments and Ministries spending a total of \$67,711,780.20 less than the revised estimates of \$762,703,614.06, as depicted in the Statement at Appendix IV, Table 1.15 and Figure 1.8.

Table 1.15

Ministry/Department	Revised Estimates 2017 (\$)	Actual Expenditure 2017 (\$)	Difference (\$)
Autonomous Departments	35,770,269.00	30,829,674.76	4,940,594.24
Office of the Prime Minister	10,160,160.00	8,903,546.58	1,256,613.42
Ministry of Finance	309,634,116.91	287,328,875.41	22,305,241.50
Ministry of Economic Planning, etc.	14,904,223.00	13,105,088.88	1,799,134.12
Ministry of National Mobilisation	26,682,412.00	24,840,620.27	1,841,791.73
Ministry of Education	122,599,695.00	118,441,885.28	4,157,809.72
Ministry of National Security	66,781,037.00	65,539,609.89	1,241,427.11
Ministry of Agriculture, Forestry, etc.	23,000,131.32	19,128,588.99	3,871,542.33
Ministry of Transport & Works	28,117,020.00	24,088,202.12	4,028,817.88
Ministry of Health & the Environment	73,505,449.08	66,892,712.03	6,612,737.05
Ministry of Housing, etc.	4,142,172.00	3,846,315.84	295,856.16
Ministry of Legal Affairs	3,081,065.75	2,697,967.68	383,098.07
Ministry of Foreign Affairs, etc.	17,935,454.00	15,909,302.52	2,026,151.48
Ministry of Tourism, etc.	26,390,409.00	13,439,443.61	12,950,965.39
TOTAL	762,703,614.06	694,991,833.86	67,711,780.20



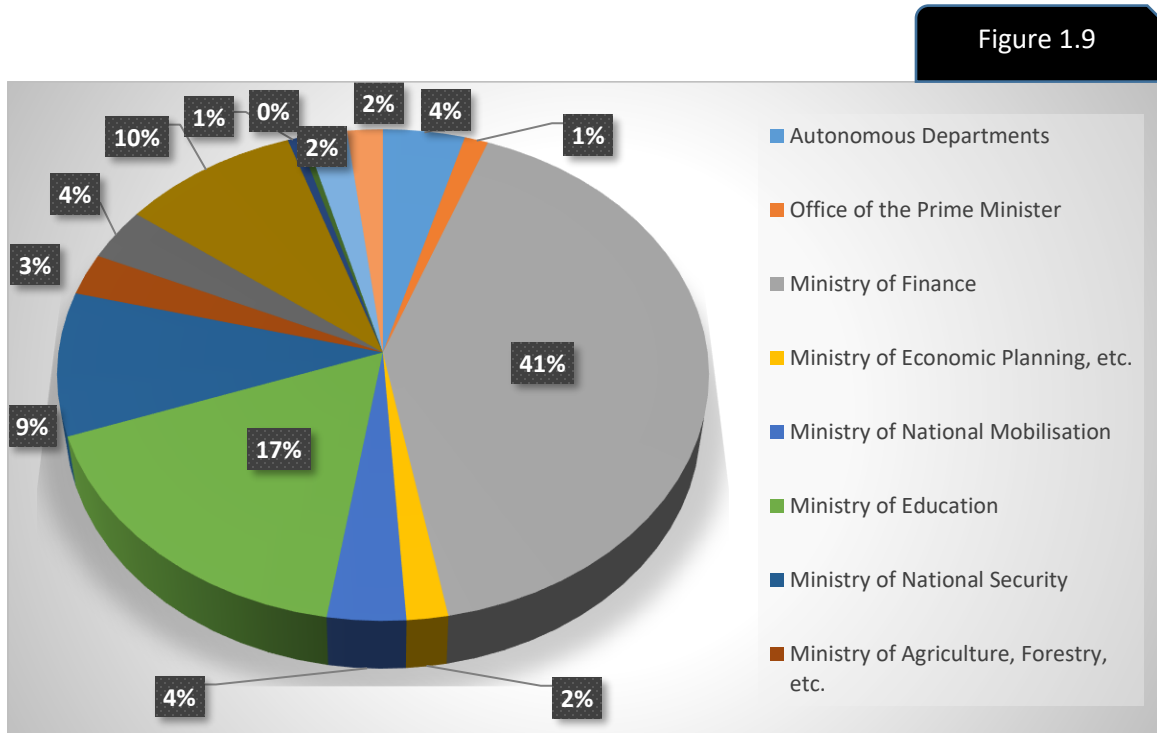
Figure 1.8





2.73

Figure 1.9 shows the percentage of actual expenditure under each Ministry for 2017.



2.74

RECURRENT EXPENDITURE 2016 VS 2017

The actual Recurrent Expenditure recorded for 2017 showed an increase in recurrent spending by \$58,889,766.75 over the expenditure of \$636,102,067.11 for financial year 2016, as shown in Table 1.16 and Figure 1.8. The Ministry of Finance and Ministry of National Security recorded the two (2) largest increases of \$31,963,629.59 and \$6,752,957.30, respectively, in spending for the financial year, when compared to 2016, as shown in Table 1.16 and Figure 1.10.



2.75

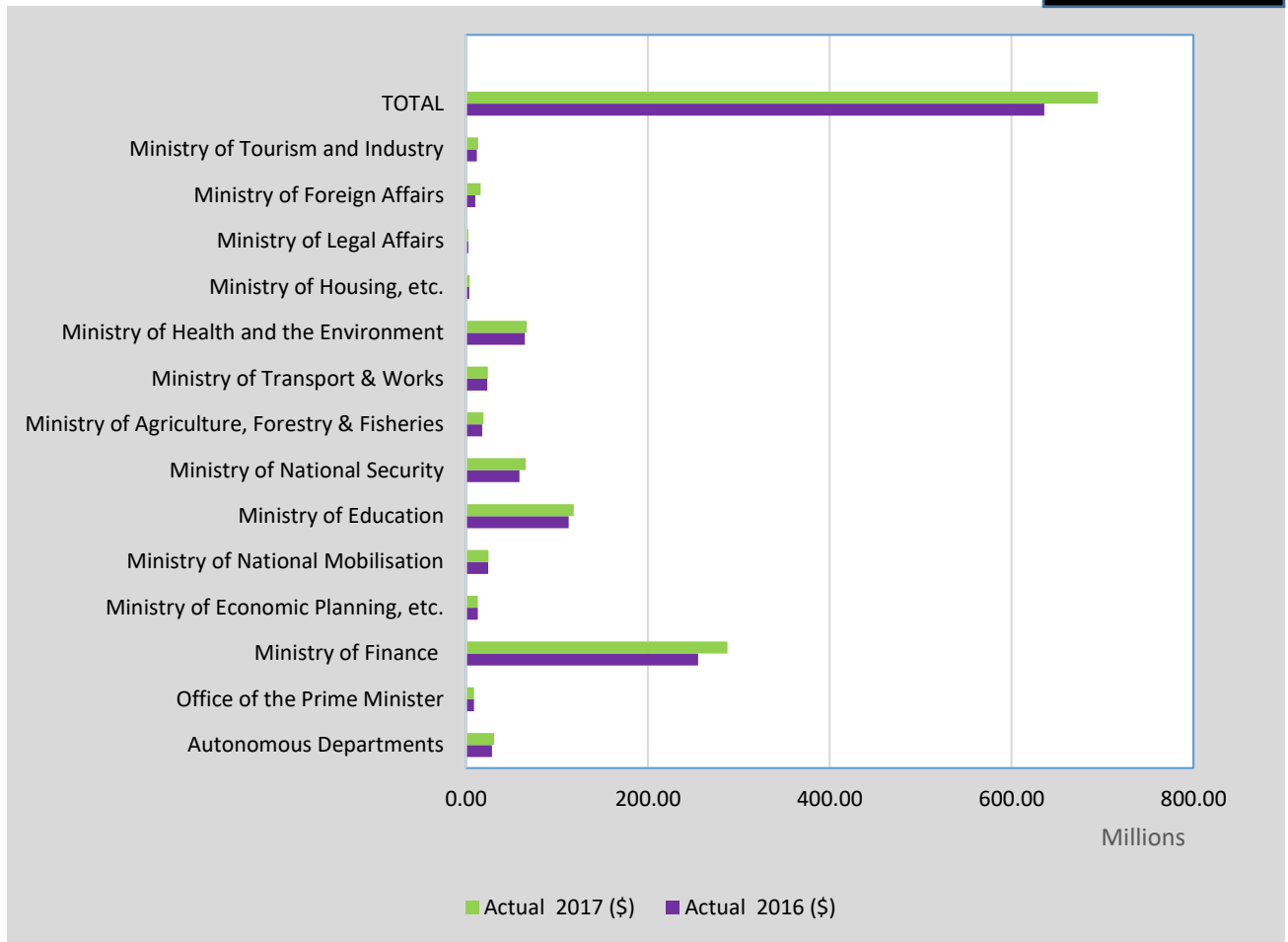
Table 1.16 and Figure 1.10 show comparative figures of actual Recurrent Expenditure for 2016 and 2017.

Table 1.16

Ministry/Department	Actual 2016 (\$)	Actual 2017 (\$)	Increase / (Decrease) (\$)
Autonomous Departments	28,657,038.44	30,829,674.76	2,172,636.32
Office of the Prime Minister	8,886,322.43	8,903,546.58	17,224.15
Ministry of Finance	255,365,245.82	287,328,875.41	31,963,629.59
Ministry of Economic Planning, etc.	13,082,710.19	13,105,088.88	22,378.69
Ministry of National Mobilisation	24,570,831.45	24,840,620.27	269,788.82
Ministry of Education	112,917,621.12	118,441,885.28	5,524,264.16
Ministry of National Security	58,786,652.59	65,539,609.89	6,752,957.30
Ministry of Agriculture, Forestry & Fisheries	17,662,463.89	19,128,588.99	1,466,125.10
Ministry of Transport & Works	23,397,597.96	24,088,202.12	690,604.16
Ministry of Health and the Environment	64,739,312.57	66,892,712.03	2,153,399.46
Ministry of Housing, etc.	3,667,582.66	3,846,315.84	178,733.18
Ministry of Legal Affairs	2,432,489.12	2,697,967.68	265,478.56
Ministry of Foreign Affairs	10,070,833.31	15,909,302.52	5,838,469.21
Ministry of Tourism and Industry	11,865,365.56	13,439,443.61	1,574,078.05
TOTAL	636,102,067.11	694,991,833.86	58,889,766.75



Figure 1.10





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EXCESS EXPENDITURE 2017

EXCESS EXPENDITURE UNDER RECURRENT EXPENDITURE ACCOUNTS WITHOUT PRIOR AUTHORITY

2.76

It was noted that various expenditure accounts exceeded their budgetary provisions without approval of requisite Special and/or Virement Warrants from the Minister of Finance, resulting in a total of \$4,288,299.33, over expended under the accounts in 2017, a contravention of sections 28 and 30 of the Finance Administration Act, CAP 252 of the laws of St. Vincent and the Grenadines, Revised Edition, 2009. The amount over expended is shown at Appendix II.

EXCESS EXPENDITURE FOR 2017 DUE TO VIREMENT AND SPECIAL WARRANTS POSTING ERRORS

2.77

In addition, fifteen (15) accounts showed over expenditure totalling \$312,280.99, this was due to incorrect postings of amounts approved by Virement and Special Warrants in the Government Accounts, as detailed at chapter 3, paragraphs 3.17 and 3.22 of the Report. The over expenditure is captured at Appendix III.

DETAILS OF CAPITAL EXPENDITURE 2017

Capital Expenditure 2017 **\$122,562,818.55**

2.78

The Statement of Detailed Capital Expenditure has shown that Capital Expenditure for 2017 was recorded as \$122,562,818.55, an increase of \$44,401,069.42 or 57 percent,



when compared to the expenditure of \$78,161,749.13 for 2016. The actual Capital Expenditure of \$122,562,818.55 for Public Sector Investment Programmes did not exceed its original projections of \$229,567,050.00, although the original estimates were revised by \$68,562,479.44. In addition, only 53 percent of the capital projects incurred expenditure, although actual capital financing exceeded Capital Expenditure by \$128,836,584.94 in 2017.

2.79

The highest Capital Expenditure of \$36,148,649.29 was reflected under the Ministry of Finance, with \$32,525,820.00 of the amount spent for repurchasing shares in Bank of St. Vincent and the Grenadines (BOSVG), which was approved by Act # 10/2017.

2.80

It was noted that Capital Expenditure Estimates were revised by a total of \$68,562,479.44 under the Office of the Prime Minister and ten (10) Ministries; however, only the Ministries of Finance and Education expended \$15,848,194.29 and \$117,663.58 of the amount by which the estimates were revised, while the Ministry of Foreign Affairs spent \$92,218.63 or 16.8 percent of its original budget of \$548,000.00, although its Estimates was Revised to \$717,327.44. The Office of the Prime Minister and ten (10) Ministries did not exceed the original projections, as shown in Table 1.17 and Figure 1.11.

2.81

Table 1.17 and Figure 1.11 show a comparison of the Capital Estimates, Revised Estimates and Actual Capital Expenditure for 2017.



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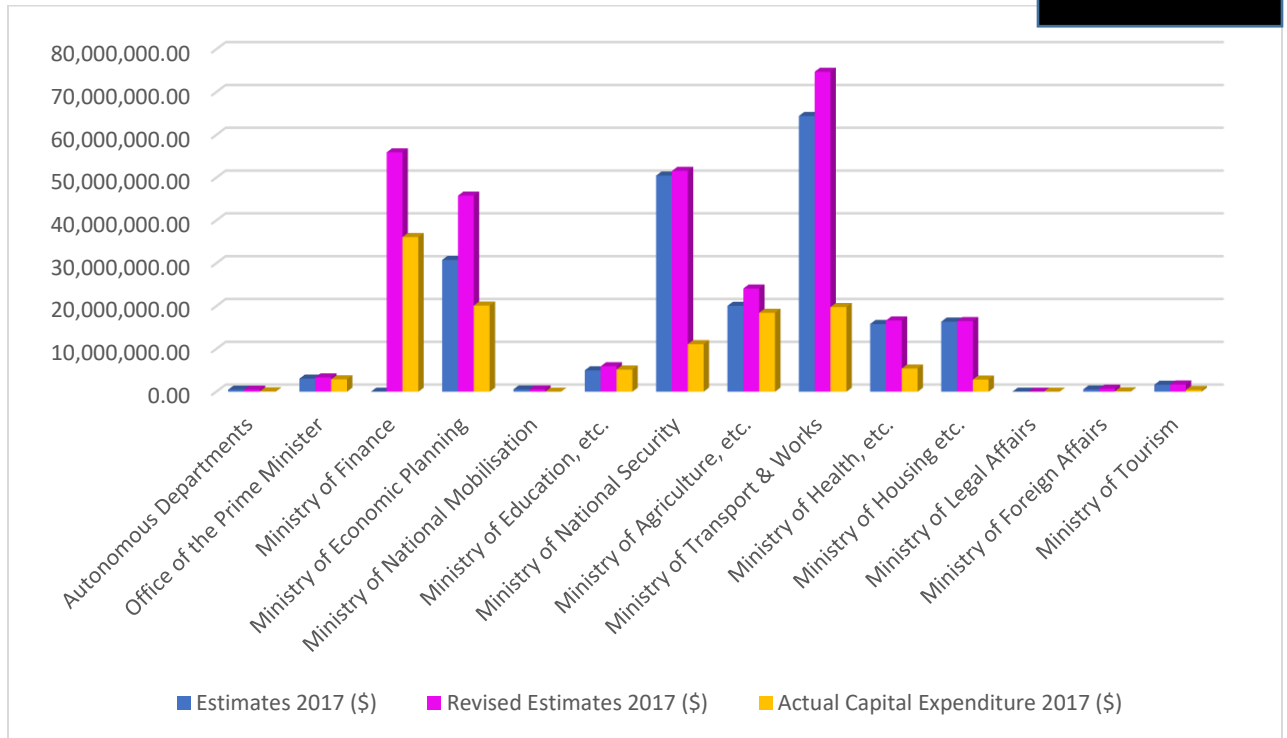
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Table 1.17

Ministry	Description	Estimates 2017 (\$)	Revised Estimates 2017 (\$)	Actual Capital Expenditure 2017 (\$)
1	Autonomous Departments	486,000.00	486,000.00	79,969.94
10	Office of the Prime Minister	3,060,000.00	3,355,000.00	2,898,683.51
20	Ministry of Finance	20,300,500.00	55,923,820.00	36,148,694.29
27	Ministry of Economic Planning	30,792,000.00	45,812,000.00	20,127,590.79
30	Ministry of National Mobilisation	553,010.00	553,010.00	0.00
35	Ministry of Education, etc.	4,999,010.00	5,960,102.71	5,185,259.18
40	Ministry of National Security	50,499,110.00	51,599,110.00	11,120,730.76
45	Ministry of Agriculture, etc.	20,065,730.00	24,117,008.34	18,441,081.30
55	Ministry of Transport & Works	64,431,030.00	74,751,750.07	19,785,524.07
65	Ministry of Health, etc.	15,817,620.00	16,649,360.88	5,424,113.16
70	Ministry of Housing, etc.	16,380,000.00	16,505,000.00	2,848,851.47
75	Ministry of Legal Affairs	10.00	10.00	0.00
85	Ministry of Foreign Affairs	548,000.00	717,327.44	92,218.63
90	Ministry of Tourism	1,635,030.00	1,700,030.00	410,101.45
	TOTAL	229,567,050.00	298,129,529.44	122,562,818.55



Figure 1.11



2.82

A comparison of the 2016 with 2017 Capital Expenditure showed an increase of \$44,401,069.42 for the year 2017, as depicted in Table 1.18.

Table 1.18

Item	Actual 2016 (\$)	Actual 2017 (\$)	Increase / (Decrease) (\$)
Capital Expenditure	78,161,749.13	122,562,818.55	44,401,069.42

2.83

Further, it was noted that two (2) amounts of \$1,977,617.78 and \$9,425,000.00 were charged to Project Accounts and Sources which did not reflect Estimates and Revised Estimates, as shown in Table 1.19. This resulted in excess expenditure under these Sources of Capital Expenditure.



Table 1.19

PROJECT NUMBER	AND NAME OF ACCOUNT	SOURCE OF FUNDS	AMOUNT \$
101401	Employment Support and Training Programme	1052	1,977,617.78
401002	Argyle Airport Development	3277	9,425,000.00
TOTAL			11,402,617.78

2.84

An analysis of revised Capital Expenditure with the actual Capital Expenditure for the last five (5) years has revealed that annually, less than 40 percent of revised estimates has been expended in Public Sector Investment Programmes for financial years 2013 to 2016. A slight increase was realised in 2017. These out-turns were mainly attributed to projects under various Departments and Ministries that were either not undertaken or completed during the fiscal years.

2.85

Table 1.20 shows a comparison of revised estimates and actual Capital Expenditure for the financial years 2013-2017.

Table 1.20

YEAR	REVISED ESTIMATES A (\$)	ACTUAL CAPITAL EXPENDITURE B (\$)	VARIANCE A-B (\$)	PERCENT SPENT
2013	388,519,139.24	151,797,540.82	236,721,598.42	39%
2014	335,448,578.99	125,213,755.16	210,234,823.83	37.3%
2015	302,705,105.19	99,228,731.27	203,476,373.92	32.8 %
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 %



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STATEMENT OF ASSETS AND LIABILITIES

2.86

The Finance Administration Act CAP 252 and Regulations, 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

2.87

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 not having a complete picture of the accounts.

2.88

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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2.89

The Statement of Assets and Liabilities does not include Government's Fixed Assets. The statement did not show the different categories of assets and liabilities, such as current assets or non-current assets and current liabilities, long term liabilities or non-current liabilities.

LIABILITIES

Overdraft Current Account

OVERDRAFT - \$9,215,011.45

2.90

The Statement of Assets and Liabilities has shown a bank overdraft of (\$9,215,011.45) on the Current Account, whereas the Certificate of Balances issued by the Bank of St. Vincent and the Grenadines (BOSVG), as at December 31, 2017, reflects an overdraft of (\$27,714,384.64), a difference of (\$18,499,373.19). In the absence of a bank reconciliation, it could not be determined what contributed to the difference. The approved overdraft limit for the year ended 31st December, 2017, was \$50,000,000.00.

Development Account

OVERDRAFT - \$1,440,548.51

2.91

The statement showed an overdraft balance of (\$1,440,548.51) under the Development Account; however, confirmation from the BOSVG has indicated that the account had a balance of \$455,549.36, a difference of (\$1,896,097.87).

Unreconciled Cash- Current and Development Accounts

\$34,042,282.65

2.92

The Unreconciled Cash Accounts were established in 2010 to account for unreconciled balances on the Current and Development Accounts at the close of the financial year. As at December 31, 2017, the balances on the Unreconciled Cash - Current and Development Accounts were \$28,537,882.98 and \$5,504,399.67, respectively. These accounts should be reconciled to determine the accuracy of the high balances.



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Union Island Sub Treasury **\$128,632.92**

2.93

The statement recorded a credit balance of \$128,632.92 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.

2.94

Crown Agent **\$500,346.82**

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

2.95

Loans **\$1,293,709,517.29**

The total loans of \$1,293,709,517.29, which is inclusive of Treasury Bills of \$84,000,000.00, grew by \$63,648,158.58 over the previous year's loan balance of \$1,230,061,358.71. An analysis of the Loans is reported under Public Debt 2017.

2.96

Accounts Payable **\$28,961,672.71**

The balance on the Accounts Payable Account was reflected as \$28,961,672.71 for the financial year, an increase of \$5,649,654.43 over 2016.

2.97

Balancing Accounts **\$68,295,575.08**

The Balancing Accounts showed a total credit balance of \$68,295,575.08. These accounts were established in 2009 to account for unreconciled balances between the Current Account in SmartStream and the Bank Accounts. The balance remained unchanged at the end of 2017.



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2.98

Salary Clearing

\$31,421.45

Salary Clearing Account should reflect zero balances, once the salaries are processed and the adjusting entries made to Personal Emoluments and the Current Account. The statement showed a balance of \$31,421.45 at the end of 2017.

2.99

RECOMMENDATIONS

- The bank overdraft on the Current and Development Accounts should be reconciled with balances stated on the Certificate of Balances issued by the BOSVG, to determine the reason/s for the difference between the accounts.
- Union Island Sub Treasury Account should be analysed to determine the reason for the large credit balance on the account based on the Treasury accounting policy.
- The Accountant General should conduct thorough analysis and reconciliations on the Unreconciled Cash, Accounts Payable and Balancing Accounts to ascertain the accuracy of these balances;
- The Accountant General should take the action to review the Salary Clearing Accounts and make the necessary adjustments; and
- Analyse the balances on the Sub-Treasuries accounts and the appropriate postings or adjustments be effected in the accounts.



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ASSETS

2.100 Disaster Relief Fund **\$1,261,376.08**

Confirmation from the BOSVG showed a Disaster Relief Fund Account with a balance of \$ 1,261,376.08 on the Certificate of Balances, was held at the BOSVG at the end of 2017. The total of \$1,261,376.08 was not brought to account in SmartStream at the end of 2017.

2.101 Cash at Bank **\$1,460,074.13**

Two (2) Cash at Bank Accounts for BNTF and Modern Medical Complex were shown on the statement with balances of \$427,044.10 and \$1,033,030.03, respectively. However, these two (2) accounts were shown with balances of \$102,155.66 and 426,130.76, respectively, a difference of \$931,787.71, on the Certificate of Balances from BOSVG.

2.102 Sub Treasuries **\$615,923.55**

The balance of \$615,923.55 on the statement represented cash held by four (4) Sub-Treasuries namely, 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 2017. Table 1.21 shows the comparative year-end balances on the four (4) Sub-Treasuries accounts.



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2.103

Table 1.21 shows the comparative year-end balances on the four (4) Sub-Treasuries accounts.

Table 1.21

Account	Sub Treasury	Cash Book (\$)	Financial Statement (\$)	Variance (\$)
62123 6061	Georgetown	300.00	300.00	-
62123 6062	Bequia	-	77,050.65	77,050.65
62123 6064	Barrouallie	300.00	300.05	0.05
62123 6066	Canouan	38,213.94	538,272.85	500,058.91
	Total	38,813.94	615,923.55	577,109.61

2.104

The high variance of \$577,109.61 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 detailed analysis of the Bequia and Canouan Sub-Treasuries Accounts by the Accountant General.

2.105

Cash-Short Term Deposits

\$405,481.37

The sum of \$405,481.37 represented the net balance of two (2) Cash-Short Term Deposit Accounts recorded in the Treasury Accounts at the end of 2017. This was a net decrease of \$955,706.54, compared to the balance of \$1,361,187.91 for the year ended 2016.

The amounts of \$388,370.85 and \$17,110.52 in the Accountant General Loan Monies A/C 22051 and Taiwanese Fund Project were confirmed on the Certificate of Balances from BOSVG.



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Public Debt Investment Account **\$1,206,177,976.95**

2.106

The Public Debt Investment Account has shown a balance of \$1,206,177,976.95, a decrease of \$63,648,158.58 over the balance of \$1,142,529,818.37 shown for 2016. This account reflects the receipts and repayments of Public Debt.

CONSOLIDATED FUND **\$260,554,926.55**

2.107

A surplus of \$16,392,482.21 was realised on the Consolidated Fund for the fiscal year 2017. A reduction of \$5,391,685.40 from a surplus of \$21,784,167.61 on the budget out-turns for the financial year 2016.

2.108

The opening deficit of \$286,798,933.75 on the Consolidated Fund was reduced by \$26,244,007.20, as a result of the surplus and deduction of \$9,851,524.99 for prior year adjustments. The closing balance on the Fund moved to a deficit of \$260,554,926.55.

RECOMMENDATIONS

2.109

The Accountant General should:

- conduct reconciliation on the Cash at Bank and Development Accounts to ascertain the differences between the balances on the statement and Certificate of Balances from BOSVG, as at 31st December, 2017; and
- conduct an analysis on the dormant accounts identified under the different categories to determine whether the accounts should be closed if they are no longer needed.



STATEMENT OF CONTINGENCIES FUND

ESTABLISHMENT OF THE CONTINGENCIES FUND

2.110

Appropriation for the Contingencies Fund was approved by Parliament, through amendment to the Value Added Tax Act, Chapter 445 of the Laws of St. Vincent and the Grenadines, Revised, Edition, 2009, by inserting section 8A, as prescribed by the Finance Act No. 5 of 2017. Hence, the Value Added Tax Act stipulates that “Notwithstanding section 29 (1) of the Finance Administration Act, one percent of the VAT chargeable on a taxable supply or taxable import shall be appropriated to the Contingencies Fund established by section 29 of the Finance Administration Act.” The amendment to the Value Added Tax Act came into force on 1st May, 2017.

SOURCE OF FUNDS

2.111

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.

CONTINGENCIES FUND BALANCE 2017

\$975,859.57

2.112

The Contingencies Fund Statement was not prepared and submitted by the Accountant General for financial year 2017.



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2.113

An examination of the Government's Accounting System - SmartStream revealed that, for the period May to December 2017, \$63,982,235.42 and \$46,154,384.65, were collected under Customs and Inland Revenue Departments, respectively; resulting in a total collection of \$110,136,620.07. However, the rate of 15 percent instead of 16 percent was applied on VAT collected by Inland Revenue Department for May 2017; hence, the receipts for May 2017 were not included in the computation. Memo MF/17 dated 08/11/2017 from the Director General, Finance and Planning refers.

In accordance with the VAT Act, \$6,883,538.75 of the amount collected, should have been deposited into the Contingencies Fund for the financial year 2017. The equivalent of one (1) percent of the VAT collected, computed by the Accountant General, was \$7,026,465.95, a difference of \$142,927.20. This was attributable to the following:

- an understatement of the amount recorded as VAT receipts for December 2017; and
- a rate of 6.67 percent used to calculate the amount payable, instead of the approved 6.25 percent or 1/16.

2.114

The Contingencies Fund balance reported on the Statements of Investments and Assets and Liabilities and confirmed by BOSVG, was \$975,859.57, at the end of December 31, 2017. The balance was inclusive of interest of \$1,654.81 received. Therefore, the amount deposited to the Fund was \$974,204.76 instead of \$6,883,538.75, a short deposit of \$5,909,333.99 for the fiscal year 2017.



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2.115

RECOMMENDATION

A Revenue Account should be created to account for the 1% VAT collected as receipts for the Contingencies Fund, to ensure timely accounting for the amounts collected in the financial year.



STATEMENT OF GENERAL DEPOSITS

TOTAL GENERAL DEPOSITS 2017 **\$45,774,408.25**

2.116

General Deposits consist of accounts that are held by the Accountant General on behalf of other Governments, Statutory Bodies, Ministries/Departments, private citizens and other non-governmental organisations pending application for payment, in accordance with the purposes for which the relevant deposits were created.

2.117

The Statement of General Deposit showed that sixty (60) Deposit Accounts were maintained and totalled \$45,774,408.25 for the financial year 2017, a decrease of \$4,487,773.60, when compared to 2016.

Statutory Bodies **\$11,514,118.71**

2.118

The Statutory Bodies comprised the main depositors in the Government Accounts, with deposits totalling \$11,514,118.71. This balance showed an increase of \$36,513.10 over the previous year's balance of \$11,477,605.61. 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.

Deposit - Departmental Accounts **\$29,995,702.42**

2.119

As at December 31, 2017, there were twenty-three (23) Departmental Accounts that recorded credit balances totalling \$29,994,611.06, and one (1) account which recorded



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debit balance of \$1,091.36; resulting in a net credit balance of \$29,995,702.42. A decrease of \$3,844,233.76, when compared to financial year 2016.

Deposits – Individuals **\$3,762,353.93**

2.120

There were fifteen (15) individual Deposit Accounts that totalled to a net credit of \$3,762,353.93. As at December 31, 2017, the net credit balance of \$3,762,353.93 showed an increase of \$33,046.43 on the balance of \$3,729,307.50 held at the end of the previous financial year. These accounts relate to monies collected by the Government on behalf of private citizens and other Non-Governmental Organisations. Included in this balance is an amount of \$66,294.63, which is reflected in the statement and Treasury Accounts as “Individual Deposit Accounts written off”.

Deposits – Local Governments **\$66,206.90**

2.121

As at December 31, 2017, the balance of \$66,206.90 on the Local Government Account, showed a decrease of \$686,389.74, when compared to the previous year’s balance of \$752,596.64.

Other Governments **Net credit- \$436,026.29**

2.122

The financial statement shows that eleven (11) Deposit Accounts were maintained for the financial year 2017. Six (6) accounts recorded credit balances totalling \$76,931.24, 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. Only the



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account held for the Government of Barbados realised transaction of \$26,709.63 for financial year 2017.

RECOMMENDATIONS

2.123

It is recommended that the Accountant General should:

- seek confirmation from the regional Governments to ascertain the correctness of the balances of the eleven (11) Deposit Accounts held for Other Governments;
- review the amount of \$ \$66,294.63, which is reflected on the Statement and in the Treasury Accounts as “Individual Deposit Accounts written off” and make the appropriate adjustment; and
- analyse the debit balance of \$359,095.05 of the five (5) accounts reflected under Other Governments.



STATEMENT OF INVESTMENTS

INVESTMENTS \$36,991,915.65

2.124

The Statement of Investment showed investments totalling \$36,991,915.65 were recorded for the year 2017, a reduction of \$5,142,520.51, when compared with 2016 and a difference of \$1,779,358.03, as highlighted in the ensuing paragraphs 2.125 to 2.131.

TRUST FUNDS \$32,734.07

2.125

The statement showed that the Trust Fund balance at the year ended December, 2017 was \$32,734.07, an increase of \$608.02 over the previous year's balance. Four (4) Trust Funds were reflected on the Statement of Investment; however, only three (3) Trust Funds namely, Simmons Bequest, Haywood Bank and Bequia Agricultural Improvement Trust were reflected on the Certificate of Balances received from the Bank of St. Vincent and the Grenadines. Major Bain Gray Prize Fund with a balance of \$1,066.84, was not reflected on the Certificate from the Bank at the end of 2017.

SINKING FUND \$31,908,821.50

2.126

The financial statement recorded Sinking Fund Investments at \$31,908,821.50. The Sinking Fund balance showed an increase of \$254,754.13 over the balance of \$31,654,067.37 at the end of 2016. This was due to contribution to Sinking Fund and interest earned of \$17,000,000.00 and \$1,443,789.13, respectively and withdrawal of \$18,189,035.00 for repayment of two (2) matured Development Bonds in 2017.



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CONTINGENCIES FUND

\$975,859.57

2.127

The Contingencies Fund Investment balance reported on the Statement and confirmed by BOSVG as at the end of December 31, 2017, was \$975,859.57. The balance was inclusive of interest of \$1,654.81 received for the fiscal year 2017.

SPECIAL FUND

\$3,884,173.17

2.128

The Special Fund was reflected with three (3) accounts and a total balance of \$3,884,173.17, when compared with the Certificate of Balance from the Bank of St. Vincent and the Grenadines, only \$2,105,881.98 was accounted for on the Certificate, a difference of \$ 1,778,291.19. This was due to the GOSVG Student Loan being reflected as \$3,712,996.39 on the Investment Statement, whilst the Certificate of Balance accounted for \$1,934,705.20, a difference of \$1,778,291.19.

2.129

During 2017, approval was sought by the Accountant General for the amount to be written off by the Ministry of Finance; however, approval was not granted at the end of 2017. A note on the Statement indicated that the amount of \$1,778,291.91 was written off by the Bank but no provision was made for the write off in the Government Accounts.

2.130

Further, an examination of the GOSVG Student Loan Account showed that an amount of \$6,441,921.81 was written off as per Cabinet's Minute 1026 dated 14th September, 2016 and Special Warrant No. 15 of 2017 for the financial years 2013, 2014 & 2015 during the financial year 2017.



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SPECIAL DEPOSITS

Fiscal Reserve Account ECCB **\$190,327.34**

2.131

The Investment Statement showed a total of \$190,327.34 as Special Deposit under Fiscal Reserve Account – ECCB. The total Fiscal Reserve showed a decrease of \$483,306.87, when compared to the balance of \$673,634.21 for the financial year 2016.

RECOMMENDATION

2.132

The Accountant General should account for Major Bain Gray Prize Fund with a balance of \$1,066.84 and the approval should be granted to write off the amount of \$1,778,291.19 in GOSVG Student Loan which were not reflected on the Certificate of Balances from the Bank of St. Vincent and the Grenadines at the end of 2017.



STATEMENT OF PUBLIC DEBT

PUBLIC DEBT 2017

2.133

The Statement of Public Debt for 2017, reflected the outstanding balances on existing loans. The Public Debt, as disclosed by the Accountant General on the Statement of Public Debt, stood at \$1,293,709,517.29 an increase of \$63,648,158.58 or 5.2 percent over 2016 debt of \$1,230,061,358.71.

2.134

At December 31, 2017, domestic and external debts were reported as \$455,064,482.44 and \$838,645,034.85, 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 following discrepancies were brought to the attention of the Accountant General, who provided clarification:

2.135

The following debts which were excluded from the Government Accounts and the Public Debt Statement for the financial year ended December 2017; resulted in the understatement of the Public Debt by \$46,809,995.00 for financial year 2017:

1. The total of \$1,935,000 received in Loans from Petro Caribe was not included as a debt in SmartStream and on the Public Debt Statement; resulting in an understatement of the Public Debt for 2017.



2. A total of \$35,000,000 in 6 % Government Bonds 2020-2 raised in 2017 to purchase 4,650,000 shares at the Bank of St. Vincent and the Grenadines and for Road Rehabilitation Programme was not included as a debt at the end of financial year 2017; resulting in an understatement of Public Debt recorded for 2017.

Accountant General's Comments:

- I. The total of \$1,935,000.00 in loans were received from Petro Caribe, under its respective Loan Accounts in Financial Year 2017. However, the necessary documentation was not provided to record these loans.***
- II. The \$35,000,000.00 (comprises of \$32,525,820.00 and \$2,474,170.00) was a Government Bond that was issued 1st July, 2017 by First Citizens Investment that was recorded in 2018. The difference of \$10.00 is Bank Charges.***

2.136

In addition, an amount of \$9,874,995.00 received as five (5) years Private Placement Bond-First Citizens Investment in 2015, was not accounted for as Public Debt at the end of the financial year 2017.

Accountant General's Comment:

PCIS/GOSVG 5yrs. Private Placement Bond was entered in the Accounts in 2018. It was denoted as PPP050720-Domestic Bonds 2020.

2.137

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



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accounts. In most instances, the narrative for the amounts credited to the loan accounts were stated as “to reconcile SS balance with CDRMS balances” and “Adjustment External Loans Balances” instead of the purpose of the receipts.

Accountant General's Comment:

We agree with the finding. As of 2019 the comments are tailored to show the purpose of the transactions and individual transactions are shown separate.

2.138

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.

Cost of Servicing Public Debt

2.139

The cost of servicing Public Debt includes amortisation, interest, charges and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$187,691,342.17 was expended for the servicing of domestic and external debt and sinking fund contributions. However, an examination of the Capital Revenue and Amortisation Domestic Debt Accounts revealed that the Cost of Servicing Public Debt was understated by \$17,500,000.00 due to the following improper accounting:

- i. Bridging Finance loan of \$13,500,000 received from NIS in 2016, was repaid and charged to Account No. 20 33241 3999 3346- External Loan Receipt instead of Account No. 20 33141 3301 - Amortisation Domestic Debt; resulting in an understatement of Recurrent Expenditure -



- ii. Amortisation of Domestic Debt/Cost of Servicing Public Debt) by \$13,500,000;
- iii. An amount of \$4,000,000.00 received in Bridging Finance loan from NIS was credited to Capital Revenue 20 33141 1062 - local Loans. The loan which was repaid in June 2017, was charged to Capital Revenue 20 33141 1062 3304 instead of Account 20 33141 3301- Amortisation Domestic Debt; resulting in an understatement of Recurrent Expenditure - Amortisation Domestic Debt/Cost of Servicing Public Debt by \$4,000,000 for the financial year.

Accountant General's Comment:

We agree with the findings. This is the consequence of a classification error.

2.140

Further, Debt servicing accounted for in the Government Accounts increased by 16.5 percent from \$161,145,331.00 in the previous year to \$187,691,342.17 in 2017. However, the increase was understated by \$17,500,000.00 in the Government's accounts, as outlined at paragraphs 2.18 and 2.137. The increase was due primarily to the servicing of domestic debt and sinking fund and external debts by 8.1 percent and 28.8 percent, respectively, when compared to financial year 2016. There was a slight decrease of 0.6 percent and an increase of 9.3 percent in the cost of servicing Public Debt as a percentage of Recurrent Revenue and Recurrent Expenditure, respectively, for 2017, when compared to 2016, as shown in Table 1.22 and Figure 1.12.

2.141

Table 1.22, Figures 1.12 and 1.13 show comparative for Public Debt, Debt Servicing, Debt Servicing to Recurrent Revenue and Expenditure reported for financial years 2016 and 2017.



Table 1.22

PARTICULARS	2017 \$	2016 \$	% CHANGE
Total Debt (inclusive of 2016 and 2017 Treasury Bills of \$75M and \$84M, respectively)	1,293,709,517.29	1,230,061,358.71	5.2
Central Government Debt Service	187,691,342.17	161,145,331.00	16.5
External Debt	83,780,718.77	65,070,830.76	28.8
Amortisation	64,647,553.55	50,132,990.23	28.9
Interest Payments	18,625,905.22	14,934,056.65	24.7
Foreign Charges	507,260.00	3,783.88	34
Domestic Debt	103,910,623.40	96,074,500.24	8.1
Amortisation	51,614,877.21	55,808,666.21	-7.5
Interest Payments	31,127,105.38	27,661,001.08	12.5
Loan Charges	7,168,640.81	527,980.13	?
Sinking Fund Contribution	14,000,000.00	12,076,852.82	15.9
Recurrent Revenue	592,236,732.91	592,580,205.93	-0.6
Recurrent Expenditure	694,991,833.86	636,103,367.11	9.3
Debt Service/Recurrent Revenue (%)	31.7	27.2	4.5
Debt Service/Recurrent Expenditure (%)	27	25.4	1.6

Figure 1.12

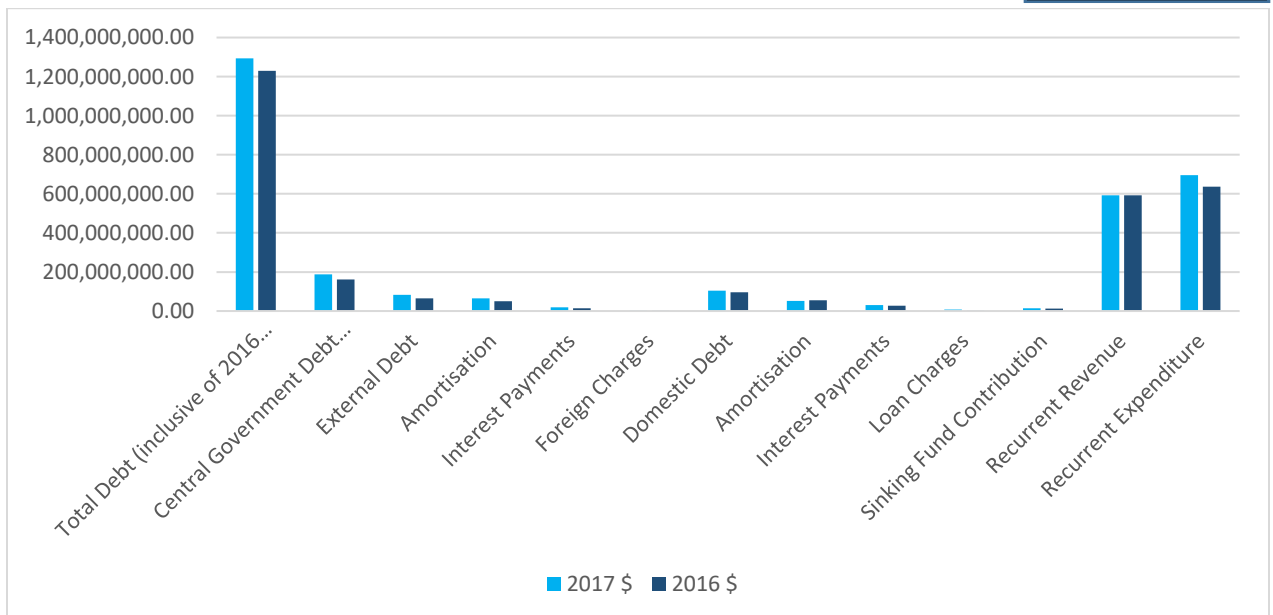
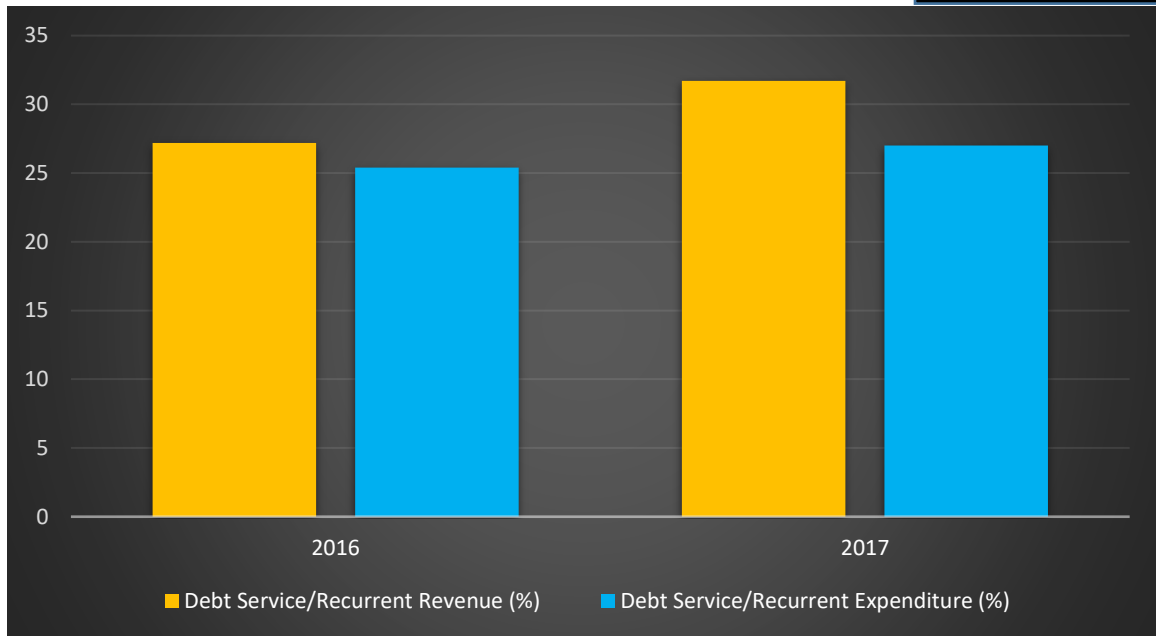




Figure 1.13



PUBLIC DEBT AND DEBT SERVICING 2013-2017

2.142

During the years 2013 to 2017, Public Debt increased by \$234.4 million or 24 percent, as shown in Table 1.23 Figure 1.14.

2.143

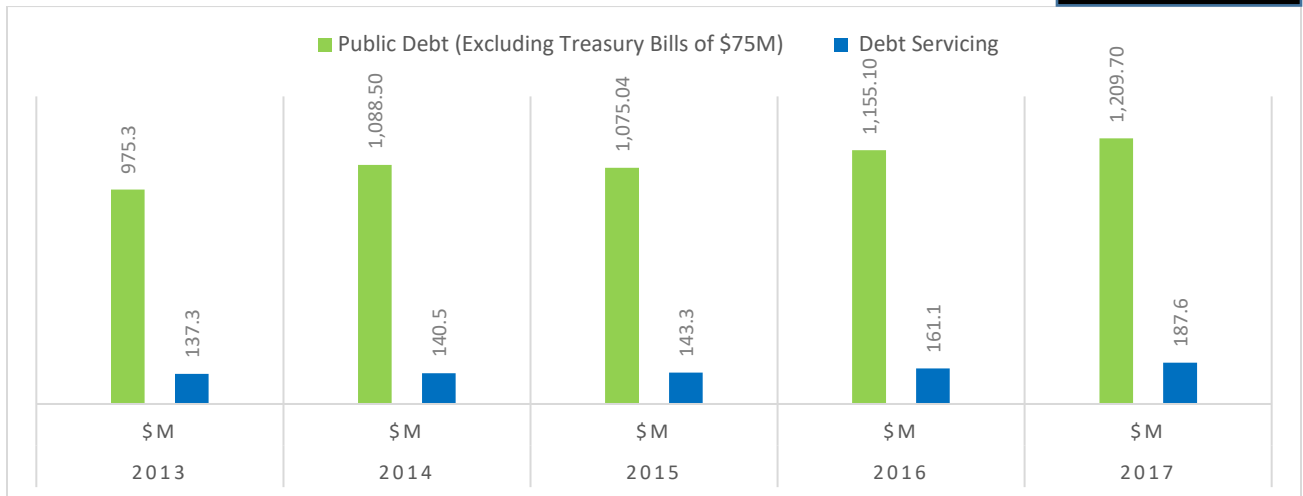
Public Debt and Debt Servicing reported for financial years 2013 to 2017 are shown in the Table 1.23 and Figure 1.14

Table 1.23

PARTICULARS	2013 \$M	2014 \$M	2015 \$M	2016 \$M	2017 \$M
Public Debt (Excluding Treasury Bills of \$75M)	975.3	1,088.5	1,075.04	1,155.1	1,209.7
Debt Servicing	137.3	140.5	143.3	161.1	187.6



Figure 1.14



RECOMMENDATIONS

2.144

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 Capital Revenue and Expenditure Accounts; and the information recorded in the Loan Accounts in SmartStream should be reviewed, discussed 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; and
3. The Accountant General should ensure that all public debts are included in the accounts prior to the preparation and submission of the financial statement within the statutory deadline.



STATEMENT OF ADVANCES

2.145

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.

2.146

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

2.147

The Detailed Statement of Advances comprised of the following categories:

- Government Officers;
- Departmental advances;
- Other Advances;
- Receivables; and
- Other Government.

2.148

Total Balance of Advances **\$12,876,531.14**

The aggregate of advances not repaid showed an increase of \$1,199,058.23 or 0.1 percent from \$11,677,472.91 in 2016 to \$12,876,531.14 in 2017. This was due mainly to 26 percent and 70 percent increase in advances outstanding by Government Officers and Other Governments, respectively.



2.149

The balances on the five (5) categories of advances when compared to 2016 are shown in Table 1.24, Figures 1.15 and 1.16.

Table 1.24

CATEGORY	2017 \$	2016 \$	INCREASE/DECREASE
Government Officers	501,559.77	397,048.94	104,510.83
Departmental Advances	262,044.83	283,508.33	(21,463.50)
Other Advances	7,107,325.21	7,792,138.30	(684,813.09)
Receivables	389,618.64	497,146.90	(107,528.26)
Other Governments	4,615,982.69	2,707,630.44	1,908,352.25
TOTAL	12,876,531.14	11,677,472.91	1,199,058.23

Figure 1.15

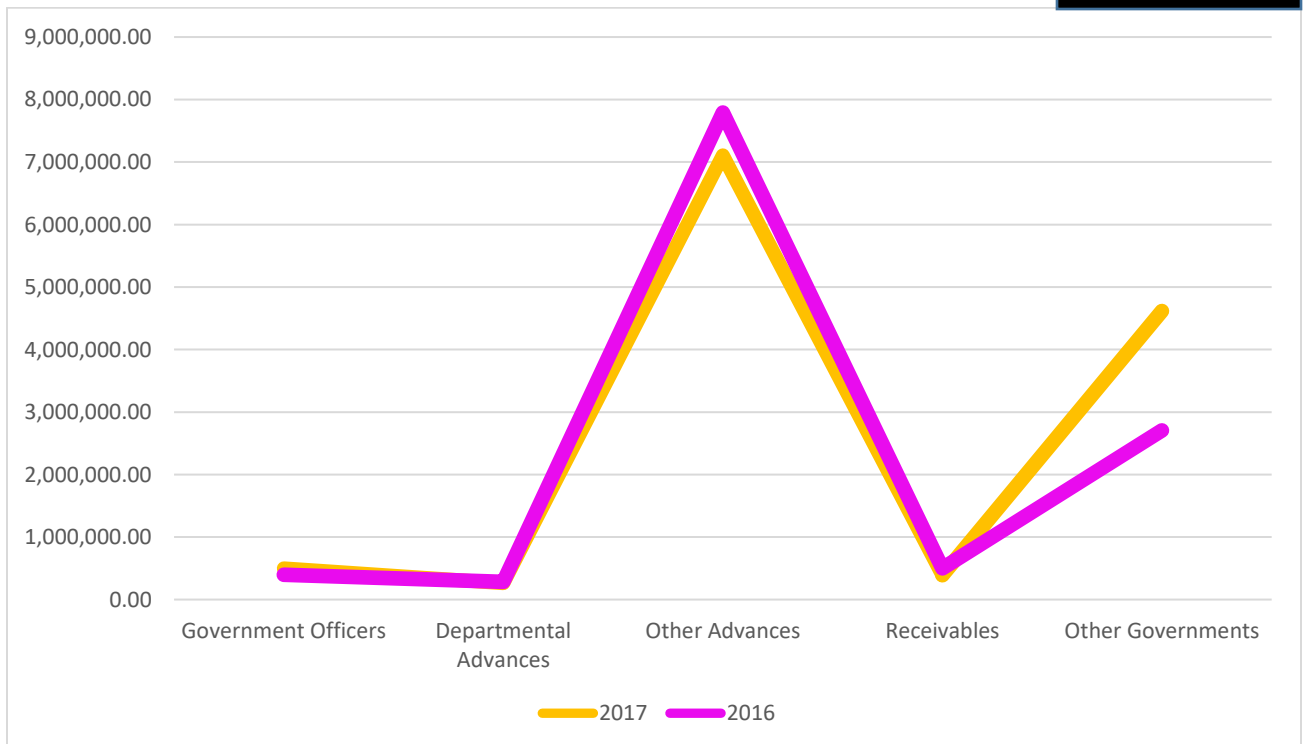
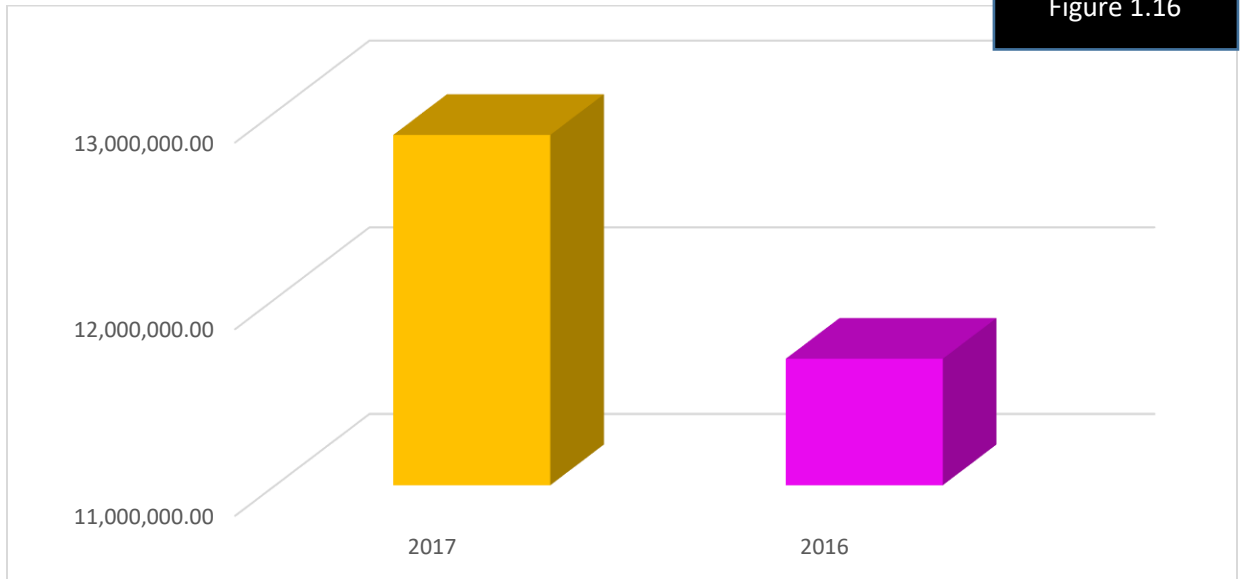




Figure 1.16



Government Officers

\$501,559.77

2.150

The statement has shown a net debit balance of \$501,559.77 outstanding in advances by Government Officers, an increase of \$104,510.83 in advances, when compared to 2016, as depicted in Table 1.24 and Figure 1.15. The high increase in the advance balances indicated that there was continued non-compliance of Government Officers in the clearance of their advance within the stipulated one (1) month of return to the State and the failure of the Accountant General's Office to recover the outstanding amounts from Officers' salaries after the stipulated period. An amount of \$179,997.57 of the total outstanding, is shown as advances to persons who are retired. This amount should have been recovered from the Officers' on payment of their retirement benefits and the amounts journalised to reduce the balance under the Advance Account.



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2.151

Departmental Advances **\$ 262,044.83**

The balance on the Departmental Advances decreased from \$283,508.33 in 2016 to \$262,044.83 in 2017. This was due to the sale of two (2) sets of the Laws of St. Vincent and the Grenadines. It was highlighted in previous audit reports, that a total of \$254,459.31 collected for the sale of the Laws by the Attorney General's Office, was credited to Sale of Forms and Publications Account No. 75 750 18001 instead of Advance Account No. 20-55101 in 2013. In 2014, an amount of \$21,463.50 was adjusted, resulting in a difference of \$232,995.81 which remained unadjusted for the Sale of Laws at the end of the financial year.

2.152

Other Advances **\$7,107,325.21**

The statement has shown a net balance of \$7,107,325.21 at December 31, 2017, a decrease of \$684,813.09 when compared to the balance of \$7,792,138.30 for 2016. Six (6) of the fourteen (14) accounts on the statement showed no activity. The high balances which were reflected under the St. Vincent and the Grenadines Consulates and Embassies advance accounts indicates that expenditure for these offices remained unaccounted for in the expenditure and advance accounts of the Government.

2.153

Receivables **\$389,618.64**

Receivables which resulted from dishonoured cheques, decreased from \$497,146.90 in 2016 to \$389,618.64 in 2017, a net reduction of \$107,528.26, due to the settlement and accounting of dishonoured cheques during the financial year.

2.154

Other Governments **\$4,615,982.69**

The Statement of Advances showed twelve (12) accounts with debit balances totalling \$4,615,982.69, at the end of 2017. This balance was \$1,908,352.25 more than the



balance of \$2,707,630.44 for 2016. Four (4) of the accounts have shown fixed balances since 2000, while eight (8) accounts have not reflected any repayment for the last nine (9) years although payments continued to be made on behalf of the Governments. The balance on the account showed that the amount of \$4,615,982.69 was paid as gratuity and pensions on behalf of the Governments at the end of the financial year 2017.

2.155

If this trend is allowed to continue, the Governments' debt may escalate beyond unmanageable proportions.

RECOMMENDATIONS

2.156

- The balances which remained outstanding for extended periods in the Advance Accounts should be investigated and the relevant corrective action taken to 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; and
- The Accountant General should adjust the amount of \$232,995.81 credited to Sale of Forms and Publication Account No. 75 750 18001 instead of Advance Account No. 20 -55101.



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- Policies and procedures should be enforced, aimed at ensuring that Public Officers exercise due care when accepting cheques from businesses and individual. In addition, reference should be made to the Dishonoured Cheque List prepared by the Accountant General.
- 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

3.1

RESPONSIBILITY OF MANAGEMENT OF THE AUDITED ENTITIES

Accounting Officers have a responsibility to ensure that adequate internal controls are in place 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 to improve the performance of the entities, by implementing recommendations issued by my Office. 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.

3.2

GENERAL OBSERVATIONS AND NON-COMPLIANCE

Compliance Audits were carried out at Departments, Government Offices in the Grenadines and the Consulate in Toronto. In addition, surprise cash surveys were conducted at Government Offices throughout St. Vincent and the Grenadines. Reports and queries were issued to the respective Accounting Officers and Heads of Department. Further, recommendations were made with the intention of assisting management in the implementation of corrective actions to improve the operations of the audited entities.



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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 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 improvement of the operations and 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 Department 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, 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 Department 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 need for continuous training of staff in the Ministries and Departments in accounting regulations and procedures, with the view of enhancing



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accountability and good governance. The lack of training is negatively impacting, in many instances, on the operations of the audited entities.

VOTE BOOKS

3.6

The principal accounting record for expenditure control in the accountability process is the Vote Book. The maintenance of these records has been unsatisfactory since non-conformity was identified with regulations 19-21 of the Finance Administration Regulations, 2009. The Accounting Officers should; therefore, exercise greater attention to the maintenance thereof, in an effort to improve the accounting process of the Ministries and Departments.

3.7

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 Department 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.



3.8

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.

RETURN OF RECEIPT BOOKS

3.9

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.

MOTOR VEHICLE LOG BOOKS AND GARAGE REGISTER

3.10

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. Adequate maintenance of the records can also aid in the control of the use of the vehicles and further reduce incidences of misuse of the assets. The Departments have inadequately maintained or failed to maintain these records; therefore, the efficient use of the vehicles could not have been assessed in the absence of the maintenance of the Garage Registers and proper upkeep of the Log Books.

EQUIPMENT LEDGER AND INVENTORIES

3.11

The Store Rules Nos 48-51 set out the format and the process of accounting for Equipment and Furniture. These records are very important for the control over Government's assets, whether purchased by Government funds or acquired as gifts or donations which, in some instances, are costly and are at a high risk for misappropriation. These records



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were either not maintained or unsatisfactorily maintained by the Departments for the period under review. The absence of these vital records made it difficult to ascertain whether all of the assets that were acquired for use at the audited entities were used for the purposes intended and were still at hand.

SURPRISE CASH SURVEYS

3.12 Surprise cash surveys were conducted quarterly at the Government's Offices throughout St. Vincent and the Grenadines 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.

IMPRESTS

3.13 A total of \$6,439.00 in Imprest remained outstanding at the end of 2017, 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."*

3.14 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.

VIREMENT WARRANTS

3.15 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.

3.16

One hundred and fifty-six (156) Virement Warrants totalling \$5,048,812.70 were approved in respect of the year ended December 31, 2017; resulting in an increase of \$150,950.91 of the amounts varied, when compared to the sum of \$5,030,206.83 in 2016.

3.17

It was noted that the amounts on several Virement Warrants were posted incorrectly in the Government's Accounts - SmartStream; resulting in a net overstatement of \$16,869.00 in the Revised Estimates for Recurrent Expenditure as follows:

- Virement Warrant No. 7/2017 was approved to transfer an amount of \$7,000 from Account 1 50 22231 to Account 1 50 22212. However, Account 1 50 22231 was debited instead of credited which resulted in an overstatement of the revised estimates under Account 1 50 2231 by \$14,000.
- Virement Warrant No. 8/2017 was approved to transfer an amount of \$7,000 from Account 1 50 22231 to Account 1 50 22211. However, Account 1 50 22231 was debited instead of credited and Account 1 50 22211 was credited instead of debited, resulting in an overstatement and understatement of \$14,000 in the revised estimates under Account 1 50 22231 and Account 1 50 22211, respectively.
- Virement Warrant No. 10/2017 was approved to transfer amounts of \$5,619 from Account 40 430 22121 and \$10,000 from Account 40 430 22221, a total of \$15,619, to Account 40 430 21112. However, \$10,000 was credited from Account 40 430



22121 and \$5,619 was credited from Account 40 430 22221. This resulted in an overstatement and understatement in the revised estimates under Account 40 430 22221 and 40 430 22121, respectively, by \$4,381.

- Virement Warrant No. 30/2017 was approved to transfer an amount of \$1,000 from Account 55 584 22111 to Account 55 584 22212. However, Account 55 584 22111 was debited instead of credited and Account 55 584 22212 was credited instead of debited, resulting in an overstatement and understatement in the revised estimates under Account 55 584 22111 and Account 55 584 22212, respectively, by \$2,000.
- Virement Warrant No. 31/2017 was approved to transfer an amount of \$80,000 from Account 35 357 22111 to Account 35 357 22212. However, Account 35 357 22111 was debited instead of credited and Account 35 357 22212 was credited instead of debited, resulting in an overstatement and understatement in the revised estimates under Account 35 357 22111 and 35 357 22212, respectively, by \$160,000.
- Virement Warrant No. 32/2017 was approved to transfer amounts of \$680 from Account 70 705 22131 and \$926 from Account 70 700 22111 a total of \$1,606, to Account 70 700 22131. However, Accounts 70 705 22131 and 70 700 22111 were debited instead of credited and Account 70 700 22131 was credited instead of debited. This resulted in an overstatement in the revised estimates under Account



- 70 705 22131 and 70 700 22111 by \$1,360 and \$1,852, respectively and an understatement in the revised estimates under Account 70 700 22131 by \$3,212.
- Virement Warrant No. 64/2017 was approved to transfer amounts of \$23,861 from Accounts 65 654 22111; \$5,109 from Account 65 654 22221 and \$2,869 from Account 65 654 22511, a total of \$31,839, to Account 65 654 21112. However, an amount of \$2,869 was not credited from 65 654 22511, resulting in an overstatement in the revised estimates under Account 65 654 22511, by \$2,869.
- Virement Warrant No. 77/2017 was approved to transfer an amount of \$1,500 from Account 40 402 22221 to Account 40 402 21113. However, Account 40 402 22221 was debited instead of credited and Account 40 402 21113 was credited instead of debited. This resulted in an overstatement and understatement in the revised estimates under Account 40 402 22221 and Account 40 402 21113, respectively, by \$3,000.
- Virement Warrant No. 78/2017 was approved to transfer an amount of \$10,000 from Account 10 103 22111 to Account 10 103 22212. However, Account 10 103 22111 was debited instead of credited and Account 10 103 22212 was credited instead of debited. This resulted in an overstatement and understatement in the revised estimates under Account 10 103 22111 and Account 10 103 22212, respectively, by \$20,000.



- Virement Warrant No. 79/2017 was approved to transfer amounts of \$927 from Account 10 100 28212 2679 and \$6,807 from Account 10 100 28212 2704, a total of \$7,734, to Account 10 100 21112. However, Account 10 100 21112 was debited with an amount of \$7,784 instead of \$7,734 and credited with amounts of \$975 and \$927. Additionally, Account 10 100 28212 2679 was debited instead of credited. This resulted in an overstatement and understatement in the revised estimates under Account 10 100 28212 2679 and Account 10 100 21112, respectively, by \$1,854.
- Virement Warrant No. 37/2017 was approved to transfer amounts of \$6,000 from Account 40 400 22111 and \$10,000 from 40 400 22231, a total of \$16,000, to Account 40 400 22511. However, the warrant was recorded twice; as VW#37 and SW#37, resulting in an overstatement of \$16,000 in the revised estimates under Account 40 400 22511 and an understatement of \$6,000 and \$10,000 in the revised estimates under Account 40 400 22111 and 40 400 22231, respectively.

3.18

SPECIAL WARRANTS AND CONTINGENCIES FUND

In accordance with section 28 of the Finance Administration Act 2004, 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.



3.19

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 \$25,000,000.00.

3.20

Appropriation for the Contingencies Fund was approved by Parliament in 2017, through amendment to the Value Added Tax Act, Chapter 445 of the Laws of St. Vincent and the Grenadines, Revised, Edition, 2009, by inserting section 8A, as prescribed by the Finance Act No. 5 of 2017. Hence, the Value Added Tax Act stipulates that “Notwithstanding section 29 (1) of the Finance Administration Act, one percent of the VAT chargeable on a taxable supply or taxable import shall be appropriated to the Contingencies Fund established by section 29 of the Finance Administration Act.” The amendment to the Value Added Tax Act came into force on 1st May, 2017.

3.21

Sixty-nine (69) Special Warrants totalling \$48,937,234.24 were approved by the Minister of Finance during the financial year 2017, \$13,156,241.26 in excess of the amount of \$35,780,992.98 approved for 2016.

3.22

It was noted that the amounts on several Special Warrants were posted incorrectly in the Government’s Accounts - SmartStream; resulting in an understatement of \$135,709.80 in the Revised Estimates of Recurrent Expenditure as follows:



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- An amount of \$6,000 which was approved by Special Warrant No. 22/2017 to supplement Account 40 420 27221 under Ministry of National Security, was posted as a Virement Warrant. Account 40 420 27221 was credited and Account 40 420 27211 was debited with \$6,000. This resulted in an understatement in the Revised Estimates by \$6,000;
- An amount of \$32,427.45 was approved by Special Warrant No. 49/2017 to supplement Account 65 652 22231 under Ministry of Health. The amount was credited instead of debited to Account 65 652 22231. This resulted in an understatement in the Revised Estimates by \$64,854.90; and
- An amount of \$32,427.45 was approved by Special Warrant No. 50/2017 to supplement Account 65 652 22231 under Ministry of Health, was credited instead of debited to Account 65 652 22231. This resulted in an understatement in the Revised Estimates by \$64,854.90.



CHAPTER 4

AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

4.1

This section summarises the salient observations arising from the audits conducted at the Government Offices 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 Accounting Officers and Heads of Departments by way of audit queries, reports and memoranda. The significant findings are outlined here under: -

AUTONOMOUS DEPARTMENT

MAGISTRACY

4.2

During 2017, the Magistracy Department was audited for financial years 2012 to 2016. The results of the audit revealed that the records maintained for the lodging and the adjudication of civil matters were not in all respect, in compliance with the Magistrates Act, Cap 30 and the established policies of the Magistracy as follows:

- the Magistrate's signature was not affixed to some of the judgments recorded in District III Order Book, in accordance with Magistrates Act, Cap 30, section 18 (a);
- there were instances where the rate applied for Stamp Duty for lodging Civil Suits in Districts II and III, was not in keeping with the TARIFF OF FEES AND COSTS



PAYABLE IN RESPECT OF PROCEEDINGS UNDER THE SMALL DEBTS AND UNDER DEBTORS ACT, First Schedule, Table A of the Magistrate Act, Cap 30, resulting in under and over collection of revenue;

- revenue stamps affixed to Civil Suits were not, in all instances, duly cancelled, which is a contravention of the Stamp Act, Cap 440 section 22, which states that “an instrument, the duty on which is required or permitted by law to be denoted by an adhesive stamp, shall not be deemed duly stamped with an adhesive stamp unless the person required by law to stamp the instrument cancels the stamp or stamps... at the proper time;”
- there were a number of disposed Civil Suits for District II that were not recorded in the Order Books by the Court Clerk, contrary to the Magistrates Act, Cap 30, section 18;

Criminal Suit

4.3

- the Magistrate’s signature was not always affixed to the judgment recorded in the Order Books in District I (Traffic) and at the back of the Suit to confirm the judgments were made and recorded, which is a contravention of the Magistrate Act 30, 18 (a);
- judgments made by the Magistrate for the payment of fines and imprisonment in default of payments, were not always enforced. It was noted that some



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payments, were in full or in part, were made after the period stipulated by the Magistrate. In addition, some committal warrants for defaulters were not issued on a timely basis;

- there was a lack of collaboration and communication between the Magistracy, the Commissioner of Police and the Prison Department; hence, it was not possible to ascertain whether some of the defendants who were in default of payments, were sentenced to imprisonment; and
- one hundred and forty-one thousand, seven hundred and twenty dollars and seventy cents (\$141,720.70) were recorded as outstanding for warrants issued during 2016. The Serious Offences Court (SOC) accounted for \$72,600.00 or 51.2 percent of the total amount outstanding for warrants.

Forfeiture of Cash

4.4

All forfeiture of moneys was transcribed accurately in the Order Books. However, the moneys forfeited were not promptly brought to account at the Accountant General's Office.

Expenditure Accounts

4.5

The Vote Accounts were not satisfactorily maintained in accordance with Regulations 19-21 of the Finance Administration Regulations 2009 and Treasury's Accounting Practice.



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Equipment Ledger

- 4.6 An equipment ledger was not maintained in accordance with Stores Rule.

MINISTRY OF FOREIGN AFFAIRS, FOREIGN TRADE AND CONSUMER AFFAIRS

OVERSEAS OFFICE

ST. VINCENT AND THE GRENADINES CONSULATE, TORONTO.

- 4.7 A compliance audit was conducted at the St. Vincent and the Grenadines (SVG) Consulate, Toronto, for the period October 2015 to November 2017. In addition, a review was done during the audit to ascertain whether the previous year's recommendations were implemented by the Ministry of Foreign Affairs and the Consulate. Most of the recommendations were not implemented as was evident by the recurrence of several weaknesses which were highlighted in the previous reports.

REVIEW OF THE IMPLEMENTATION OF THE PREVIOUS YEAR'S AUDIT RECOMMENDATIONS FOR THE PERIOD AUGUST 2013 TO AUGUST 2015.

- 4.8 A review was done during the audit to ascertain whether the Ministry of Foreign Affairs and the Consulate, had implemented the audit recommendations for the period August 2013 to August 2015, issued by the Office to improve the performance of the Consulate. A total of nineteen (19) recommendations were issued; however, the review revealed that only six (6) were fully implemented while one (1) was partially implemented.



4.9

The following are the recommendations which were reviewed along with management comments:

1. The Consulate's TD Visa card should be utilized to procure goods and services required by the office;
2. A certified statement should be attached to the payment vouchers for all reimbursements;
3. Sufficient narration should be written on the payment vouchers to justify the accounts charged;

Management's (Ministry of Foreign Affairs etc.) response:

The issues at 1, 2 and 3 have since been addressed by the Consulate.

4. The requisite approval and provision are required to account for the amount of CAD \$1,055.03 EC\$2,679.77 which was utilized from the Consulate's operating funds to purchase furniture in 2014. In addition, the amount should be reimbursed to the Consulate's operating account since the amount was expended from the monies remitted to the office to finance its recurrent expenses;

Management's (Ministry of Foreign Affairs etc.) response:

The Ministry will seek approval from the Ministry of Finance for the purchasing of the furniture for the Consulate.

5. The Consul General's office should prepare a monthly statement for all taxes to be reimbursed to the office;



6. The monthly information for the total Harmonise Sales Tax (HST) refunded to the Consulate should be submitted in the monthly statement to enable the Ministry of Foreign Affairs, International Trade and Regional Integration and the Accounting Division to reverse the amounts already charged to the expenditure accounts and cleared from the advance account;

Management's (Consulate) response:

The Consul General's office prepares and submits a monthly statement for all HST reimbursed to the Ministry.

7. There is need for timely processing of the monthly expenses in the account by the Ministry of Foreign Affairs, International Trade and Regional Integration;

Management's (Ministry of Foreign Affairs etc.) response:

The Ministry will take the necessary actions to eliminate the late processing of statements.

8. A proper analysis should be done on the Consulate's monthly expenditure statements and vouchers to ascertain the following and effect adjustments where necessary:

- a. The large balance of EC\$1,185,582.82 CAD\$466,764.88 in the Advance Account;
- b. The difference of EC\$29,162.86 not cleared; and



- c. The excess amount of EC\$6,667.83 cleared in the Accounting Division's (Treasury) Accounts for the period audited.

Management's (Ministry of Foreign Affairs etc.) response:

The Ministry is aware of the large balance existing on the Advance Account and has launched an investigation to find out and rectify this abnormality. Additionally, the Ministry proposes to liaise with the Accountant General's office for guidance with respect to (b) and (c).

9. A copy of the monthly journals should be sent to the Consulate to aid the office in reconciling its monthly accounts and to address any errors occurring therein;

Management's (Ministry of Foreign Affairs etc.) response:

The Ministry will ensure that a copy of the monthly journals is sent to the Consulate to aid the office in reconciling its monthly accounts and to address any errors occurring therein.

10. The Accountant General's office should carefully review the transactions inputted by the Ministry of Foreign Affairs, etc. to prevent the recurrence of the shortcomings;
11. There is need for clarification to determine what should be done with the excess salaries and allowances that is derived as a result of a decrease in the exchange rate of EC\$2.25 to CAD\$1.00;



Management's (Ministry of Foreign Affairs etc.) response:

The Ministry is aware of this irregularity and submitted a proposal to Cabinet. The Ministry is presently awaiting Cabinet's decision before action can be taken.

12. The net difference of CAD\$40,672.51 EC\$74,356.93 in shortfalls should be analysed by the accounting staff and the necessary entries be effected to account for the shortfall of EC\$74,356.93 in salaries and allowances;
13. The authority to credit excess salaries and allowances to an expenditure account should be provided. In addition, the total of EC\$20,969.80 credited in excess to the Sundry Account should be analysed and adjusted in the accounts;

Management's (Ministry of Foreign Affairs etc.) response to 12 and 13:

These will be analysed and discussion held with the Accountant General for guidance to have these amounts accounted for and adjusted in the Treasury Accounts.

14. The rate of exchange used to compute amounts charged to the Personal Emolument and Allowance Accounts should be reviewed by the authorities;

Management's (Ministry of Foreign Affairs etc.) response:

The Ministry is aware of this irregularity and submitted a proposal to Cabinet. The Ministry is presently awaiting Cabinet's decision.



15. The overpayment of CAD\$5,357.57 EC\$12,054.54 in salaries and allowances for February and March 2014 should be reimbursed by the Officer;

Consulate's response:

The amount was repaid. CAD\$500.00 for January – October 2016 and CAD \$357.57 – November 2016. Please see vouchers: JA16-22; FE16-17; MR16-19; APR16-17; MY16-17; JN16-10; JY16-18; AG16-18; SR16-16; OC16-20; NR16-22.

16. The amounts collected for emergency passports should be remitted to the Immigration Department and brought to account at the Accounting Division;
17. The Consul General should remit the amount of CAD\$56,252.23 EC\$142,880.66 in the passport account to the Immigration Department to be credited to the Consolidated Fund;

Management's (Ministry of Foreign Affairs etc.) response:

The sum of CAD\$46,318.85 EC\$93,480.33 was remitted by the Consulate to the Accountant General to be brought into account. This sum represented monies for emergency passports, postage and bank interest for prior years.

18. The Consul General should seek the requisite approval to collect fees for the certification of documents and proof of driver's permit for Vincentian nationals;

Consulate's response:

The Consulate is seeking permission through the Ministry.



Management's (Ministry of Foreign Affairs etc.) response:

The Ministry will ensure the requisite approval is requested.

19. The total of CAD\$1,400.00 EC\$3,556.00 deposited in the Consulate's Bank Account should be remitted to the Ministry of Foreign Affairs, International Trade and Regional Integration to be deposited into the Consolidated Fund.

Management's (Ministry of Foreign Affairs etc.) response:

The matter was discussed with the Consul General who has indicated that the moneys are still in the Consulate's account. However, the Ministry was assured that it will be remitted soonest to be brought into account at the Treasury.

4.10

We found that most of the recommendations under the control of the Consul General were implemented. However, there were recurrences of discrepancies and deviations related to operations under the control of the Ministry of Foreign Affairs etc. and Treasury and Accounting Services. It is imperative that attention is given towards the implementation of all of the recommendations which are geared towards direct improvement of the accounting processes.



RESULTS OF THE AUDIT FOR THE PERIOD OCTOBER 2015 TO OCTOBER 2017

4.11

The major findings of the audit at the Consulate, Toronto, for the period October 2015 to October 2017, are summarised as follows:

- A total of CAD\$10,560.18 EC\$22,483.68 refunded for Harmonise Sales Tax (HST) to the Consulate was credited to the advance account instead of the expenditure accounts, although statements of the amounts and accounts were prepared and submitted by the Consulate, to reverse the transactions already charged to the expenditure and cleared from the advance accounts.
- As at 30th November, 2017, a total of EC\$28,555.97 was not processed in the Accounting Division's (Treasury's) Accounts and EC\$11,991.13 was cleared in excess of the monthly expenses for the period audited;
- As at 30th November, 2017, a large balance of EC\$ 1,820,631.46 remained in the Advance Account;
- As at 31st October, 2017, the Consulate's bank statement showed that a large balance of CAD\$ 220,041.91 remained in the Toronto Consulate's Bank Account at TD Canada Trust.
- A total of EC\$67,782.56 and EC\$4,668.21 computed as excess in salaries and allowances, due to the fluctuating exchange rate, were credited and debited to personal emoluments and other expenditure accounts, respectively, and debited and credited to the advance account, resulting in an understatement/overstatement of the actual salaries and expenses in the



accounts and understatement/overstatement of the balance in the advance account, during the period under review.

- A total of CAD\$17,328.52 of the excess salaries and allowances was paid to the officers without the requisite approval from Cabinet.
- There is an absence of the authority to collect fees for the certification of documents and proof of driver's permit for Vincentian nationals; and
- There is still no record to show that funds collected for emergency passports were remitted to the Immigration Department during each financial year.

4.12 Based on the audit procedures, it was concluded that the activities at the SVG Consulate, Toronto were in all material respect, in compliance with the established criteria. However, the practices for accounting for expenditure and the differences in salaries and allowances in the Treasury and Accounting Services' accounts by the Accounts Officers at the Ministry of Foreign Affairs etc. and the Treasury Accounting Services, were contrary to the Government accounting procedures and the Finance Administration Act. The procedures used have contributed to an increased accumulative balance in the Advance Account and over/under statement of the expenditure accounts. Further, the audit concluded that since (i) all expenditures were not processed and charged to the relevant accounts; (ii) amounts in excess of the monthly expenditure submitted were charged to the accounts; (iii) and excess amounts for salaries and allowances were credited and debited to the personal emoluments and other expenditure accounts and the advance account, respectively, the actual expenditure reflected in the Consulate's expenditure and advance accounts is; therefore, inaccurate, at October 31, 2017.



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4.13

In addition, there was also need for serious improvement in the processing of the Consulate's Accounts by the staff responsible for the accounts at the Ministry of Foreign Affairs, etc. and proper scrutiny by the staff at the Accountant General's Office prior to the approval of transactions in SmartStream.

4.14

In order to improve the accounting process, the officer responsible for processing the accounts at the Ministry should engage in continued communication with the staff of the Consulate and Accountant General's Office, in the absence of clarity.

4.15

Further, serious attention should be given to the issues raised in the audit reports, since these have implications on the large balance in the Advance Account.

4.16

Therefore, to prevent recurrence of the forgoing issues, it is of utmost importance that efforts are made by the staff of the Ministry to ensure that:

1. Accountability is in accordance with the Finance Administration Act and Regulations, 2009; and
2. The audit recommendations are implemented to correct the deviations identified and improve the accounting process for the St. Vincent and the Grenadines Consulate, Toronto.



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Appendix I

STATEMENT OF AUTHORITIES FOR EXPENDITURE 2017

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

ESTIMATES:	Passed in the House of Assembly on 10th February, 2017	
APPROPRIATION ACT:	Enacted as Act No. 1 of 2017	\$976,760,622.00
GENERAL WARRANT:	Signed by the Honourable Minister of Finance on 13th February, 2017	
SPECIAL WARRANT:	Sixty-nine (69) Special Warrants totalling \$48,937,234.24 were approved by the Minister of Finance. \$48,937,234.24 remained unappropriated at the end of the financial year 2017.	
SUPPLEMENTARY APPROPRIATION:	Enacted as Act No. 10 of 2017	\$35,000,000.00
VIREMENT WARRANT:	A total of one hundred and fifty-six (156) Virement Warrants were approved to re-allocate a total of \$5,048,812.70 in financial year 2017.	

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*Appendix II***EXCESS EXPENDITURE FOR 2017 WITHOUT THE APPROPRIATE AUTHORITY**

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
AUTONOMOUS					
21111	Registry & High Court-Personal Emoluments	1,536,318.00	1,536,318.00	1,695,215.11	158,897.11
22212	Family Court- Operating Expenses	2,815.00	5,730.00	7,796.21	2,066.21
	SUB TOTAL	1,539,133.00	1,542,048.00	1,703,011.32	160,963.32
MINISTRY OF FINANCE					
27311	Pensions and Retiring Benefits - Retiring Benefits	56,000,000.00	56,000,000.00	59,383,729.45	3,383,729.45
	SUB TOTAL	56,000,000.00	56,000,000.00	59,383,729.45	3,383,729.45
MINISTRY OF NATIONAL SECURITY					
21111	Policy Planning and Admin. - Personal Emoluments	806,176.00	806,176.00	831,571.47	25,395.47
21113	Maritime Administration- Allowances	11,640.00	11,640.00	15,250.27	3,610.27
21111	Police General Administration - Personal Emoluments	24,764,878.00	24,764,878.00	24,968,665.55	203,787.55
21111	Fire Service - Personal Emoluments	2,707,660.00	2,707,660.00	2,817,894.34	110,234.34
21111	Coast Guard Service - Personal Emoluments	2,902,544.00	2,902,544.00	3,027,330.40	124,786.40
21113	Prisons - Allowances	244,000.00	244,000.00	291,835.79	47,835.79
22111	Prisons - Supplies and Materials	87,480.00	87,480.00	124,461.97	36,981.97
21111	Passport and Immigration Department-Personal Emoluments	2,200,872.00	2,200,872.00	2,202,173.32	1,301.32
	SUB TOTAL	33,725,250.00	33,725,250.00	34,279,183.11	553,933.11

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ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
MINISTRY OF AGRICULTURE					
22212	Research and Development- Personal Emoluments	1,054,122.00	1,054,122.00	1,060,316.71	6,194.71
21113	Rural Transformation Support Service - Allowances	5,040.00	5,040.00	8,557.23	3,517.23
	SUB TOTAL	1,059,162.00	1,059,162.00	1,068,873.94	9,711.94
MINISTRY OF HEALTH AND THE ENVIRONMENT					
21111	Policy Planning and Support Service - Personal Emoluments	2,476,785.00	2,476,785.00	2,544,890.08	68,105.08
21113	Policy Planning and Support Service - Allowances	670,510.00	670,510.00	678,181.99	7,671.99
22212	Policy Planning and Support Service - Operating Expenses	26,144.00	35,144.00	35,735.46	591.46
22311	Hospital Service - Local Travel Charges	322,158.00	322,158.00	335,937.50	13,779.50
21111	Environmental Health Service-Personal Emoluments	1,020,274.00	1,020,274.00	1,096,027.85	75,753.85
	SUB TOTAL	4,515,871.00	4,524,871.00	4,690,772.88	165,901.88
MINISTRY OF FOREIGN AFFAIRS					
21113	United Missions Mission-Allowances	0.00	0.00	4,344.00	4,344.00
22211	Foreign Missions-Maintenance Expenses	103,770.00	450,095.00	459,810.63	9,715.63
	SUB TOTAL	103,770.00	450,095.00	464,154.63	14,059.63
	TOTAL	95,884,024.00	96,242,264.00	100,520,851.69	4,288,299.33

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*Appendix III***EXCESS EXPENDITURE FOR 2017 DUE TO VIREMENT AND SPECIAL WARRANTS POSTING
ERRORS**

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
AUTONOMOUS DEPARTMENT					
22211	Office of the Dir. Of Public Prosecutions - Maintenance	3,240.00	(3,760.00)	10,122.88	13,882.88
	SUB TOTAL	3,240.00	(3,760.00)	10,122.88	13,882.88
OFFICE OF THE PRIME MINISTER					
21112	Policy Planning and Administration - Wages	35,000.00	40,880.00	40,931.1	51.10
22212	Government Printery – Operating Expenses	57,000.00	47,000.00	66,446.93	19,446.93
	SUB TOTAL	92,000.00	87,880.00	107,378.03	19,498.03
MINISTRY OF EDUCATION					
22212	Policy Planning and Administration ServiceS - Operating Expenses	463,515.00	383,515.00	532,927.93	149,412.93
	SUB TOTAL	463,515.00	383,515.00	532,927.93	149,412.93
MINISTRY OF NATIONAL SECURITY					
22111	Policy Planning and Admin. – Supplies and Materials	25,770.00	(1,450.00)	2,295.20	3,745.20
22231	Policy Planning and Admin. – Professional and Consultancy Service	22,923.00	2,923.00	6,632.19	3,709.19
21113	Electoral Office - Allowance	213,200.00	211,700.00	214,644.93	2,944.93
22111	Policy Planning and Admin. – Supplies and Materials	25,770.00	(1,450.00)	2,295.20	3,745.20
22231	Policy Planning and Admin. – Professional and Consultancy Service	22,923.00	2,923.00	6,632.19	3,709.19
21113	Electoral Office - Allowance	213,200.00	211,700.00	214,644.93	2,944.93
27221	Prisons – Social Assistance Benefit in Kind	6,400.00	400.00	4,426.87	4,026.87
22121	Aviation Services - Utilities	193,000.00	156,000.00	157,167.27	1,167.27
	SUB TOTAL	461,293.00	369,573.00	385,166.46	15,593.46



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ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
MINISTRY OF TRANSPORT AND WORKS					
22212	Electrical Inspectorate – Operating Expenses	4,682.00	3,682.00	4,154.92	472.92
	SUB TOTAL	4,682.00	3,682.00	4,154.92	472.92
MINISTRY OF HEALTH AND THE ENVIRONMENT					
22231	Policy Planning and Support Service - Professional and Consultancy Service	10,328.00	99,527.61	209,736.38	110,208.77
	SUB TOTAL	10,328.00	99,527.61	209,736.38	110,208.77
MINISTRY OF HOUSING, INFORMAL HUMAN SETTLEMENT					
22131	Policy Planning and Administration – Communication Expenses	18,671.00	17,065.00	20,277.00	3,212.00
	SUB TOTAL	18,671.00	17,065.00	20,277.00	3,212.00
	TOTAL	1,053,729.00	957,482.61	1,269,763.60	312,280.99



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