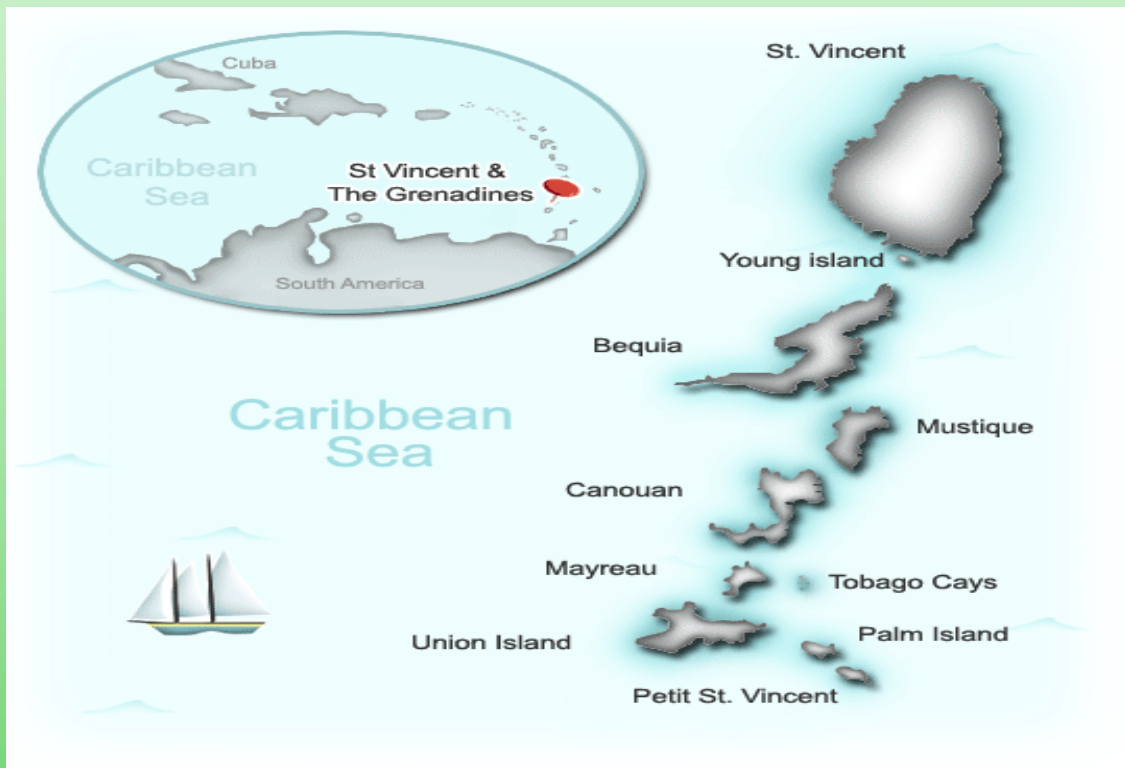




REPORT OF THE

DIRECTOR OF AUDIT



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

2016



*R*eport of the Director of Audit

On the

Public Accounts

Of

St. Vincent and the Grenadines

2016



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, 2016, for tabling in the House of Assembly.

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

Mrs. Joan Browne

DIRECTOR OF AUDIT

15th October, 2021



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, Statement of Detailed Revenue, Statement 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, 2016.

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, 2016, in accordance with cash basis of accounting.

Basis for Qualified Opinion

As described in the Public Debt Section of my report, Private Placement Bond of EC\$9,874,995.00 was excluded from the Statement of Public Debt. In addition, receipts for the following loans were excluded from Capital Revenue: ALBA Bank Loan of EC\$14,111,490.00; Caribbean Development Bank Loan of EC\$ 13,081,094.10 and CARICOM Development Fund Loan of EC\$ 502,891.24. If the Accountant General had included these amounts, the Public Debt would have

been increased by EC\$9,874,995.00 and Capital Revenue and Expenditure would have increased by EC\$ 27,695,475.34 for the financial year.

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 identify during my audit.



Mrs. Joan Browne

DIRECTOR OF AUDIT

AUDIT OFFICE

SAINT VINCENT AND THE GRENADINES

15th October, 2021

Table of Contents

Chapter 1

Page

INTRODUCTION

- Audit Mandate.....3
- Responsibility of the Public Accounts Committee4
- Audit Office Activities.....4
- Acknowledgement.....6

Chapter 2

ANALYSIS OF GOVERNMENT'S FINANCIAL STATEMENTS

- Introduction of a new Chart of Accounts in 2016.....7
- Scope of the Audit.....8
- Methodology.....9
- Analysis of the Financial Statements.....10
- Appropriation and Supplementary Appropriation Acts.....10

STATEMENT OF ANNUAL ABSTRACT

- OVERALL BUDGET..... 11
 - Recurrent Expenditure.....12
 - Capital Expenditure.....12
 - Accountant General's Comment.....12
- OVERALL BUDGET OUT-TURN.....13
 - Revenue.....14
 - Expenditure.....14
- RECURRENT BUDGET OUT- TURN.....14
- CAPITAL BUDGET OUT-TURN.....15
- SURPLUS.....16

STATEMENT OF DETAILED REVENUE

• DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN	19
• REVENUE (RECURRENT AND CAPITAL) OUT-TURN	19
• DETAILS OF RECURRENT REVENUE.....	24
• TAXES.....	24
• COMPOSITION OF TAX REVENUE.....	26
○ Taxes on Income and Profit.....	26
○ Taxes on Property.....	27
○ Taxes on Goods and Services/Licences.....	27
○ Taxes on International Trade and Transactions.....	28
○ Other Taxes.....	28
• COMPOSITION OF SOCIAL CONTRIBUTIONS.....	28
○ Social Security Contributions.....	28
• COMPOSITION OF OTHER REVENUE.....	28
○ Property Income.....	28
○ Sale of Goods and Services.....	29
○ Fine Penalties and Forfeits.....	29
○ Transfers not elsewhere classified.....	29
• DETAILED CAPITAL REVENUE.....	29

STATEMENT OF DETAILED EXPENDITURE

• DETAILS OF TOTAL EXPENDITURE 2016	33
• DETAILS OF RECURRENT EXPENDITURE.....	34
• RECURRENT EXPENDITURE 2015 VS. 2016.....	36
○ Excess Expenditure under Recurrent Expenditure Accounts.....	38
• DETAILS OF CAPITAL EXPENDITURE 2016.....	38

STATEMENT OF ASSETS AND LIABILITIES

• NOTES TO THE FINANCIAL STATEMENTS.....	42
• LIABILITIES.....	43
○ Overdraft Current Account.....	43
○ Unreconciled Cash – Current Account	43
○ Unreconciled Cash – Current and Development Account	43

○ Union Island Sub-Treasury.....	43
○ Crown Agent.....	44
○ Loans.....	44
○ Balancing Accounts	44
○ Salary Clearing.....	44
● RECOMMENDATIONS.....	45
● ASSETS.....	45
○ Cash at Bank.....	45
○ Development Account.....	45
○ Sub Treasuries.....	46
○ Cash-Short Term Deposits.....	46
● ADVANCES.....	47
○ Outstanding Imprest.....	47
○ Public Debt Investment Account.....	47
○ Receivables.....	48
● CONSOLIDATED FUND.....	48
● RECOMMENDATIONS.....	49

STATEMENT OF GENERAL DEPOSIT

● OTHER GOVERNMENTS.....	50
● STATUTORY BODIES.....	51
● DEPOSIT- DEPARTMENTAL ACCOUNTS.....	51
● DEPOSITS – INDIVIDUALS	51
● DEPOSITS – LOCAL GOVERNMENTS.....	52
● RECOMMENDATIONS.....	52

STATEMENT OF INVESTMENTS

● INVESTMENTS.....	53
● TRUST FUND.....	53
● SINKING FUND.....	54
● Accountant General’s Response.....	54
● SPECIAL FUNDS.....	54
● SPECIAL DEPOSITS.....	55

- Fiscal Reserve Accounts ECCB.....55
- RECOMMENDATION.....55

STATEMENT OF PUBLIC DEBT

- PUBLIC DEBT 2016.....56
 - Domestic Loan and Receipts.....56
 - Accountant General’s Response.....57
 - Treasury Bills.....57
 - Accountant General’s Response.....57
 - External Loan Receipts, Capital Revenue and Public Debt Statement.....58
 - Accountant General’s Response.....58
 - External Public Debt Statement Vs. Capital Revenue Statement60
 - Accountant General’s Response.....61
 - Cost of Servicing Public Debt.....61
- PUBLIC DEBT AND DEBT SERVICING 2012 -2016.....62
- RECOMMENDATIONS.....63

STATEMENT OF ADVANCES

- OTHER GOVERNMENTS.....65
- GOVERNMENT OFFICERS.....66
- DEPARTMENTAL ADVANCES.....66
 - OTHER ADVANCES.....67
- RECOMMENDATIONS.....67

Chapter 3

GENERAL OBSERVATIONS AND NON-COMPLIANCE ISSUES

- Responsibility of Management of the Audited Entities.....69
- General Observations and Non-Compliance.....69
- Vote Books.....71
- Arrears of Revenue Returns71
- Return of Receipt Books.....72
- Motor Vehicle Log Books and Garage Register.....72

- Equipment Ledger and Inventories.....72
- Surprise Cash Surveys.....73
- Imprests.....73
- Virement Warrants.....74
- Special Warrants and Contingencies Fund.....74
- Audit Queries.....75

Chapter 4

AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

- **MINISTRY OF AGRICULTURE ETC.**
 - New Grounds Agricultural Station.....76
- **AUTONOMOUS**
 - HOUSE OF ASSEMBLY.....77
 - REGISTRY AND HIGH COURT.....78
 - Court – Connected Mediation Programme.....79
 - MAGISTRACY.....83
 - Criminal Suit.....84
 - Forfeiture of Cash.....85
 - Expenditure Accounts.....85
 - Liquor Licence.....85
- **MINISTRY OF FOREIGN AFFAIRS, FOREIGN TRADE AND CONSUMER AFFAIRS**
 - **OVERSEAS OFFICES**.....86

APPENDICES

- Audit Queries.....I
- Statement of Authorities for Expenditure 2016II
- Excess Recurrent Expenditure 2016.....III
- Financial Statements.....IV



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines for the Period 1st January to 31st December 2016

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 2016 are included in this report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

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 2016.

1.6

Chapter 2 consist 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, 2016, 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 –



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

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. 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

1.14

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 2016

1.15 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

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

1.17 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 for the financial year 2016.

AUDIT OFFICE ACTIVITIES

1.18 Compliance Audits were carried out at various Ministries and Departments, the Grenadines and Overseas Offices. In addition, the Audit Office continued to verify salaries, pension and gratuity payments. The audit of pension and gratuity payments is



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

the only activity of a pre-audit nature that is undertaken by the Office. Also, surprise cash surveys were conducted at 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 Ministries, Departments and Overseas Offices during the fiscal year were analysed and are included in chapter 4 of the report.

1.19

In addition to the audits of the Ministries and Departments, some Audit Officers were involved in several professional development seminars and workshops, both locally and overseas, during the course of the year. The attendance of staff at these regional workshops facilitates the sharing of knowledge and experiences with practitioners and other experts in auditing, which should enhance the capabilities of staff and the operations of the Office.

1.20

In October 2016, the Office returned to its facilities upstairs the Registry, Halifax Street, on completion of improvement to the physical environment of the Audit Office, after three (3) years at the Voyagers Building. We appreciate and thank the Government, Ministries of Finance and Transport and Works and BRAGSA for the improved accommodation provided for the Office.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

ACKNOWLEDGEMENT

1.21

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, 2016.

2.2

INTRODUCTION OF A NEW CHART OF ACCOUNTS IN 2016

The Government of St. Vincent and the Grenadines currently operates under a hybrid accounting framework between Cash and Accrual basis, by which revenues and expenditures are recognised when cash flow takes place and liabilities are tracked through the Control Accounts in the General Ledger and reported in the Balance Sheet. Therefore, in 2016, the Government's Chart of Accounts was revised to facilitate for the accounting basis used, with a view to being able to transition to an accrual framework, should the Government decide to proceed in this manner; however, to date, there has been no change to the structure of the Government's financial statements prepared, certified and submitted by the Accountant General.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.3

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.

2.4

The financial statements were submitted for the financial year ended December 31, 2016, by the Accountant General on the 28th April and 2nd May, 2017.

2.5

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.

SCOPE OF THE AUDIT

2.6

The financial statements for the year ended 2016, 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 Expenditure
- Statement of Asset and Liabilities
- Statement of General Deposits
- Statement of Investments
- Statement of Public Debt
- Statement of Advances



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.7

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 Contingent Liabilities of the Government
- Statement of arrears of revenue by detailed object code
- Statement of Special Fund

METHODOLOGY

2.8

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.



ANALYSIS OF THE FINANCIAL STATEMENTS

2.9

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

APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS

2.10

The Appropriation Act No. 1 of 2016 was passed in the House of Assembly on February 24, 2016, authorising total expenditure of \$912,738,496.00. The total expenditure appropriated by Parliament comprised Recurrent Expenditure of \$715,069,526.00 and Capital Expenditure of \$197,668,970.00. In 2016, seventy-three (73) Special Warrants, totalling \$35,780,992.98 were approved by the Minister of Finance to supplement the budgetary estimates; however, this amount was not submitted for the approval of the House of Assembly at the end of financial year 2016.

2.11

Additionally, the total of \$ 35,780,992.98 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.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

STATEMENT OF ANNUAL ABSTRACT

OVERALL BUDGET

2.12

The Statement of Annual Abstract consist of Recurrent and Capital Revenue and Recurrent and Capital Expenditure which are classified by accounts. The original projected expenditure of \$912,738,496.00, which comprised of Recurrent Expenditure of \$715,069,526.00 and Capital Expenditure of \$197,668,970.00 was approved by Appropriation Act No.1 of 2016 for the fiscal year 2016. The difference of \$158,815.00 between the amount of \$715,069,526.00 approved for Recurrent Expenditure by Appropriation Act and the amount of \$715,228,341.00 reflected as in the Estimates of Revenue and Expenditure and the financial statement for 2016, is attributable to the Governor General's Emoluments and allowances which is 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 financial statement has shown that the estimates for Recurrent and Capital Expenditure of \$912,897,311.00 was revised by \$35,765,289.09 to \$948,662,600.09; however, the revised estimates when compared to the total of \$35,780,992.98 approved by Special Warrants was understated by \$15,708.89 due mainly to the following errors in the Government's Accounting System –SmartStream:



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.14

Recurrent Expenditure

Net Understatement - \$16,160.00

- Virement Warrant No. 31/16, for an amount of \$4,500.00 was debited to Account No. 1 60 22231 under Commerce and Intellectual Property Office; however, Virement Warrant No. 31/16 was not approved in financial year 2016; resulting in an overstatement of the revised estimates by \$4,500.00; and
- An amount of \$38,000.00 was approved to be vired from Account No. 65 653 22121 to Account No. 65 653 22311 by Virement Warrant No. 79/2016, under the Ministry of Health. An amount of \$17,340.00 instead of \$38,000.00 was debited to Account No. 65 653 22311; resulting in an understatement of the revised estimates by \$20,660.00.

2.15

Capital Expenditure

Overstatement- \$450.00

- An amount of \$134,270.00 was approved by Special Warrant No 23/16 to supplement Account No. 85 851601 3895 3039 under the Ministry of Foreign Affairs, etc. However, the amount of \$134,720.00 instead of \$134,270.00 was posted in SmartStream; resulting in an overstatement of the revised estimates by \$450.00.

2.16

Accountant General's Comment:

We have since instituted measures which require that all Special and Virement Warrants be checked for accuracy after they are processed by the Ministry of Finance.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

OVERALL BUDGET OUT - TURN

REVENUE

\$736,047,983.85

2.17

The actual revenue of \$736,047,983.85 which comprised of Recurrent Revenue of \$592,580,205.93 and Capital Revenue of \$143,467,777.92 was collected to finance expenditure for the financial year ended 2016. The total revenue fell short of its estimates of \$912,897,311.00 by \$176,849,327.15, and grew by \$58,270,508.35 or 8.5 percent when compared to the revenue collected in financial year 2015. The increase was due to significant improvement in all components of Recurrent Revenue, with receipts from Taxes on Income and Profits and Capital Gains, Taxes on Property and Taxes on International Trade and Transaction being the highest contributors, as shown in the financial statement at Appendix IV.

2.18

Table 1 shows actual revenue versus estimated revenue for 2016 and actual revenue for 2016 as compared to 2015.

Table 1

Item a	Estimate 2016 (\$) b	Actual Revenue 2016 (\$) c	Actual Revenue 2015 (\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Revenue	564,627,600.00	592,580,205.93	519,122,902.18	73,457,303.75
Capital Revenue	348,269,711.00	143,467,777.92	158,654,573.32	(15,186,795.40)
Total	912,897,311.00	736,047,983.85	677,777,475.50	58,270,508.35



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

EXPENDITURE

\$ 714,263,816.24

2.19

Actual expenditure of \$ 714,263,816.24, which comprised of Recurrent Expenditure of \$636,102,067.11 and Capital Expenditure of \$78,161,749.13 was realised for the financial year. The total expenditure was \$3,623,303.58 more than the actual expenditure for 2015.

RECURRENT BUDGET OUT - TURN

2.20

The estimates of Recurrent Expenditure of \$715,228,341.00 was recorded as \$715,228,346.00 on the Statement of Recurrent Expenditure, an overstatement of \$5.00 on the original and revised estimates. In addition, the statement showed that the Recurrent Estimate was revised by \$8,673,249.12 instead of \$8,689,408.37 which was approved by Special Warrants for the financial year 2016, a difference of \$16,160.00, as highlighted at paragraphs 2.14.

2.21

The Estimates of Revenue and Expenditure projected a deficit of \$150,600,741.00 on the Recurrent Budget. The actual deficit of \$43,521,861.18 over the actual Recurrent Revenue of \$592,580,205.93 and Recurrent Expenditure of \$636,102,067.11, was realised on the Recurrent Budget for 2016, as depicted in Table 1.1. This was due to the growth in actual Recurrent Revenue and a reduction in recurrent spending over the projections.



2.22

Table 1.1 Depicts the Actual Out-turn of Recurrent Budget for 2016.

Table 1.1

ITEM	ORIGINAL ESTIMATE (\$)	ACTUAL (\$)
Recurrent Revenue	564,627,600.00	592,580,205.93
Recurrent Expenditure	715,228,341.00	636,102,067.11
(Deficit)	(150,600,741.00)	(43,521,861.18)

CAPITAL BUDGET OUT - TURN

2.23

The financial statement has shown that the initial Capital Expenditure budget of \$197,688,970.00 was revised by \$27,092,034.97 to \$224,761,004.97; however, the revised amount was not approved via Supplementary Appropriation in financial year 2016.

2.24

A surplus of \$65,306,028.79 over the actual Capital Revenue of \$143,467,777.92 and actual Capital Expenditure of \$78,161,749.13 was realised for the financial year, \$85,294,712.21 less than the original projected surplus of \$150,600,741.00, as shown in Table 1.2.

2.25

Table 1.2 Depicts the Actual Out-Turn of Capital Budget for 2016.



Table 1.2

ITEM	ORIGINAL PROJECTIONS (\$)	ACTUAL (\$)
Capital Revenue	348,269,711.00	143,467,777.92
Capital Expenditure	197,668,970.00	78,161,749.13
Surplus	150,600,741.00	65,306,028.79

SURPLUS

\$21,784,167.61

2.26

Actual revenue of \$736,047,983.85 exceeded actual expenditure of \$714,263,816.24, resulting in a surplus of \$21,784,167.61 on the budget for the financial year. The improvement from a deficit of \$32,863,037.16 in 2015 to a surplus in 2016, was due to a growth in Recurrent Revenue and a reduction in capital spending. A summary of Government's financial performance over the past five (5) years is shown in Table 1.3.

2.27

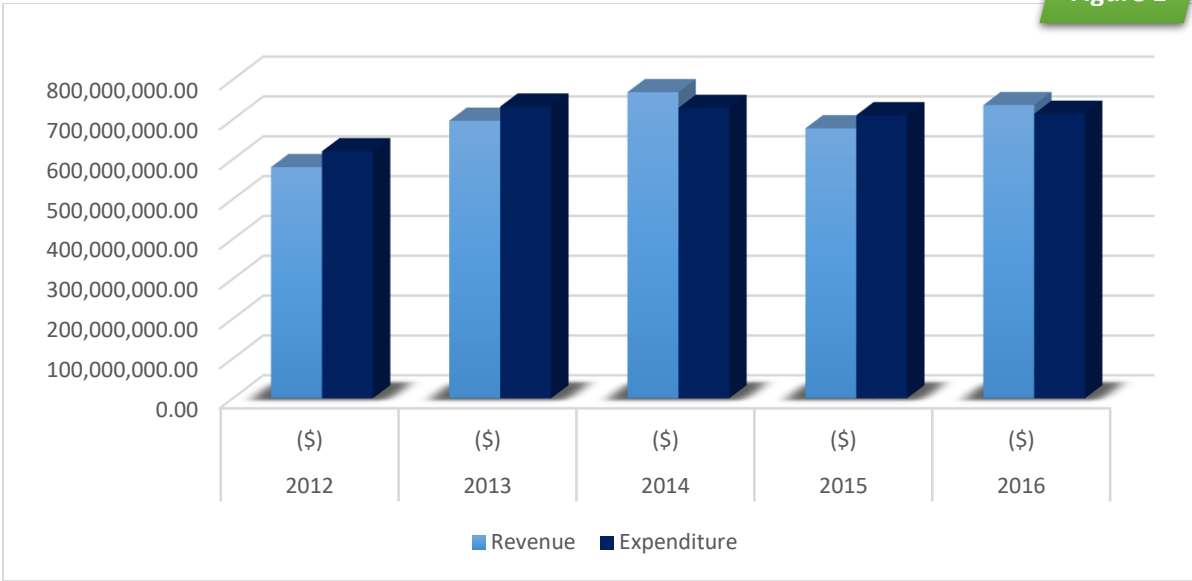
Table 1.3 and Figure 1 depict a Summary of Government's Financial Position over the five (5) years period 2012 to 2016.

Table 1.3

Year	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
Revenue	580,436,470.88	696,774,689.87	768,399,791.26	677,777,475.50	736,047,983.85
Expenditure	620,113,321.89	732,449,903.68	728,988,240.28	710,640,512.66	714,263,816.24
(Deficit)/Surplus	(39,676,851.01)	(35,675,213.81)	39,411,550.98	(32,863,037.16)	21,784,167.61



Figure 1



2.28

The actual budget out-turn for 2016 with comparison of the original estimate and comparison with actual revenue of 2015 are displayed in Table 1.4 and 1.5, respectively.

2.29

Table 1.4 shows the actual budget out-turn for the year as compared to the original estimates 2016.

Table 1.4

ITEM	ORIGINAL ESTIMATE 2016 (\$)	ACTUAL 2016 (\$)
Recurrent Revenue	564,627,600.00	592,580,205.93
Recurrent Expenditure	715,228,346.00	636,102,067.11
(Deficit)	(150,600,741.00)	(43,521,861.18)
Capital Revenue	348,269,711.00	143,467,777.92
Capital Financing	197,668,970.00	99,945,916.74
Capital Expenditure	197,668,970.00	78,161,749.13
Surplus	150,600,741.00	21,784,167.61



2.30

Table 1.5 shows a comparison of the budget out- turn for 2015 and 2016.

Table 1.5

ITEM	ACTUAL 2015 (\$)	ACTUAL 2016 (\$)
Recurrent Revenue	519,122,902.18	592,580,205.93
Recurrent Expenditure	611,411,781.39	636,102,067.11
(Deficit)	(92,288,879.21)	(43,521,861.18)
Capital Revenue	158,654,573.32	143,467,777.92
Capital Financing	66,365,694.11	99,945,916.74
Capital Expenditure	99,228,731.27	78,161,749.13
Surplus/(Deficit)	(32,863,037.16)	21,784,167.61



STATEMENT OF DETAILED REVENUE

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

REVENUE (RECURRENT AND CAPITAL) OUT-TURN

2.31

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.

2.32

The total estimated revenue for 2016 was \$912,897,311.00. Recurrent Revenue was expected to yield \$564,627,600.00 or 62 percent and Capital \$348,269,711.00 or 38 percent. The overall revenue for the year totalled to \$736,047,983.85. This amount represented 80.6 percent of the estimated revenue of \$912,897,311.00, resulting in a short fall of \$176,849,327.15 or 19.4 percent. The actual Recurrent Revenue realised was \$592,580,205.93 or 80.5 percent and Capital Revenue totalled \$143,467,777.92 or 19.5 percent of the actual revenue.

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.33

Table 1.6 shows the Actual Revenue Vs the Original Estimates for 2016.

Table 1.6

DETAILS OF REVENUE	ESTIMATES 2016 \$	ACTUAL 2016 \$	EXCESS/(SHORTFALL) \$
RECURRENT REVENUE			
<i>Taxes:</i>			
Taxes on Income and Profits	138,500,000.00	155,826,235.61	17,326,235.61
Taxes on Property	38,700,000.00	45,111,116.79	6,411,116.79
Taxes on International Trade and Transactions	142,380,200.00	145,096,392.03	2,716,192.03
Taxes on Goods and Services/Licenses	159,663,200.00	152,121,644.08	(7,541,555.92)
Other Taxes	3,115,700.00	2,397,698.12	(718,001.88)
Sub Total	482,359,100.00	500,553,086.63	18,193,986.63
<i>Social Contributions</i>			
Social Security Contributions	50,000.00	34,023.00	(15,977.00)
Sub Total	50,000.00	34,023.00	(15,977.00)
<i>Other Revenue</i>			
Property Income	6,391,200.00	16,881,695.16	10,490,495.16
Sale of Goods and Service	64,147,300.00	60,884,891.94	(3,262,408.06)
Fines Penalties and Forfeits	1,130,000.00	1,044,726.47	(85,273.53)
Transfers not elsewhere Classified	2,550,000.00	2,905,966.96	355,966.96
Other Revenue not Elsewhere classified	8,000,000.00	10,275,815.77	2,275,815.77
Sub Total	82,268,500.00	91,993,096.30	9,774,596.30
Total Recurrent Revenue	564,627,600.00	592,580,205.93	27,952,605.93



DETAILS OF REVENUE	ESTIMATES 2016 \$	ACTUAL 2016 \$	EXCESS/(SHORTFALL) \$
CAPITAL REVENUE			
<i>Domestic Receipts</i>			
Capital Receipts	1,000,000.00	1,468,365.79	468,365.79
Other Capital Receipts	160,902,751.00	2,265,000.00	(158,637,751.00)
Local Loans	46,739,890.00	19,510,575.96	(27,229,314.04)
Sub Total- Domestic Receipts	208,642,641.00	23,243,941.75	(185,398,699.25)
<i>External Receipts</i>			
Grants	53,725,370.00	54,678,809.86	953,439.86
External Loans	85,901,700.00	65,545,026.31	(20,356,673.69)
Sub Total-External Receipts	139,627,070.00	120,223,836.17	(19,403,233.83)
Total Capital Revenue	348,269,711.00	143,467,777.92	(204,801,933.08)
Total Revenue	912,897,311.00	736,047,983.85	(176,849,327.15)

2.34 The actual revenue increased by \$58,270,508.35 or 8.5 percent when compared to the financial year 2015. This was due to the improvement in some of the components of Tax and Non-Tax Revenue in 2016, with Taxes on Income and Profits and Capital Gains contributing the largest increase, while Capital Revenue showed a decrease by 9.5 percent over 2015.

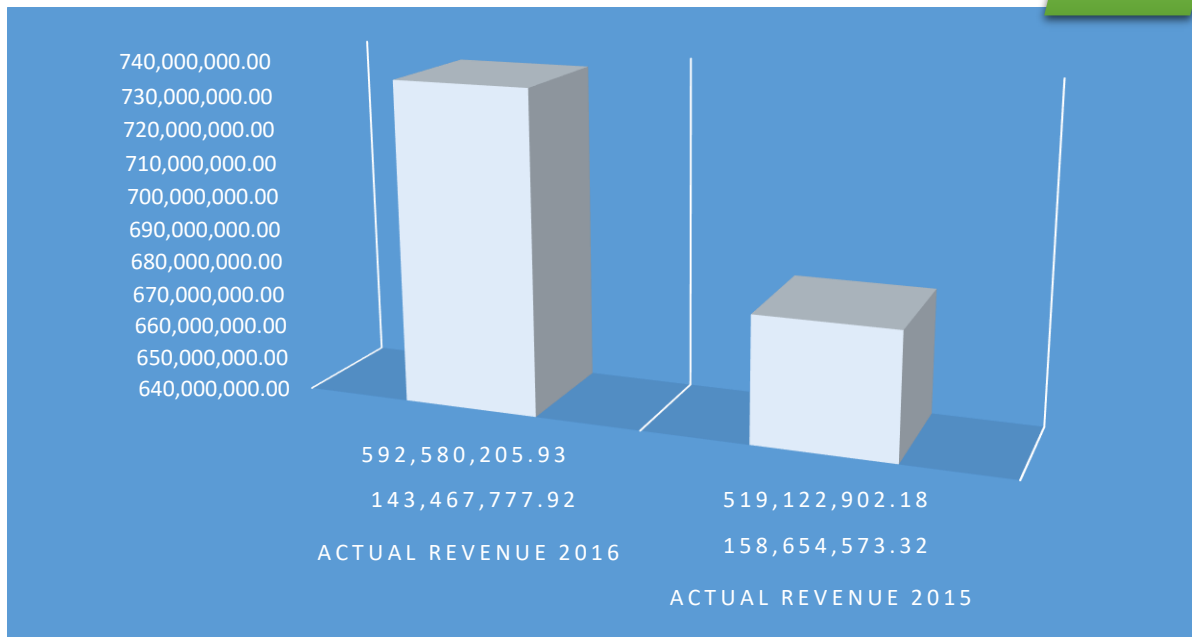
2.35 Table 1.7 and Figure 1.1 show revenue collected for the financial year 2016 with comparative figure for the financial year 2015.



Table 1.7

Details of Revenue	Actual Revenue 2016 \$	Actual Revenue 2015 \$	(Decrease)/Increase \$
Recurrent Revenue	592,580,205.93	519,122,902.18	73,457,303.75
Capital Revenue	143,467,777.92	158,654,573.32	(15,186,795.40)
Total Revenue	736,047,983.85	677,777,475.50	58,270,508.35

Figure 1.1



2.36

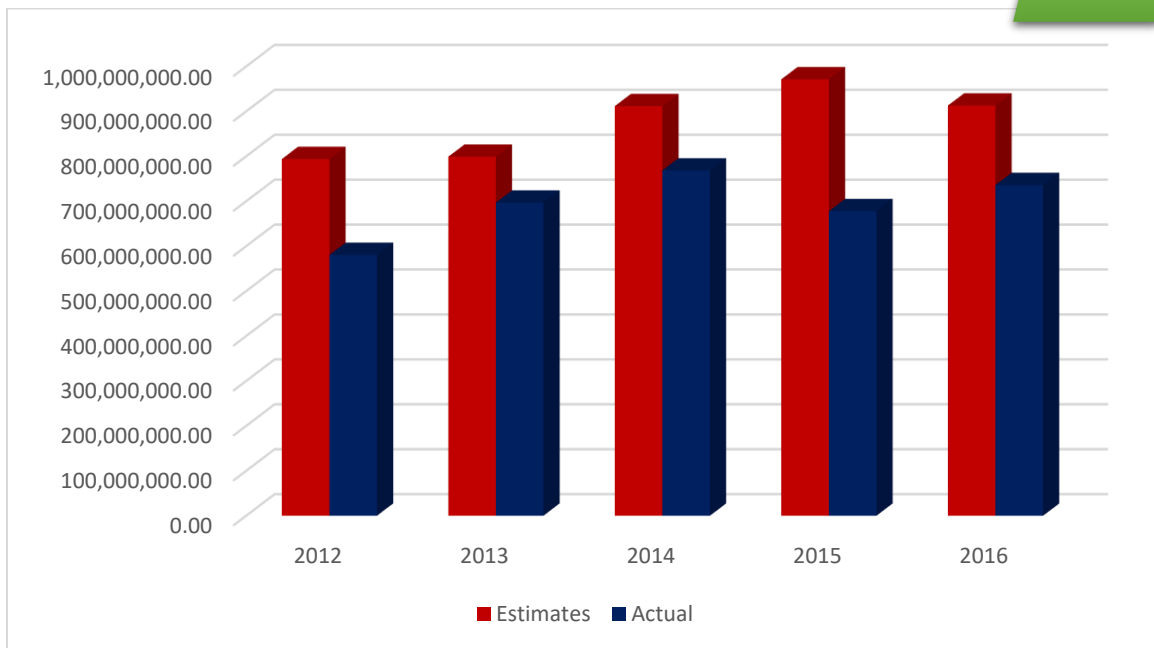
A comparison of estimates and actual revenue for the years 2012-2016, is depicted in Table 1.8 and Figure 1.2 with financial year 2015 showing the largest shortfall.



Table 1.8

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
2012	793,911,053.00	580,436,470.88	213,474,582.12
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

Figure 1.2





AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

DETAILS OF RECURRENT REVENUE 2016 **\$592,580,205.93**

2.37

Recurrent Revenue is comprised of three (3) categories- Taxes, Social Contributions and Other Revenue. Taxes is comprised of five (5) items, Social Contributions has one (1) item, while Other Revenue consists of five (5) items. The total Recurrent Revenue collected was \$592,580,205.93. This was \$27,952,605.93 or 4.9 percent surplus of the estimated Recurrent Revenue. The figure is comprised of Taxes of \$500,533,086.63, Social Contributions of \$34,023.00 and Other Revenue \$91,993,096.30, as detailed in the ensuing paragraphs. The Recurrent Revenue grew by 14.1 percent of the amount of \$519,122,902.18 collected during 2015.

TAXES **\$500,533,086.63**

2.38

Taxes exceeded its estimates of \$482,359,100.00 by \$18,193,986.63, which was due to excess collections in Taxes on Income, Profits & Capital Gains, Taxes on Property and Taxes on International Trade & Transactions.

2.39

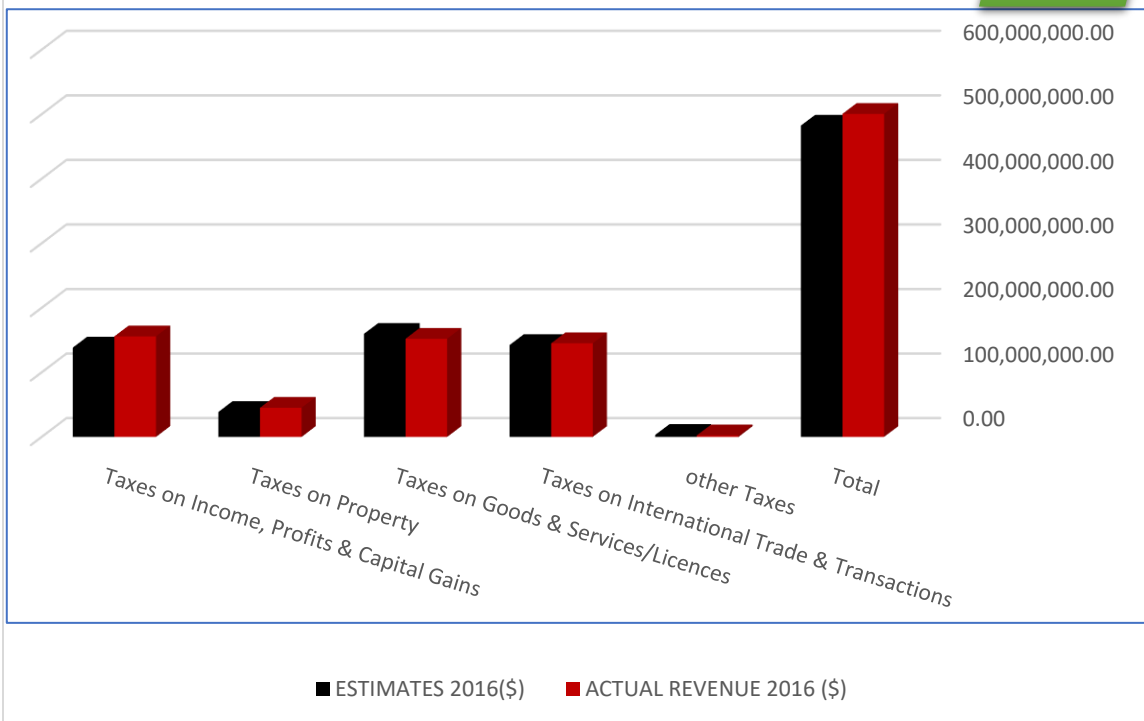
The composition of the estimates and actual revenue collected for Taxes in 2016 is shown in Table 1.9 and Figure 1.3.



Table 1.9

DETAILS OF REVENUE	ESTIMATES 2016 (\$)	ACTUAL REVENUE 2016 (\$)	Surplus/(Shortfall) (\$)
Taxes on Income, Profits & Capital Gains	138,500,000.00	155,826,235.61	17,326,235.61
Taxes on Property	38,700,000.00	45,111,116.79	6,411,116.79
Taxes on Goods & Services/Licences	159,663,200.00	152,121,644.08	(7,541,555.92)
Taxes on International Trade & Transactions	142,380,200.00	145,096,392.03	2,716,192.03
Other Taxes	3,115,700.00	2,397,698.12	(718,001.88)
TOTAL	482,359,100.00	500,553,086.63	18,193,986.63

Figure 1.3





COMPOSTION OF TAXES REVENUE

Taxes on Income, Profits and Capital Gains **\$155,826,235.61**

2.40

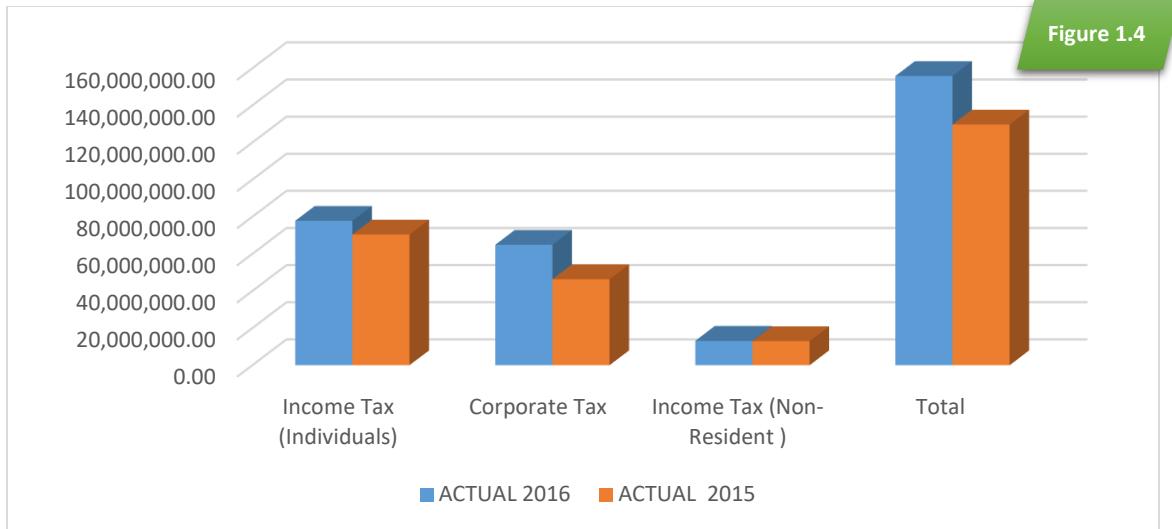
A total of \$155,826,235.61 was collected in revenue for Taxes on Income, Profits and Capital Gains. The total revenue exceeded the estimated amount of \$138,500,000.00 by \$17,326,235.61. The revenue recorded in 2016 in comparison with 2015, grew by \$26,124,672.12. This was due to the increased collection of revenue from individuals, corporations and non-residents as withholding tax. The audit could not ascertain the portion of revenue which comprised arrears.

2.41

A comparison of collections of Taxes on Income on Profits and Capital Gains for 2016 and 2015 shows that there was a growth of \$26,124,672.12 in revenue for 2016, as shown in the Table 1.10 and Figure 1.4.

Table 1.10

ITEM	ACTUAL 2016 (\$)	ACTUAL 2015 (\$)	EXCESS/(SHORTFALL) (\$)
Taxes on Income, Profits and Capital Gains			
Income Tax (Individuals)	77,797,076.03	70,432,697.72	7,364,378.28
Corporate Tax	64,893,007.85	46,308,293.26	18,584,714.59
Income Tax (Non-Resident)	13,136,151.73	12,960,572.51	175,579.22
Total	155,826,235.61	129,701,563.49	26,124,672.12



2.42

Taxes on Property

\$45,111,116.79

The items under Taxes on Property increased from two (2) in 2015 to four (4) in 2016. Two (2) items under this category, Property Tax and Estate and Succession Duty did not meet their estimated projections. The actual revenue of \$45,111,116.79 exceeded the estimates of \$38,700,000.00 by a net amount of \$6,411,116.79.

2.43

Taxes on Goods and Services/Licences

\$152,121,644.08

This category of taxes has shown the addition of Licences for 2016 when compared to 2015. The revenue of \$152,121,644.08 recorded a shortfall of \$7,541,555.92 from its estimated projection of \$159,663,200.00. Six (6) items under this category exceeded their estimated budgeted projections for 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.44

Taxes on International Trade and Transactions **\$145,096,392.03**

Revenue from International Trade and Transactions totalled \$145,096,392.03, \$2,716,192.03 more than the estimates of \$142,380,200.00. Four (4) of the six (6) items under this category exceeded the projections for the fiscal year 2016.

2.45

Other Taxes **\$2,397,698.12**

Revenue of \$2,397,698.12 collected under this item recorded a shortfall of \$718,001.88 from its estimates of \$3,115,700.00.

COMPOSITION OF SOCIAL CONTRIBUTIONS

2.46

Social Security Contributions **\$34,023.00**

The statement shows only one (1) item under Social Contributions – Pension Contributions. The actual revenue collection of \$34,023.00 showed a shortfall of \$15,977.00 or 68% of the estimated projection for the financial year 2016. The actual revenue for 2016 derived from Pension Contributions fell short by \$8,177.30, when compared to the previous year's figure of \$42,200.30.

COMPOSITION OF OTHER REVENUE

2.47

Property Income **\$16,881,695.16**

Revenue derived from Property was \$16,881,695.16, \$10,490,495.16 more than its estimates of \$6,391,200.00. Eight (8) of the sixteen (16) items recorded revenue in excess of their estimates. In addition, revenue was received under one (1) item totalling \$2,944.41, although the account was not approved by Parliament.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Sale of Goods and Services **\$60,884,891.94**

2.48

Revenue of \$60,884,891.94 collected from Sales of Goods and Services fell short its budgetary allocations of \$64,147,300.00 by \$3,262,408.06.

Fine Penalties and Forfeits **\$1,044,726.47**

2.49

Revenue of \$1,130,000.00 was projected for the financial year 2016; however, the amount collected fell short by \$85,273.53.

Transfers Not Elsewhere Classified **\$2,905,996.96**

2.50

The two (2) items under this Revenue were Reimbursement and Repayment of Loans. The actual revenue of \$2,905,996.96 collected under this item was \$355,996.96 more than the estimated amount of \$2,550,000.00. This was a significant increase of \$1,832,994.05 or 58 percent of the 2015 revenue.

Other Revenue Not Elsewhere Classified **\$10,275,815.77**

2.51

Revenue under this category was recorded as \$10,275,815.77 which exceeded its budgetary projection of \$8,000,000.00 by \$2,275,815.77 or 28.4 percent.

DETAILED CAPITAL REVENUE **\$143,467,777.92**

2.52

Capital Revenue of \$348,269,711.00 was projected for the financial year 2016 to be derived from Domestic Receipts of \$208,642,641.00 and External Receipts of \$139,627,070.00. A total of \$143,467,777.92 was recorded as Capital Revenue for 2016, with Domestic and External financing contributed \$54,463,521.75 and \$89,004,256.17, respectively, resulting in a net negative variance of \$204,801,933.08 as depicted in Table 1.11 and Figure 1.5.

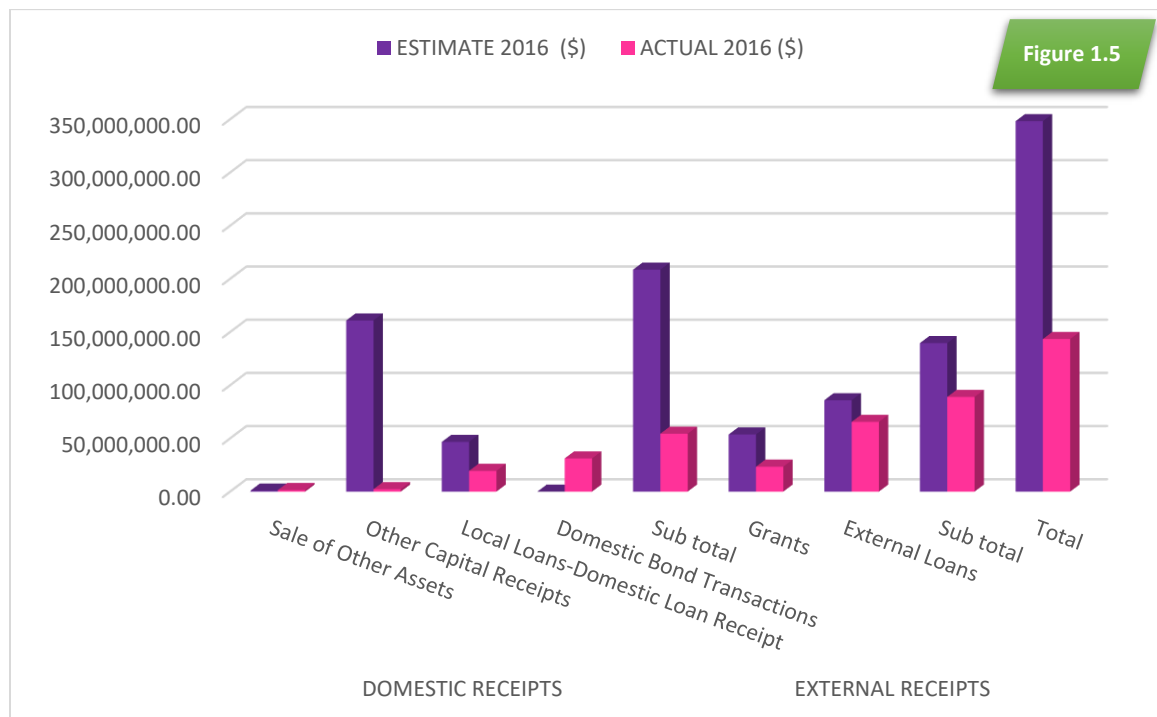


2.53

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

Table 1.11

TYPES OF FUNDS	ESTIMATE 2016 (\$)	ACTUAL 2016 (\$)	VARIANCE Increase/(shortfall) (\$)
Domestic Receipts			
Sale of Other Assets	1,000,000.00	1,468,365.79	468,365.79
Other Capital Receipts	160,902,751.00	2,265,000.00	(158,637,751.00)
Local Loans-Domestic Loan Receipt	46,739,890.00	19,510,575.96	(27,229,314.04)
Domestic Bond Transactions	-	31,219,580.00	31,219,580.00
Sub total	208,642,641.00	54,463,521.75	(154,179,119.25)
External Receipts			
Grants	53,725,370.00	23,459,229.86	(30,266,140.14)
External Loans	85,901,700.00	65,545,026.31	(20,356,673.69)
Sub total	139,627,070.00	89,004,256.17	(50,622,813.83)
Total	348,269,711.00	143,467,777.92	(204,801,933.08)





2.54

The Statement of Capital Revenue has shown that External Loans of \$65,545,026.31 was the highest contributor of Public Sector Investment financing, which contributed 45.7 percent of the Capital Revenue for 2016. Only Sale of Assets exceeded its budgetary projections of \$1,000,000.00 by \$468,365.79. The actual collection for all other sources of Capital Revenue was less than the budgeted allocations for the fiscal year, as is depicted in Table 1.11.

2.55

In addition, \$80,998,240.57 or 56.4 percent of the total financing was received under five (5) sources of Capital Revenue, which were not approved by Parliament for the financial year, as shown in Table 1.12.

Table 1.12

Account	Description	Actual \$
33141 3303	Domestic Bond Transaction Receipt	31,219,580.00
13121 1399	Other Grants	2,000,000.00
13221 1501	CARICOM Community Secretariat	134,294.31
33241 2226	Eastern Caribbean Central Bank	32,000,000.00
33241 3347	External Loan Receipts	15,644,366.26
TOTAL		80,998,240.57

2.56

There were thirteen (13) 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	Source	Description	Projection \$
14621	1994	Capital Receipts	149,600,741.00
13121	1302	Government Venezuela	10.0
13121	1303	Republic of Mexico	1,000,000.00
13221	1500	Caribbean Development Bank	8,100,000.00
13221	1508	COMSEC	162,000.00
13221	1519	United Nations	310,000.00
13221	1520	Global Environmental Facility	745,010.00
13221	1522	Food and Agriculture Organisation	10.00
13221	1599	Other Grants	50,010.00
33241	3277	Republic of China/Taiwan	3,467,700.00
33241	3297	Kuwait	1,000,000.00
33241	2226	Alba Bank	6,540,000.00
33241	3936	CARICOM Development Fund	500,000.00
TOTAL			171,475,481.00



STATEMENT OF DETAILED EXPENDITURE

DETAILS OF TOTAL EXPENDITURE 2016 \$714,263,816.24

2.57

The Statement of Detailed Expenditure has shown that the approved estimates of \$912,897,316.00 was revised to a total of \$948,662,600.09 for the financial year, with \$723,901,595.12 and \$224,761,004.97 being recorded as revised Recurrent Expenditure and Capital Expenditure, respectively.

2.58

An amount of \$714,263,816.24 was reported as the total expenditure for 2016. Of the total expenditure, \$636,102,067.11 and \$78,161,749.13 represented Recurrent Expenditure and Capital Expenditure, respectively.

2.59

The total expenditure of \$714,263,816.24 for 2016 was \$3,623,303.58 more than the total expenditure of \$710,640,512.66 for 2015, as is depicted in Table 1.14 and Figure 1.6.

2.60

Table 1.14 shows a comparison of the Actual Expenditure for 2015 and 2016.

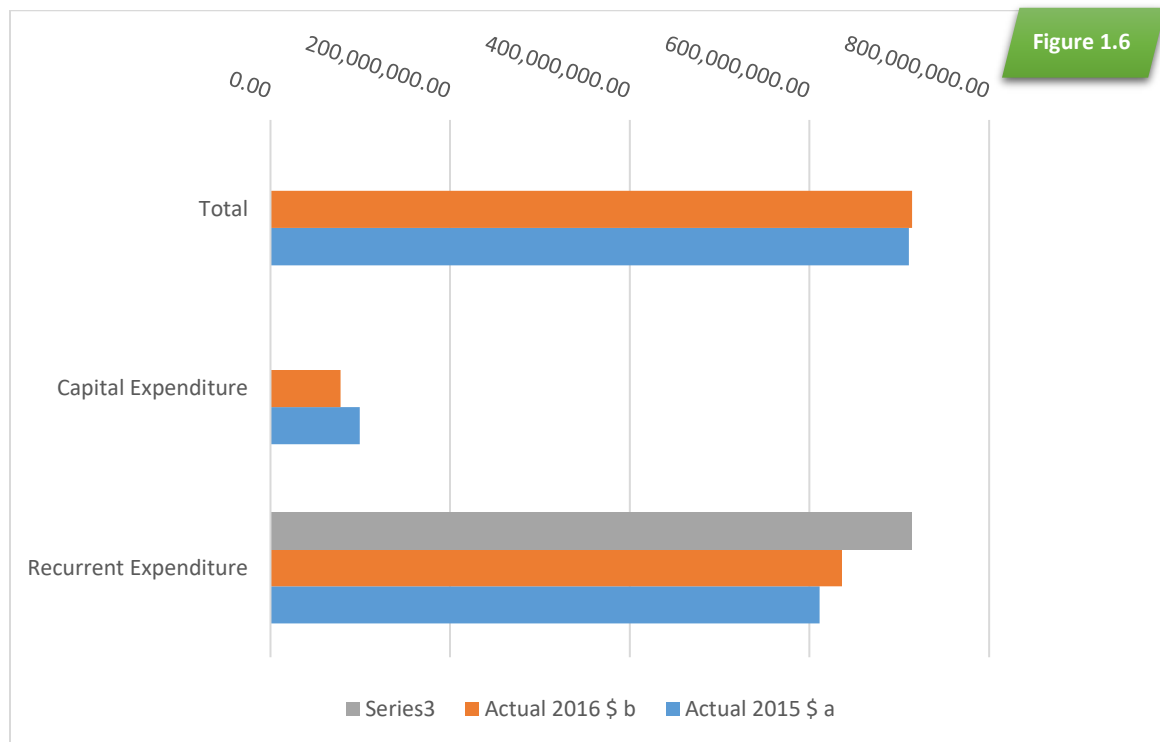
Table 1.14

Item	Actual 2015 \$ a	Actual 2016 \$ b	VARIANCE Increase/(Decrease) \$ a-b
Recurrent Expenditure	611,411,781.39	636,102,067.11	24,690,285.72
Capital Expenditure	99,228,731.27	78,161,749.13	(21,066,982.14)
Total	710,640,512.66	714,263,816.24	3,623,303.58



2.61

Figure 1.6 shows a comparison of the Actual Expenditure for 2015 and 2016.



2.62

The analysis made hereunder are based on comparison of revised estimates with actual expenditure on the Statement of Detailed Expenditure for 2016.

DETAILS OF RECURRENT EXPENDITURE

2.63

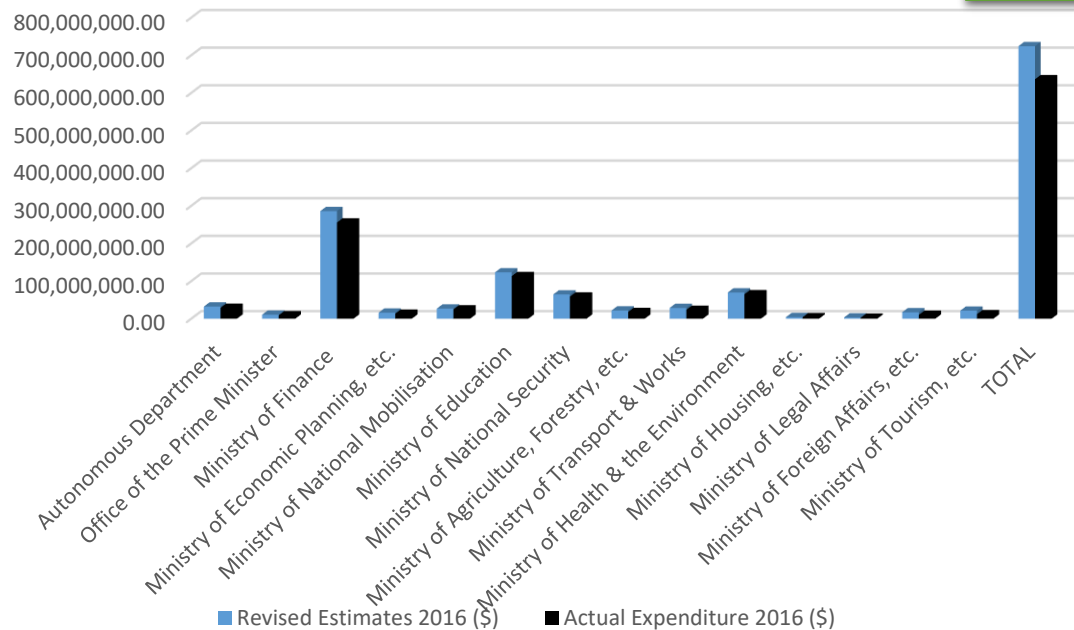
The statement has shown that actual Recurrent Expenditure was recorded as \$636,102,067.11, with the Autonomous Departments and Ministries spending less than their revised estimates, as depicted in the statement at Appendix IV, Table 1.15 and Figure 1.7.



Table 1.15

Ministry/Department	Revised Estimates 2016 (\$)	Actual Expenditure 2016 (\$)	Difference (\$)
Autonomous Department	32,191,643.00	28,657,038.44	3,534,604.56
Office of the Prime Minister	10,601,355.00	8,886,322.43	1,715,032.57
Ministry of Finance	285,728,345.00	255,365,245.82	30,363,099.18
Ministry of Economic Planning, etc.	15,878,687.00	13,082,710.19	2,795,976.81
Ministry of National Mobilisation	26,800,940.00	24,570,831.45	2,230,108.55
Ministry of Education	123,065,001.00	112,917,621.12	10,147,379.88
Ministry of National Security	64,312,583.00	58,786,652.59	5,525,930.41
Ministry of Agriculture, Forestry, etc.	21,805,326.04	17,662,463.89	4,142,862.15
Ministry of Transport & Works	28,431,755.00	23,397,597.96	5,034,157.04
Ministry of Health & the Environment	69,639,762.08	64,739,312.57	4,900,449.51
Ministry of Housing, etc.	4,122,999.00	3,667,582.66	455,416.34
Ministry of Legal Affairs	3,075,041.00	2,432,489.12	642,551.88
Ministry of Foreign Affairs, etc.	17,027,682.00	10,070,833.31	6,956,848.69
Ministry of Tourism, etc.	21,220,476.00	11,865,365.56	9,355,110.44
TOTAL	723,901,595.12	636,102,067.11	87,799,528.01

Figure 1.7





RECURRENT EXPENDITURE 2015 VS 2016

2.64

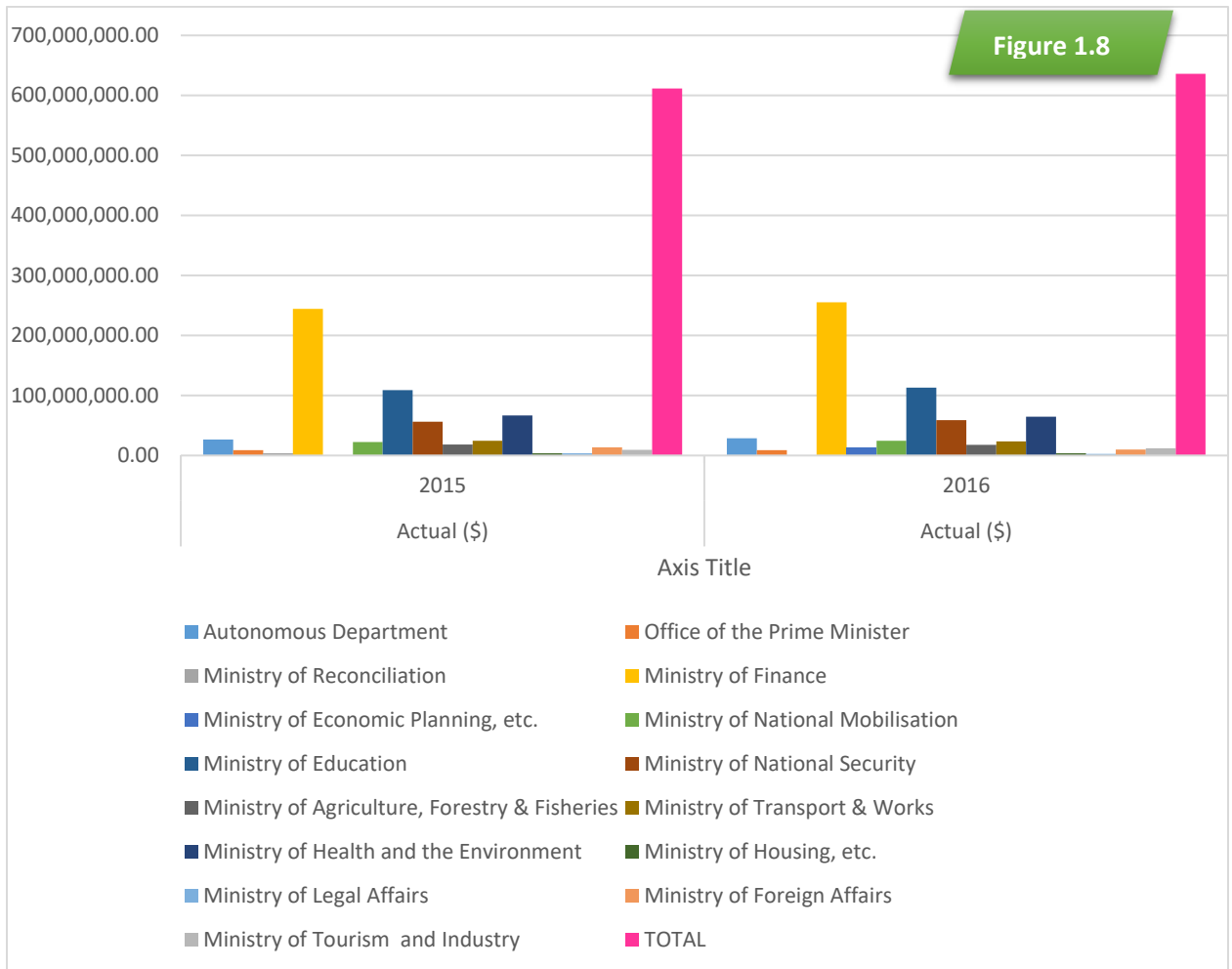
Table 1.16 and Figure 1.8 show comparative figures of actual Recurrent Expenditure for 2015 and 2016.

Table 1.16

Ministry/Department	Actual 2015 (\$)	Actual 2016 (\$)	Increase / (Decrease) (\$)
Autonomous Department	26,471,139.83	28,657,038.44	2,185,898.61
Office of the Prime Minister	8,954,938.25	8,886,322.43	(68,615.82)
Ministry of Reconciliation	4,498,974.95	0.00	¹ (4,498,974.95)
Ministry of Finance	244,285,643.32	255,365,245.82	11,079,602.50
Ministry of Economic Planning, etc.	0.00	13,082,710.19	² 13,082,710.19
Ministry of National Mobilisation	22,307,986.28	24,570,831.45	2,262,845.17
Ministry of Education	108,795,111.18	112,917,621.12	4,122,509.94
Ministry of National Security	56,369,207.68	58,786,652.59	2,417,444.91
Ministry of Agriculture, Forestry & Fisheries	18,142,912.21	17,662,463.89	(480,448.32)
Ministry of Transport & Works	24,565,487.10	23,397,597.96	(1,167,889.14)
Ministry of Health and the Environment	66,724,615.85	64,739,312.57	(1,985,303.28)
Ministry of Housing, etc.	3,614,737.19	3,667,582.66	52,845.47
Ministry of Legal Affairs	3,679,029.96	2,432,489.12	(1,246,540.84)
Ministry of Foreign Affairs	13,418,299.92	10,070,833.31	(3,347,466.62)
Ministry of Tourism and Industry	9,583,697.67	11,865,365.56	2,281,685.89
TOTAL	611,411,781.39	636,102,067.11	24,690,285.72

¹ The Ministry of Reconciliation was deleted in 2016.

²The Ministry of Economic Planning, etc. was created in 2016.



2.65

The actual Recurrent Expenditure recorded for 2016 showed an increase in recurrent spending by \$24,690,285.72 over the expenditure of \$611,411,781.39 for financial year 2015, as shown in Table 1.16 and Figure 1.8. The Ministries of Finance and Foreign Affairs, etc. recorded the largest increase and decrease of \$11,079,602.50 and \$3,347,466.62, respectively, in spending for the financial year, when compared to 2015, as shown in Table 1.16 and Figure 1.8.



Excess Expenditure under Recurrent Expenditure Accounts 2016

2.66

It was noted that various expenditure accounts exceeded their budgetary provisions without the approval of the requisite Special and/or Virement Warrants, resulting in a total of \$5,471,443.28, over – expended under the accounts for 2016, a contravention of sections 28 and 30 of the Finance Administration Act 2004. The accounts that exceeded the estimates under the respective Ministries and Departments are depicted at Appendix III.

DETAILS OF CAPITAL EXPENDITURE 2016

2.67

Capital Expenditure for 2016 was recorded as \$78,161,749.13, a reduction of \$21,066,982.14 or 21.2%, when compared to the expenditure of \$99,228,731.27 for 2015. The actual Capital Expenditure of \$78,161,749.13 for Public Sector Investment Programmes did not exceed its original projections of \$197,668,970.00, although the original estimates were revised by \$27,092,034.97. In addition, only 39% of the capital projects incurred expenditure, although actual capital financing exceeded Capital Expenditure by \$65,306,028.79 in 2016.

2.68

The highest Capital Expenditure of \$32,711,422.19 was reflected under the Ministry of National Security, with \$30,903,545.00 of the amount spent for Argyle Airport Development.

2.69

It was noted that the estimates of Capital Expenditure were revised by \$27,092,034.97 under the Office of the Prime Minister and six (6) Ministries; however, only the Ministry of Finance expended \$1,266,015.23 of the amount by which its estimates were revised,



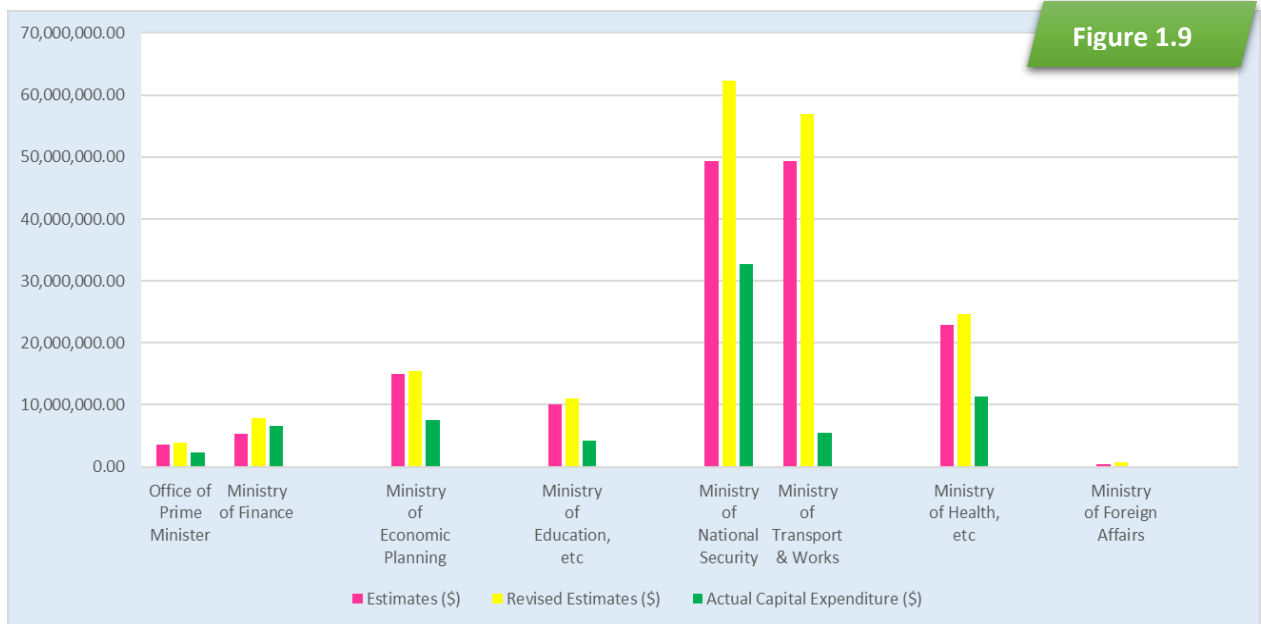
while the Ministry of Transport and Works spent \$5,426,565.52 or 10.9 percent of its original budget in the implementation of Public Sector Investment Programmes. The Office of the Prime Minister and six (6) other Ministries did not exceed their original projections, as shown in Table 1.17 and Figure 1.9.

2.70

Table 1.17 shows a comparison of the Capital Estimates, Revised Estimates and Actual Capital Expenditure for 2016.

Table 1.17

Ministry	Description	Estimates (\$)	Revised Estimates (\$)	Actual Capital Expenditure (\$)
10	Office of the Prime Minister	3,506,000.00	3,971,000.00	2,251,837.98
20	Ministry of Finance	5,270,010.00	7,777,091.10	6,536,025.23
27	Ministry of Economic Planning	15,037,230.00	15,489,700.00	7,549,365.64
35	Ministry of Education, etc.	10,048,040.00	11,069,158.07	4,155,343.64
40	Ministry of National Security	49,364,060.00	62,364,060.00	32,711,422.19
55	Ministry of Transport & Works	49,408,070.00	56,988,557.71	5,426,565.52
65	Ministry of Health, etc.	22,822,840.00	24,674,232.09	11,355,326.87
85	Ministry of Foreign Affairs	450,010.00	665,496.00	144,901.25
TOTAL		155,907,260.00	182,999,294.97	70,130,788.38



2.71

A comparison of the 2015 with 2016 Capital Expenditure showed a decrease of \$21,066,982.14 for the year 2016, as depicted in Table 1.18.

Table 1.18

Item	Actual 2015 (\$)	Actual 2016 (\$)	Increase / (Decrease) (\$)
Capital Expenditure	99,228,731.17	78,161,749.13	(21,066,982.14)

2.72

An analysis of revised Capital Expenditure with the actual Capital Expenditure for the last five (5) years has revealed annually, that less than 40 % of revised estimates has been expended in Public Sector Investment Programmes. The trend has shown a continued reduction in Capital Expenditure.



2.73

Table 1.19 shows a comparison of revised estimates and actual Capital Expenditure for the financial years 2012-2016.

Table 1.19

YEAR	REVISED ESTIMATES A(\$)	ACTUAL CAPITAL EXPENDITURE B(\$)	VARIANCE A-B (\$)	PERCENT SPENT
2012	188,350,365.00	54,157,109.91	134,193,255.09	28.7%
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 %



STATEMENT OF ASSETS AND LIABILITIES

2.74

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.**

NOTES TO THE FINANCIAL STATEMENTS

2.75

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 an accurate picture of the accounts.

2.76

In 2015, technical assistance was provided to the Accountant General's Department in the preparation of the financial statements, in accordance with the



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

International Public Sector Accounting Standards (IPSAS). To date, this has not been implemented by the Ministry of Finance and the Accountant General's Office.

LIABILITIES

Overdraft Current Account **\$37,233,288.46**

2.77

The Statement of Assets and Liabilities has shown a bank overdraft of \$37,233,288.46 on the Current Account, whereas the Certificate of Balances issued by the BOSVG, as at December 31, 2016, reflects an overdraft of \$55,814,469.23, a difference of \$18,581,180.77. In the absence of bank reconciliation, it could not be determined what contributed to the difference. The approved overdraft limit for the year ended 31st December, 2016, was \$50,000,000.00.

Unreconciled Cash- Current and Development Accounts **\$37,724,189.99**

2.78

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, 2016, the balances on the Unreconciled Cash - Current and Development Accounts were \$23,857,654.58 and 13,866,535.41, respectively. This account should be reconciled to determine the accuracy of the high balance on the account.

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

2.79

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.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Crown Agent

\$500,346.82

2.80

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

Loans

\$1,230,061,358.71

2.81

The total loans of \$1,230,061,358.71, which is inclusive of Treasury Bills of \$75,000,000.00, grew by \$80,018,850.47 over the previous year's loan balance of \$1,150,042,508.24.

Accounts Payable

\$23,317,208.28

2.82

The balance on the Accounts Payable Account was reflected as \$23,317,208.28 for the financial year.

Balancing Accounts

\$68,295,575.08

2.83

The Balancing Account showed a total credit balance of \$68,295,575.08. This account was 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 2016.

Salary Clearing

\$33,225.79

2.84

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 shows a balance of \$33,225.79 at the end of 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

RECOMMENDATIONS

2.85

- The bank overdraft on the Current Account and the balance stated on the Certificate of Balances issued by the BOSVG should be reconciled to determine the reason/s for the difference between the two 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; and
- The Accountant General should take the action to review the Salary Clearing Accounts and make the necessary adjustments.

ASSETS

Cash at Bank **\$1,439,995.31**

2.86

The statement showed four (4) Cash Bank Accounts with balances totalling \$1,439,995.31 which are held at the Bank of St. Vincent and the Grenadines (BOSVG). Confirmation from the BOSVG reflected a difference of \$898,383.88 between the balances on the statement and the Certificate of Balances from BOSVG.

2.87

Development Account

The statement showed a balance of \$3,122,556.26 under the Development Account; however, confirmation from the Bank of St. Vincent and the Grenadines has indicated a balance of \$4,625,227.04, a difference of \$1,502,670.78.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Sub Treasuries

\$593,431.62

2.88

The balance of \$593,431.62 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 2016. Table 1.20 below shows the comparative year-end balances on the four (4) Sub-Treasuries accounts.

2.89

Table 1.20 shows the comparative year-end balances on the four (4) Sub-Treasuries accounts.

Table 1.20

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	20,403.23	515,780.92	495,377.69
Total		21,003.23	593,431.62	572,428.39

2.90

The high variance of \$572,428.39 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.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Cash-Short Term Deposits

\$1,361,187.91

2.91

The sum of \$1,361,187.91 represented the net balance of two (2) Cash-Short Term Deposit Accounts recorded in the Treasury Accounts at the end of 2016. This was a net increase of \$449,943.50 compared to the balance of \$911,244.41 for the year ended 2015.

ADVANCES

Outstanding Imprest

\$25,972.71

2.92

In accordance with section 33 (2) of the Finance Administration Act 2009, an officer to whom an imprest has been issued shall retire that imprest not later than the end of the financial year in which the imprest was issued or if some earlier date is specified in the imprest warrant or by the Accountant General. Six (6) Accounting Officers failed to comply with the Act, resulting in a total balance of \$25,972.71 under six (6) imprest Accounts which remained outstanding at the year ended December 31, 2016.

2.93

Details of the outstanding imprest for the year ended December 31, 2016 are outlined in Table 1.21.

Table 1.21

MINISTRY/ DEPARTMENTS	ACCOUNT NO	DR \$
Registrar - General Assizes	20 62126 6142	5,620.00
President Family Court - Witness	20 62126 6148	448.00
P S, Agriculture – Banana Farmers	20 62126 6158	5,902.71
Commissioner of Police - Auxiliary	20 62126 6160	12,646.00
Chief Immigration Officer - Stamp	20 62126 6163	500.00
P S Education – ANEW Programme	20 62126 6168	856.00
	Total	25,972.71



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Public Debt Investment Account

\$1,142,529,818.37

2.94

The Public Debt Investment Account has shown a balance of \$1,142,529,818.37, an increase of \$101,648,928.84 over the balance of \$1,040,880,890.03 shown for 2015. This account reflects the receipts and repayments of Public Debt.

Receivables

\$497,146.90

2.95

The Dishonoured Cheques balance recorded as \$497,146.90, remained unchanged when compared to 2015. This infers that the various dishonoured cheques that made up the balance in the account were not recovered in the financial year.

CONSOLIDATED FUND

\$286,804,123.75

2.96

The statement showed that the opening balance for the Consolidated Fund was a deficit of \$308,720,168.85 as at 1st January, 2016. The surplus of \$21,782,867.61 on the budget out-turns for the financial year 2016 was transferred to the Consolidated Fund. In addition, a total of \$133,177.49 was shown as adjustments related to prior years.

It was noted that two (2) amounts of \$1,300.00 and \$3,890.00 were posted to the Consolidated Fund, after the close of the financial year on the 15th May, 2017; resulting in a difference of \$5,190.00 between the closing balance of \$286,804,123.75 accounted for on the Assets and Liabilities Statement and the balance of \$286,798,933.75 in SmartStream. In comparison to 2015, the Consolidated Fund deficit reduced by \$21,916,045.10.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.97

RECOMMENDATIONS

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, 2016;
- 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; and
- analyse the balances on the Sub-Treasuries accounts and the appropriate postings or adjustments be effected in the accounts.



STATEMENT OF GENERAL DEPOSITS

2.98

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 organisation pending application for payment, in accordance with the purposes for which the relevant deposits were created.

2.99

The Statement of General Deposits showed that sixty (60) Deposit Accounts were maintained with a total balance of \$50,262,181.85 at the end of financial year 2016, a decrease of fourteen (14) Deposit Accounts when compared to 2015. The reduction in Deposit Accounts was due to the closing of accounts and transfers of funds to the Consolidated Funds by the Accountant General during the financial year. Although the number of accounts decreased, there was an increase in the total balance by \$4,111,848.42, in 2016, when compared to the balance of \$46,150,333.43 in 2015.

Other Governments **\$ 462,735.92**

2.100

The financial statement has shown that eleven (11) Deposit Accounts with a net credit balance of \$462,735.92 for Other Governments were maintained for the financial year 2016. Six (6) accounts recorded credit balances totalling \$821,830.97 and five (5) accounts had an aggregate debit balance of \$359,095.05. Only the account held for Barbados realised transaction of \$61,720.30 for the year, as settlement to the Government of Barbados for the period October 2015 to May 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Statutory Bodies **\$11,477,605.61**

2.101

The Statutory Bodies comprise nine (9) accounts, with deposits totalling \$11,477,605.61 at the end of 2016, a decrease of \$6,322.25 over the previous year's balance of \$11,483,927.86. During the year, only the Port Authority account recorded transactions. The balances on the other eight (8) accounts remained unchanged during the financial year.

Deposit - Departmental Accounts **\$ 33,839,936.18**

2.102

As at December 31, 2016, twenty-five (25) Departmental Accounts showed credit balances totalling \$33,841,027.54 and a debit balance of \$1,091.36; resulting in a net credit of \$ 33,839,936.18. The accounts decreased by two (2) from the previous year's 27 Departmental Accounts. There were two (2) new accounts created, namely the 'Director of Economic Planning and Min. of Health- OECS Pharmaceutical Procurement.' Amounts from the Dumbarton Hatchery, SVG NURSES ASSOCIATION and PS/National Security, Prison Farm, were transferred from Below-the-Line Accounts to Recurrent Revenue Accounts. Also, the amount of \$21,500.00 under the Election Deposit Account was transferred to the Consolidated Fund.

Deposits – Individuals **\$3,729,307.50**

2.103

There were fourteen (14) Individual Deposit Accounts that comprised of a total of \$3,729,307.50, an increase of \$55,317.95 held at the end of the previous financial year. These accounts related to monies collected by Government on behalf of private citizens and other non-governmental organisations. Included in this balance is an amount of



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

\$66,294.63, which is reflected in the statement and Treasury accounts as “Individual Deposit Accounts written off”, which remained in the account after sixteen (16) years.

Deposits – Local Governments \$752,596.96

2.104

Ten (10) of the Local Government Deposit Accounts were closed during the financial year, leaving one (1) Local Government Account for Kingstown Town Board with a credit balance of \$752,596.64. When compared to 2015, the balance increased by \$305,479.60.

RECOMMENDATIONS

2.105

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; and
- 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.



STATEMENT OF INVESTMENTS

INVESTMENTS \$42,134,436.16

2.106

The Statement of Investment showed investments totalling \$42,134,436.16 were recorded for the year 2016, a difference of \$6,442,988.55 when compared to the balance of \$35,017,813.30 from the Bank of St. Vincent and the Grenadines and \$673,634.31 held as Special Deposits at ECCB, as highlighted in the ensuing paragraphs 3.115 to 3.119.

TRUST FUNDS \$32,126.05

2.107

The statement showed that the Trust Funds balance at the year ended December, 2016 was \$32,126.05, an increase of \$879.57 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 shown on the Certificate of Balances 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 2016 and Bequia Agricultural Improvement Trust with a balance of \$2,633.85 was included under Trust Funds Investment in 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

SINKING FUND

\$31,654,067.37

2.108

Sinking Funds are investments set aside to assist with the repayment of loans/bonds. The financial statement reported Sinking Fund Investments at \$31,654,067.37. The Sinking Fund balance showed an increase of \$10,023,989.50 over the total balance of \$21,630,077.87 at the end of 2015; however, an examination of the Deferred Bond Amortisation-Sinking Fund Account -20 261 33141 3302 in SmartStream has shown that a total of \$12,076,852.82 was contributed to Sinking Fund, a difference of \$2,052,863.32.

Accountant General's Response:

2.109

In 2016 a sum total of \$12,076,852.82 was entered in SMARTSTREAM; however, only Cheques to the value of \$9,076,852.52 was forwarded to the Bank a difference of \$3,000,000.00. The difference of \$3,000,000.00 went to the bank on the first working day in January 2017. The increase of \$10,023,989.50 comprised of deposits sent to bank of \$9,076,852.52 plus interest of \$947,136.68.

SPECIAL FUND

\$9,774,608.53

2.110

The Special Fund was reflected with three (3) accounts and a total balance of \$9,774,608.53, when compared with the Certificate of Balances from the Bank of St. Vincent and the Grenadines, only \$6,441,921.81 was accounted for on the Certificate. This was due to the GOSVG Student Loan being reflected as \$9,641,760.20, whilst the Certificate of Balances accounted for a balance of \$3,199,838.39; resulting in a difference of \$6,441,921.81. During 2016, it was noted that 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 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

SPECIAL DEPOSITS

Fiscal Reserve Account ECCB **\$ 673,634.21**

2.111

The Investment Statement showed a total of \$673,634.21 as Special Deposit under Fiscal Reserve Account-ECCB. The total Fiscal Reserve remained unchanged when compared to 2015.

RECOMMENDATION

2.112

The Accountant General should account for Major Bain Gray Prize Fund with a balance of \$1,066.84 which was not reflected on the Certificate of Balances from the Bank of St. Vincent and the Grenadines at the end of 2016.



STATEMENT OF PUBLIC DEBT

PUBLIC DEBT 2016

2.113 The Statement of Public Debt reflects the outstanding balances on existing loans. The Public Debt, as disclosed by the Accountant General on the Statement of Public Debt, stood at \$1,155,061,358.71, an increase of \$80,018,850.47 or 7.4 percent over 2015 debt of \$1,075,042,508.24. The Public Debt total was exclusive of Treasury Bills of \$75,000,000.00 that was included on the Statement of Assets and Liabilities.

2.114 At December 31, 2016, domestic and external debts were reported as \$315,800,283.67 and \$839,261,075.04, 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:

Domestic Loans and Receipts

Authorities for Public Sector Investment Programme and Fluctuation Overdraft Loans

2.115 It was noted that Act No. 3/2016 provided for the Government to raise funds of an amount of \$50 Million to finance Public Sector Investment Programme (PSIP). However; loans raised totalled to \$59,651,608.83, an excess of \$9,651,608.83.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.116

In addition, amounts of \$20 million and \$12 million, being Temporary Advances from ECCB, were shown as authorised by Resolution of the House. However; the Overdraft Resolution was passed on 29th January, 2016, authorising the Minister of Finance to borrow by means of fluctuation overdraft or otherwise from First Caribbean Bank, or RBTT Bank limited, or Bank of Nova Scotia, or Bank of St. Vincent and the Grenadines, money to an amount not exceeding in the aggregate \$50 Million, for the fiscal year.

Accountant General's Response:

2.117

The Debt Unit-MOF is responsible for raising/securing Funds for the running of the State. We will therefore raise the issue with the Unit with respect to keeping within the limit authorised by Parliament.

Treasury Bills

2.118

Although the Treasury Bills of \$75,000,000 was included as Liabilities in the Statement of Assets and Liabilities, the amount was not included in the *Public Debt Statement*. Also, it was noted that the Treasury Bills Account did not contain transactions for Treasury Bills that were redeemed and reissued in SmartStream, during the financial year.

Accountant General's Response:

2.119

The Statement of Public Debt can be adjusted to reflect the amount of the Treasury Bills. The second issue of- the Accounts not reflecting the movements/transactions relative to the Treasury Bills would be addressed going forward.



External Loan Receipts, Capital Revenue and Public Debt Statements

2.120

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

2.121

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

2.122

North Star Trade Finance Inc. Loan Ac. 20-63241- 6610. A total of \$ 44,561,272.23 was accounted as loans during 2016. Of this amount, an amount of \$33,657,727.00 was credited “**to adjust external loans to reflect Debt Unit balances (CS_ DRMS Report 886) as at 31/12/2016’; 525,141.52 and 10,378,403.71 were shown as bringing to account loans.**” In addition, an amount of \$3,182,947.95 was shown as repaid before the loan was accounted in SmartStream. The Capital Revenue Statement did not account for loan receipts totalling \$33,657,727.00; however, the amounts of \$525,141.52 and \$10,378,403.71, totalling \$10,903,545.23 were accounted for as capital loan receipts.

Accountant General’s Response:

2.123

The Loan agreement stipulated that North Star will source and finance equipment for the Argyle International Airport, therefore, the amounts totaling \$10,903,545.23 (\$525,141.52 and 10,378,403.71) were the balance of the loan after all equipment were



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

purchased. A copy of the agreement and documentation for the equipment purchased are available at the Debt Unit.

2.124

ALBA Bank, Loan Account 20 63242 6657 in SmartStream has shown a credit of \$14,111,490.00. The description was stated as **'to adjust external loans' to reflect Debt Unit balances (CS_ DRMS Report 886) as at 31/12/2016'**. The narrative is insufficient to determine whether this was as a result of a new loan. Further, no revenue was recorded under Alba Bank Capital Account 20 33241 2226 in 2016.

Accountant General's Response:

2.125

The Debt Unit confirmed that loan receipts from this loan were paid directly to IADC according to agreement between the Government of St. Vincent and the Grenadines and ALBA.

2.126

Caribbean Dev't Bank - Loan Account 20 63242 6653 shows that an amount of \$14,448,387.63 was credited **'to adjust external loans to reflect Debt Unit balances (CS_ DRMS Report 886) as at 31/12/2016'**. The narrative is insufficient to determine whether the adjustments related to receipts of loans. Only amounts totalling \$1,367,293.53 were credited to account for National Disaster Management Rehabilitation and Reconstruction revenue under the CDB Capital Account 20 33241 32146 in 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Accountant General's Response:

2.127 Efforts will be made to ensure that all receipts and disbursements made outside of SmartStream from project bank accounts are brought to account in SmartStream before the close of the financial year.

2.128 CARICOM Dev't Fund – Loan Account 20 63241 6606 showed that \$502,891.24 was credited 'to adjust external loans to reflect Debt Unit balances (CS_ DRMS Report 886) as at 31/12/2016'. The narrative is insufficient to determine whether the adjustments related to receipt of loans.

Accountant General's Response:

2.129 This Loan was brought to account in Public Debt Account via journal Debttre 311216-5 effective date 12/31/2016. There is no corresponding receipt in SmartStream, the receipts went directly to EJUSA INC for Aviation Services.

External Public Debt Statement Vs Capital Revenue Statement

2.130 Totals of \$ 49,900,660.05 and \$15,644,366.26 (\$65,545,026.31) were shown under Capital Revenue Accounts 20 33241 3346-External Loan Receipt and 20 33241 3347-External Bonds, respectively; however, \$92,119,690.65 was shown as increasing the Public Debt Accounts, a difference of \$26,574,664.34.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.131

Accountant General's Response:

Receipts from some external loans were sent directly to IADC. The agreement with North Star provided equipment and not funds, these account for the difference between the receipts and increase in public debt.

2.132

In addition, an amount of \$9,874,995.00 received as settlement of \$9,874,995.00 as settlement of government of St. Vincent and the Grenadines, five (5) years Private Placement Bond – First Citizen Investments in 2015, was not accounted for as Public Debt at the end of the financial year 2016.

Accountant General's Response:

2.133

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

2.134

Further, the statement has shown a balance of \$10,135,891.00 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

2.135

The cost of servicing Public Debt includes amortisation, interest, charges and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$161,145,331.00 was expended for the servicing of domestic and external debt and sinking fund contributions.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.136

Debt servicing increased by 12.4 percent from \$143,348,475.11 in the previous year to \$161,145,331.00 in 2016. This was due primarily to an increase in servicing of domestic debt and sinking fund and external debts by 19.4 percent and 3.5 percent, respectively, when compared to financial year 2015. There was a slight decrease of .4 percent and increase of 2 percent in the cost of servicing Public Debt as a percentage of Recurrent Revenue and Recurrent Expenditure, respectively, for 2016, when compared to 2015, as shown in Table 1.22.

2.137

Table 1.22 shows comparative for Debt Servicing to Recurrent Revenue and Expenditure for financial years 2015 and 2016.

Table 1.22

PARTICULARS	2015 \$	2016 \$	% CHANGE
Total Debt (excluding Treasury Bills \$75M)	\$1,075,042,508.24	1,155,061,358.71	7.4
Central Government Debt Service	143,348,475.11	161,145,331.00	12.4
External Debt	62,866,722.76	65,070,830.76	3.5
<i>Amortisation</i>	44,896,463.61	50,132,990.23	11.6
<i>Interest Payments</i>	17,970,259.15	14,934,056.65	-17
<i>Foreign Charges</i>		3,783.88	
Domestic Debt	80,481,752.35	96,074,500.24	19.4
<i>Amortisation</i>	45,979,508.90	55,808,666.21	21.4
<i>Interest Payments</i>	26,865,118.45	27,661,001.08	3
<i>Local Charges</i>		527,980.13	
<i>Sinking Fund Contribution</i>	7,637,125.00	12,076,852.82	58.1
Recurrent Revenue	519,122,907.10	592,580,205.93	14.2
Recurrent Expenditure	611,411,781.39	636,103,367.11	4.04
Debt Service/Recurrent Revenue (%)	27.6	27.2	-.4
Debt Service/Recurrent Expenditure (%)	23.4	25.4	2



PUBLIC DEBT AND DEBT SERVICING 2012-2016

2.138

Public Debt and Debt Servicing for financial years 2012 to 2016 are shown in the Table 1.23.

Table 1.23

PARTICULARS	2012 \$M	2013 \$M	2014 \$M	2015 \$M	2016 \$M
Public Debt (Excluding Treasury Bills of \$75M)	928.7	975.3	1,088.5	1,075.04	1,155.1
Debt Servicing	121.4	137.3	140.5	143.3	161.1

2.139

RECOMMENDATIONS

1. The Accountant General should ensure that adequate narrative is inserted in the comments field to justify the transactions under the Loan Accounts in SmartStream;
2. The discrepancies between the Public Debt Statement and the Capital Revenue Statements; and the information recorded in the Loan Accounts in SmartStream should be reviewed and adjusted by the Accountant General and the Debt Unit at the Ministry of Finance; and
3. The Accountant General should ensure that all public debts are included in the accounts prior to the preparation and submittal of the financial statement within the statutory deadline.



STATEMENT OF ADVANCES

2.140

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.

2.141

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

2.142

The aggregate of advances not repaid showed an increase of \$1,713,426.56 or 17% from \$9,964,046.35 in 2015 to \$11,677,472.91 in 2016. This was due to the addition of Receivables as a new category under advances, and one (1) new account under one of the five (5) categories listed on the statement for 2016.

2.143

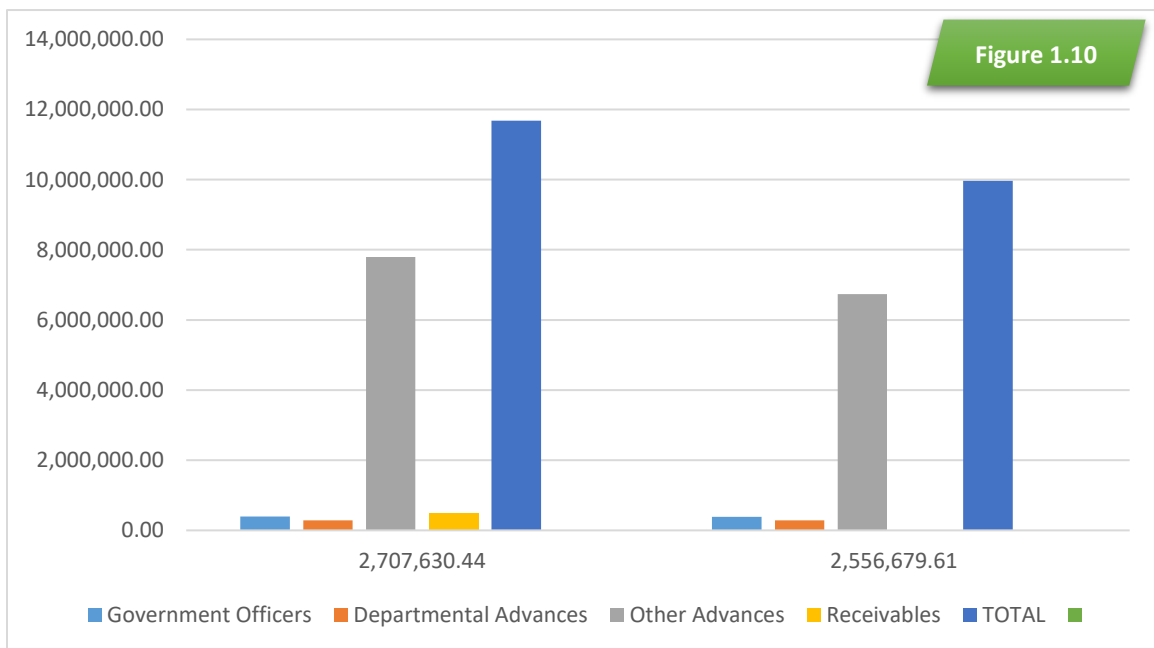
The balances on the five (5) categories of advances when compared to 2015 are shown in Table 1.24 and Figure 1.10.

Table 1.24

CATEGORY	2016 (\$)	2015 (\$)	INCREASE/(DECREASE) (\$)
Other Governments	2,707,630.44	2,556,679.61	150,950.83
Government Officers	397,048.94	386,637.77	10,411.17
Departmental Advances	283,508.33	283,508.33	0.00



CATEGORY	2016 (\$)	2015 (\$)	INCREASE/(DECREASE) (\$)
Receivables	497,146.90	-	497,146.90
TOTAL	11,677,472.91	9,964,046.35	1,713,426.56



Other Governments

\$2,707,630.44

2.144

The Statement of Advances showed twelve (12) accounts with debit balances totalling \$2,707,630.44, at December 31, 2016. This balance was \$150,950.83 more than the balance of \$2,556,679.61 for 2015. Four (4) of the accounts have shown fixed balances since 2000, while eight (8) accounts have not reflected repayment for the last eight (8) years although payments were made on behalf of the Governments. The balance on the account showed that the amount of \$2,707,630.44 was paid as gratuity and pensions on behalf of other Governments at the end of the financial year 2016.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

2.145

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

Government Officers

\$397,048.94

2.146

During the financial year, Advance Warrants totalling \$217,051.37 were issued to Government Officers. These amounts should have been expensed on submittal of statements by Officers on their return to the state. The statement reported the balances for travel advances issued to Officers, Ministers and for training as \$117,751.40, \$34,249.36 and \$65,050.61, respectively. In addition, an amount of \$179,997.57 was stated as advances to persons who are retired or deceased, resulting in a net debit balance of \$397,048.94 on the Advance Account, as at December 31, 2016. These amounts remained outstanding for extended periods. The inactivity on some accounts suggests that not all expenses have been reported on Officers' return from overseas travel, contrary to the Government's policy, which stipulates that advances should be cleared within one (1) month of return to the state. As a result, expenditure would be understated as the advances remained uncleared.

Departmental Advances

\$283,508.33

2.147

As at December 2016, an aggregate balance of \$283,508.33 remained on the Departmental Advance Account. No transactions were seen under these accounts during the financial year 2016. 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 2014, an amount of \$21,463.50 was adjusted, resulting in a



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

difference of \$232,995.81 which remained unadjusted for the Sale of Laws at the end of 2016.

Other Advances **\$7,792,138.30**

2.148

The statement has shown a net balance of \$7,792,138.30 at December 31, 2016, an increase of \$1,054,917.66 when compared to the balance of \$6,737,220.64 for 2015. Six (6) of the fourteen (14) accounts on the statement showed no activity. This category of advances showed an increase by one (1) account.

2.149

Receivables **\$497,146.90**

Receivables that resulted from Dishonoured Cheques showed a balance of \$497,146.90. This Account was included under Advances in 2016 and recorded no activity in 2016.

2.150

RECOMMENDATIONS

- 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.
- 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



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

- 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.



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 at the various Ministries and Departments 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 various Ministries and Departments, the Grenadines and Overseas Offices. 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.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

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 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

It must be reiterated 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



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

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 not been satisfactory in conformity 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.

ARREARS OF REVENUE RETURNS

3.7

The annual returns of arrears of revenue and monthly reports of recovery of arrears of revenue were not submitted by the Accounting Officer 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 the incidence of misuse of the assets. Several of the Ministries and 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



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

were either not maintained or unsatisfactorily maintained by the Ministries and 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 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

Six (6) Imprest Accounts remained outstanding at the end of 2016, 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. Details of the outstanding Imprest Accounts are reported at paragraph 2.91– 2.92 and Table1.21.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

3.15

VIREMENT WARRANTS

One hundred and fifty-eight (158) Virement Warrants totalling \$5,030,206.83 were approved in respect of the year ended December 31, 2016; resulting in an increase of the amounts vired when compared to the sum of \$3,921,743.79 approved in 2015.

3.16

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.

3.17

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 Contingencies Fund was not established to address this issue in 2016. The amount fixed by Resolution of the House of Assembly was \$25,000,000.00.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

3.18

Seventy-three (73) Special Warrants, totalling \$35,780,992.98 were approved by the Minister of Finance to supplement the budgetary estimates. This total exceeded the amount of \$25,000,000.00 fixed by Resolution of the House of Assembly by \$10,780,992.98.

AUDIT QUERIES

3.19

Responses to Audit Queries by the Ministries and Departments remained unsatisfactory. A total of thirteen (13) queries were issued to Heads of Department and Accounting Officers in 2016, as shown at Appendix I.

3.20

The detailed findings of the Ministries and Departments are articulated in chapter 4.



CHAPTER 4

AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

4.1

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

MINISTRY OF AGRICULTURE ETC.

NEW GROUNDS AGRICULTURAL STATION

4.2

A surprise cash survey conducted at the New Grounds Agricultural Station on 7th December, 2016, revealed that the station had discontinued the use of a general receipt book and cash book to account for cash collected for sale of seedlings etc., with effect from October 2016. In its replacement, a private receipt book was utilised, and the cash collected was remitted to the Agricultural Station in Orange Hill instead of the Ministry of Agriculture, contrary to regulations 51 (1) and 86 (a), respectively, of the Finance Administration Regulations 2009. This practice was brought to the attention of the



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Accounting Officer to obtain clarification; however, no response was received by the Audit Office at the end of financial year 2016.

AUTONOMOUS DEPARTMENTS

HOUSE OF ASSEMBLY

4.3

The major findings of an audit conducted at the House of Assembly for financial years 2011 to October, 2016 are outlined below:

- The vote accounts were not properly maintained in accordance with the Finance Administration Regulations, 2009;
- Contracts were entered into for the editing of a fixed approximate number of Hansards, rather than for the actual number of Hansards that were prepared by the House of Assembly;
- The editor was paid twice for editing the Hansard for 30th January, 2015;
- The number of Hansards the editor was contracted to edit, far exceeded the sittings of Parliament; and
- The Leader of the Opposition was paid entertainment allowance at a rate of \$705.00 per month instead of \$760.00; resulting in a short payment of \$55, with effect from January 2006, contrary to Cabinet's Decision dated 28th February, 2006 and Ministry of Finance Memorandum, MF/126 dated 13.3. 2006.



4.4

REGISTRY AND HIGH COURT

A compliance audit was conducted on documents registered under the Registration of Documents Act, the Expenditure Accounts and Ordinary Marriage Licences and Court connected Mediation Programme, at the Registry and High Court. The high standard of record keeping expected at the Registry was not evident. The following is a synopsis of the irregularities of the records reviewed for financial year 2016:

- there was non-collection of cash by Bailiffs;
- the Index of Bills of Sale were not maintained in accordance with the Bills of Sale Act. The names of the grantee instead of the grantor of the registered Bills of Sale were recorded in the index, contrary to section 19 (4) of the Bills of Sale Act;
- incorrect value of stamps was affixed to Bills of Sale, for declaration in lieu of affidavit and to documents registered under the Registration of Documents Act for declaration in lieu of affidavit for the period under review, this is contrary to item 2 of the Stamp Act;
- no documentation was retained to indicate that the particulars of all orders made by the Court containing a declaration of possessory title for the period under review, were published by the Registrar in a newspaper in accordance with section 22 of the Possessory Titles Act, CAP 328;
- the rate applied for licence fees for Aliens Land Holding Licence was not, in all instances, in accordance with the Aliens (Land Holding Regulations) Act, therefore, resulting in over-collection of fees;
- the Register for Application of Notice of Marriage was devoid of pertinent information; and



- Vote Books submitted were not maintained in accordance with the Finance Administration Regulations 2009.

Court -Connected Mediation Programme

4.5

Court-connected mediation was introduced in the Organisation of the Eastern Caribbean States (OECS) member states through Practice Direction No.1 of 2003, which came in to effect on 1st December 2003. Court-connected mediation was introduced to provide litigants with a timely and cost-effective method to the conventional way of resolving civil disputes.

4.6

The mediation is guided by four (4) instruments. A review of these instruments revealed that the fees associated with mediation proceedings were not consistently stated in the St. Lucia Court-Connected Mediation Pilot Project Code of Conduct for Mediators and the Report on the Implementation of Mediation in St. Vincent. For instance, paragraph 11.1A of the former instrument confers the authority on the Court for the stipulation of fees payable to mediators. Paragraph 5 of the Report on the Implementation of Mediation in St. Vincent recommends that the fee payable equally by parties is \$750.00, \$650.00 of which is payable to a mediator. The document further recommends that an amount of \$150.00 be retained as administration fees and \$150.00 be paid by mediators. No documented fees stipulated by the Court were produced.

4.7

Notwithstanding the forgoing, the instruments provided were used to evaluate the management of the Mediation Program.



4.8

The following compliance deviations were found:

- an amount of \$800.00 instead of \$750.00 was collected from parties to the claim, contrary to the fees enshrined in the Report on the Implementation of Mediation in St. Vincent (herein after referred to as the report);
- a fee of \$650.00 instead of \$600.00 was paid to each mediator for services rendered, contrary to the established fees in the Report. No instrument was presented to support the increase in mediation fees collected and disbursed to mediators;
- in accordance with Part 3 of the Practice Direction No. 1 of 2003, Mediators selected to be placed on Roster of Mediators shall be certified by the Judicial Education Institute. However, no approval was provided by the High Court from the Judicial Education Institute, for mediators appearing on the Roster of Mediators;
- in accordance with the Report, mediators are required to pay an annual fee of \$150.00 to be placed on the Roster of Mediators. No document was presented to evidence the payment of annual fee by Mediators for the period under review. Further, the Registrar stated that the annual fee is not being paid by Mediators. It was noted that despite the non- payment of annual fees, Mediators continue to be placed on the Roster of Mediators;
- an amount of four thousand, five hundred dollars (\$4,500.00) remained outstanding by Mediators for the period 2015 – 2016.



- the First Schedule, Procedure 9.1 (a) of the Practice Direction No 1 of 2003, requires the parties to submit a copy of Statement of Case to the Mediator at least seven (7) days prior to the mediation session. It was noted that;
 - a copy of Statement of Case was not retained on several Mediation Files and;
 - the date of receipt was not recorded on photocopied Statements of Case that were submitted within the period under review;
- various confidentiality agreements signed were exclusive of the date. Consequently, we could not determine compliance with the First Schedule, Procedure 9.1 (b) of the Practice Direction No.1 of 2003, which requires the parties to sign a confidentiality agreement prior to the Mediation session;
- the High Court is required to retain an amount of \$150.00 from the fees paid by litigants for each mediation session, which is deposited to a Mediation Fund Account. The purpose of these moneys is to finance general administrative expenses associated with the Mediation Programme. However, it was noted that an amount of \$1,150.00 was utilized from the fund to subsidise fees paid to mediators for services rendered at seven (7) mediation sessions. This was due to the short payment of fees by five (5) parties and the non-payment of fees by the Attorney General's office for two (2) suits involving the Government of St. Vincent and the Grenadines. The fees paid by parties were insufficient to defray the fees payable to mediators. In keeping with the St. Lucia Court – connected Mediation



Pilot Project Access Plan, a mediator shall provide mediation services pro bono to persons seeking their assistance, including those unable to pay for such services, provided that the mediator has not conducted twelve (12) hours of pro bono mediations per year. There was no evidence that the mediators had provided pro bono mediation services during the years 2015 and 2016. In the circumstances, the financial status of litigants who did not pay the prescribed fee should have been established by the Mediation Coordinator in order to determine whether pro bono service was required;

- requisition vouchers generated at the High Court for the purpose of procuring goods, for use at mediation sessions, were not designed to capture the Registrar's signature, to signify that all purchases were duly authorised by her. The Registrar expressed that her authorisation is verbally granted to the Mediation Co-ordinator upon presentation and scrutinisation of requisitions. This verbal method of authorisation exposes the procurement system to risk as unapproved items can be included in the requisition, subsequent to the Registrar's approval. Also, the Registrar may not recall all items that were verbally authorised; and
- requisition vouchers do not appear to be authentic as these were devoid of the organisation's name, business address and invoice number and could be easily replicated for unauthorised use.

4.9

A number of audit recommendations were presented and agreed to by management, to rectify the identified deficiencies in order to improve the performance and accountability of the Registry and High Court.



4.10

MAGISTRACY

It was discovered 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:

- 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;”
- 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 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;



4.11

Criminal Suit

- 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 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 warrant.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Forfeiture of Cash

4.12

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

Expenditure Accounts

4.13

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

Liquor Licence

4.14

The liquor licence records were not presented for audit inspection for the period under review.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

MINISTRY OF FOREIGN AFFAIRS, FOREIGN TRADE AND CONSUMER AFFAIRS

OVERSEAS OFFICES

ST. VINCENT AND THE GRENADINES EMBASSY, CUBA AND WASHINGTON MISSION

4.15

Compliance audits were conducted at the St. Vincent and the Grenadines (SVG) Embassy, Cuba and Washington Mission for the periods November 2012 to September 2016 and August 2014 to September 2016, respectively. In addition, reviews were done during the audits to ascertain whether the previous year's recommendations were implemented by the Ministry of Foreign Affairs. Most of the recommendations were not implemented as was evident by the recurrence of several weaknesses which were highlighted in the previous reports.

ST. VINCENT AND THE GRENADINES EMBASSY, CUBA

4.16

The major findings noted during the audit of St. Vincent and the Grenadines Embassy, Cuba, for the period November 2012 to September 2016 are summarised as follows:

- as at 30th September, 2016, amounts of EC\$150,342.65 and EC\$56,955.12 were cleared and cleared in excess of the monthly expenses, respectively, in the Accounting Division (Treasury) Accounts for the period audited;
- as at 30th September 2016, a large balance of EC\$685,896.82 remained in the Advance Account;



- all of the quarterly allotments were not submitted to the Embassy which resulted in charges as penalties for late payments for goods and services;
- bank charges and losses on the exchange rate for the processing of Advances remitted to the Embassy were not reflected in the accounts for the period under review;
- amounts refunded by the driver for cellular phone expenses were not reversed in the accounts;
- child allowance was overpaid to the former Ambassador;
- there was absence of legislation to collect fees for the certification of documents; and
- the narration on several vouchers were insufficient to justify the charges to the accounts. For example, the narration was stated as payment for electricity charges and water charges. It appears that these charges were associated with the residence. In addition, payments for liquid gas for the residence was charged to the Embassy's account, although household allowance is paid to the overseas based Ambassadors and Consul Generals to meet the cost of operating the residence.

ST. VINCENT AND THE GRENADINES WASHINGTON MISSION

Review of the Implementation of the Previous Year's Audit Recommendations

A review was done during the audit to ascertain whether the Ministry of Foreign Affairs and Washington Mission, had implemented the previous year's audit recommendations issued by the Office to improve the performance of the Mission. The following recommendations were reviewed:

4.17



- services provided at the residence, such as cutting of grass, gas supplied for residence and charges for FIOS TV should be paid by the Ambassador in keeping with the memorandum dated 30th January 2006;
- the most viable option for the OECS building needed to be determined expeditiously by the Diaspora Committee, the Ambassadors and the Governments of the OECS, since the location of the office in Virginia in 2016:

I. could have posed serious security threat to the office, should the Secret Service's assistance be required urgently; and

II. was an additional monthly cost to the Government of St. Vincent and the Grenadines;

- travel advances should be cleared in accordance with section 5.5 of the Civil Service Orders (CSO);
- detailed bills should be presented for all reimbursements;
- a certified statement should be attached for all reimbursements;
- the normal process of procuring goods and services should be utilised, when items are required by the office;
- need for timely processing of the monthly expenses in the account by the Ministry of Foreign Affairs, Trade and Commerce;



- a proper analysis should be done on the Washington Mission's monthly expenditure statements and vouchers to ascertain the following and effect adjustments where necessary;
- the requisite approval and provision are required to account for the amount of US\$ 5,753.72 (EC\$15,632.28) which was utilised from the Embassy's funds to purchase furniture and equipment;
- reduction of the large balance in the Advance Account; and
- the total of EC\$50,283.04 and EC\$854.10 not cleared and cleared in excess of the monthly expenses, respectively, should be reviewed and the necessary processing be done to update and adjust the accounts.

4.18

There was no response from the Ministry of Foreign Affairs indicating the actions that were taken to address the discrepancies for the improvement of the accounting processes of the Mission. Most of the recommendations were not acted upon or implemented as was evident by the recurrence of a number of weaknesses which were previously highlighted in the reports.

4.19

A synopsis of the findings of the audit for the period August 2014 to September 2016 are outlined as follow:

- a total of US\$6,500.00 (EC\$17,659.85) was paid for monthly rental of office space and other charges at the office's new location in Virginia and US\$2,595.07 (EC\$7,050.55), for maintenance of the OECS building in Washington, the Embassy's former location led to increase expenses for the Embassy;
- late remittance of quarterly allotments led to the Embassy incurring penalties for late payments and high bank charges;



- payments were made for expenses incurred at the Ambassador's residence, some of which should be paid from the Ambassador's household allowance;
- incorrect rates were paid to officers for subsistence allowances, contrary to the rates set out in the Third Schedule of the Travelling and Subsistence Regulations, Cap 283 of the Revised Laws of St. Vincent and the Grenadines, 2009; and
- the amounts of EC\$60,134.71 and EC\$33,973.46 were not cleared and cleared in excess of the monthly expenses, respectively.

4.20

In addition, there were some compliance deviations which may have resulted in the actual expenditure in the Washington Mission's account not being accurate as;

- all expenditure was not processed and charged to the relevant accounts;
- amounts in excess of the monthly expenditure submitted were charged to the accounts; and,
- expenditure that was not chargeable to the Washington Mission were charged to expenditure heads and cleared from the Advance Account.

4.21

These deviations have contributed to an accumulative balance of \$222,268.07 in the Advance Account at the end of September, 2016. Therefore, it is critical that the Accounting Officers exercise due care in the management and processing of the accounts of the Mission.



Appendix I

AUDIT QUERIES

A summary of queries issued to Accounting Officers during financial years 2012 to 2016 which remained outstanding at the end of 2016.

DEPARTMENT	2012	2013	2014	2015	2016	Queries Issued 2016
Clerk, House of Assembly					2	2
Registry	7			1		
Chief Magistrate	6	4	5	4	5	5
Government Printer	1	3				
Accountant General	13	8	23	8		
Comptroller of Customs & Excise				2		
Comptroller, Inland Revenue						
Ministry of Agriculture				1		
PS/National Security			1	18		
Commissioner of Police			14			
Superintendent of Prisons				7		
Canouan Revenue Office			1	4	6	6
Georgetown Revenue Office				1		
Bequia Revenue Office			6			
Union Island Revenue Office	7	2	4	6		
Total	34	17	54	52	13	13



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

Appendix II

STATEMENT OF AUTHORITIES FOR EXPENDITURE 2016

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

ESTIMATES:	Passed in the House of Assembly on February 24, 2016
APPROPRIATION ACT:	Enacted as Act No.1/2016 - \$912,738,496.00
GENERAL WARRANT:	Signed by the Honourable Minister of Finance on 26TH February, 2016
SPECIAL WARRANT:	Seventy-three (73) Special Warrants were approved for a total of \$35,780,992.98. \$35,780,992.98 remained unappropriated at the end of 2016
SUPPLEMENTARY APPROPRIATION:	No Supplementary Appropriation was approved by Parliament in financial year 2016
VIREMENT WARRANT:	A total of one hundred and fifty-eight (158) Virement Warrants were approved to re-allocate a total of \$5,030,206.83



Appendix III

EXCESS RECURRENT EXPENDITURE 2016 WHICH WERE NOT APPROVED BY SPECIAL AND VIREMENT WARRANTS

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
AUTONOMUS					
21113	Governor General Office- Allowances	62,500.00	62,500.00	74,547.67	12,047.67
22311	House of Assembly- Local Travel	235,000.00	235,000.00	238,940.65	3,940.65
21111	Registry & High Court Personal Emoluments	1,540,244.00	1540.244.00	1,545,686.78	5,442.78
21113	Office of the Dir. Of Public Prosecutions - Allowances	161,815.00	161,815.00	165,830.04	4,015.04
	SUB TOTAL	1,999,559.00	1,999,559.00	2,025,005.14	25,446.14
OFFICE OF THE PRIME MINISTER					
22212	Policy Planning and Administration - Operating Expense	43,500.00	73,500.00	140,965.18	67,465.18
22212	Government Printery – Operating Expenses	40,000.00	40,000.00	41,751.28	1,751.28
	SUB TOTAL	83,500.00	113,500.00	182,716.46	69,216.46
MINISTRY OF FINANCE					
21113	Policy Planning and Administration – Allowances	51,070.00	51,070.00	51624.00	554.00
22212	Policy Planning and Administration - Operating Expense	115,000.00	15,000.00	25,686.25	10,686.25
28212	Contribution to Int’nal Organisation – Contribution to Foreign Organisation	0.00	0.00	246,578.80	246,578.80



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
27311	Pension and Retiring Benefits - Retiring Benefits	52,000,000.00	52,000,000.00	54,552,902.72	2,552,902.72
	SUB TOTAL	52,115,000.00	52,115,000.00	54,825,167.77	2,810,721.77
MINISTRY OF ECONOMIC PLANNING, SUSTAINABLE DEVELOPMENT					
21111	General Administration- Personal Emoluments	652,238.00	652,238.00	732,471.32	80,233.32
21113	Industry and Commerce - Allowances	6,540.00	6,540.00	8,393.00	1,853.00
21111	Telecom. Science & Technology- Personal Emoluments	495,900.00	495,900.00	505,159.19	9,259.19
21111	Information General Administration – Personal Emoluments	314,551.00	314,551.00	317,354.13	2,803.13
21113	Agency for Public Information – Allowances	33,395.00	33,395.00	33,761.29	366.29
	SUB TOTAL	1,469,229.00	1,469,229.00	1,563,377.64	94,514.93
MINISTRY OF NATIONAL MOBILIZATION					
21111	Policy Development & Administration– Personal Emoluments	660,960.00	660,960.00	664,493.27	3,533.27
27221	Social Protection Services – Social Assistance in Kind	0.00	-150,000.00	1,468,715.62	1,618,715.62
	SUB TOTAL	660,960.00	510,960.00	2,133,208.89	1,622,248.89
MINISTRY OF EDUCATION					
26312	Pre - Primary Education - Current Grants to other Agencies	0.00	0.00	13,600.00	13,600.00



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
	SUB TOTAL	0.00	0.00	13,600.00	13,600.00
MINISTRY OF NATIONAL SECURITY					
21113	Police General Admin. - Allowances	2,419,280.00	2,419,280.00	2,804,644.93	385,364.93
21113	Prisons - Allowances	244,000.00	244,000.00	284,602.29	40,602.29
22212	Prisons – Operating Expenses	87,480.00	354,269.69	441,681.46	87,411.77
272221	Prisons - Social Assistance Benefit in Kind	6,400.00	1,400.00	7,426.58	6,026.58
21111	National Emergency Management. Office- Personal Emoluments	378,766.00	378,766.00	407,310.54	28,544.54
21113	National Emergency Management. Office- Allowances	9,455.00	9,455.00	10,524.00	1,069.00
27221	National Emergency Management. Office- Social Assistance Benefit in Kind	0.00	0.00	31,403.89	31,403.89
	SUB TOTAL	2,807,501.00	2,807,501.00	3,253,883.36	580,423.00
MINISTRY OF AGRICULTURE					
22212	Forestry Services–Operating Expenses	5,000.00	5,000.00	46,679.44	41,679.44
	SUB TOTAL	5000.00	5,000.00	46,679.44	41,679.44
MINISTRY OF TRANSPORT AND WORKS					
21113	Local Government - Allowances	5,000.00	5,000.00	5,138.00	138.00
	SUB TOTAL	5,000.00	5,000.00	5,138.00	138.00
MINISTRY OF HEALTH AND THE ENVIRONMENT					
21113	Policy Planning and Support Service - Allowances	665,470.00	665,470.00	687,664.57	22,195.57
22311	Hospital Services - Local Travel Charges	322,158.00	339,498.00	363,758.92	24,260.92
27221	Mental Health service – Social Assistance Benefit in Kind	0.00	0.00	720.00	720.00

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2016

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
21111	Environmental Health Services- Personal Emoluments	883,717.00	883,717.00	956,419.28	72,702.28
	SUB TOTAL	1,871,345.00	1,888,685.00	2,008,562.77	119,878.77
MINISTRY OF HOUSING, INFORMAL SETTLEMENT					
22212	Policy Planning and Support – Operating Expense	13,200.00	2,000.00	5,088.90	3,088.90
	SUB TOTAL	13,200.00.00	2,000.00	5,088.9	3,088.90
MINISTRY OF FOREIGN AFFAIRS					
21111	Foreign Policy and Research – Personal Emoluments	503,002.00	503,002.00	553,505.49	50,503.49
21111	Regional Integration and Diaspora Unit – Personal Emoluments	239,470.00	239,470.00	284,444.08	44,974.08
	SUB TOTAL	742,472.00	742,472.00	837,949.57	95,477.57
MINISTRY OF TOURISM, YOUTH AND SPORT					
21111	Policy Planning and Administration – Personal Emoluments	431,910.00	431,910.00	440,519.41	8,609.41
	SUB TOTAL	431,910.00	431,910.00	440,519.41	8,609.41
	TOTAL	62,627,021.00	62,674,950.69	69,146,393.97	5,471,443.28



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