



*Report of the Director of Audit on the Public Accounts Of
St. Vincent and the Grenadines for the Period
1st January 2008 to 31st December 2008*

INTRODUCTION

1.1

The Director of Audit is the constitutionally appointed auditor of all Government departments, authorities of Government, courts of law, and other offices and commissions established by the Constitution of St. Vincent and the Grenadines. This Report summarises the findings and conclusions of the audit of the Public Accounts for the year ending 31st December 2008. The main purpose of the audit is to obtain the necessary information for the issuing of an opinion on the accounts and provide Parliament with the assurance that the funds appropriated by Parliament have been applied to the purposes intended.

1.2

Reference is made to both the Finance and Audit Act and the Audit Act 2005 as audits were completed before and after the proclamation of the Audit Act in September 2009.

1.3

I have examined the accounts of the Ministries and Departments of the Government of Saint Vincent and the Grenadines and the Financial Statements of the Accountant General for the year ended December 31st 2008 in accordance with Section 75 (4) of the Constitution of St. Vincent and the Grenadines, the Finance and Audit Act (CAP 182 of the Laws of St. Vincent and the Grenadines, Revised Edition, 1990) and the Audit Act 2005.

**1.4**

This Report is prepared for laying in the House of Assembly pursuant to Section 75 (4) of the schedule to the Constitution of St. Vincent and the Grenadines, (CAP. 2 of the Laws of St. Vincent and the Grenadines, Revised Edition 1990).

1.5

The Report on the accounts for the year ended December 31 2007 was tabled in the House of Assembly on 4th March 2010.

AUDIT MANDATE

1.6

Section 75 subsection 2 of the Constitution of St. Vincent and the Grenadines (CAP 2 Laws of Saint Vincent and the Grenadines Revised Edition 1990), requires the Director of Audit, at least once in every year to audit and report on the Public Accounts of St. Vincent and the Grenadines, the accounts of all courts of law in St. Vincent and the Grenadines, the accounts of every commission and the accounts of the Clerk of the House. The Finance and Audit Act, (CAP 182) sets out the accounts and statements which the Accountant General is required to submit to the Director of Audit and the time frame within which the accounts are to be submitted.

1.7

The Director of Audit is authorised to have access to all books, records, returns, reports and other documents, which in *her* opinion relate to any of the accounts referred to in Section 75 (2) of the Constitution of St. Vincent and the Grenadines. The Director of Audit is the independent auditor of Government, acting on behalf of the taxpayer, through Parliament and it is on *her* investigation that Parliament has to rely for assurance about the fairness and regularity of the Public Accounts. The Constitution sets out to address the independence of the Director of Audit in Section 75 (7) which



states; “*in the exercise of her functions under subsection 2, 3, 4 and 5 the Director of Audit shall not be subject to the direction or control of any other person or authority.*”

SCOPE OF AUDIT

1.8

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

1.9

The audits were conducted in accordance with the Constitution of St. Vincent and the Grenadines Section 75 and the Finance and Audit Act (CAP 182) Section 10. The audits does not absolve the Accounting Officers of their responsibility to ensure that adequate internal controls are in place in their Ministry or Department to safeguard the assets and other resources against fraud and irregularities. They must ensure that the Financial and other Regulations are complied with.

1.10

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the statements.

1.11

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

**1.12**

Provided at the end of this Report is my opinion on the Financial Statements of the Government for the year ended 31st December 2008 along with the Financial Statements.

GENERAL ISSUES**PUBLIC ACCOUNTS COMMITTEE****1.13**

Section (76) of the Constitution of St. Vincent and the Grenadines provides for the appointment of a Public Accounts Committee. The House of Assembly at a meeting on 17th December 2007 appointed the Public Accounts Committee as follows:

Government

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

Opposition

Hon Arnhim Eustace
Dr. The Hon Godwin Friday

1.14

The Public Accounts Committee is required to consider the accounts in conjunction with the Report of the Director of Audit and in particular to report to the House:-

- (a) in the case of any excess or unauthorised expenditure of public funds, the reasons for such expenditure and



- (b) measures it considers necessary in order to ensure that public funds are properly spent,

and such other duties relating to the public accounts as the House may from time to time direct.

1.15

The non-functioning of the Public Accounts Committee could result in the weakening of Parliamentary control and is a source of frustration of the audit exercise as Permanent Secretaries and Heads of Departments are not called to account for their stewardship.

PROGRAMME OF WORK**1.16**

The mandate of the Audit Office has been extended to include the audit of Statutory Bodies and Government controlled companies. Due to the lack of adequately trained and qualified personnel on staff, the Office was unable to audit any of these Statutory Bodies. A private sector accounting firm was engaged to conduct the audit of the St. Vincent and the Grenadines Postal Corporation.

Access to Information**1.17**

Gaining access to information is a matter of great concern. There were instances where some Heads of Departments appeared to be unaware of the provisions of the Constitution and the Audit Act which require the Audit Office to have access to all information. In these cases the work of the Audit Office was restricted due to lack of cooperation by these Heads of Departments.

**1.18**

I wish to draw attention to Section 19 of the Audit Act 2005, which states inter-alia.

(1) The Director of Audit is at all reasonable times and for any purpose related to carrying out *her* responsibilities under this or any other Act entitled to access to the records of, and electronic data processing equipment owned or leased by:

- (a) a ministry, department or other service;
- (b) a statutory body;
- (c) a recipient of government money;
- (d) a government owned or controlled corporation; or
- (e) any other organization or body,

1.19

I would like to further advise Ministries and Department that according to the Constitution of St. Vincent and the Grenadines, the St. Vincent and the Grenadines Audit Office is responsible for the audit of all Government entities. I therefore expect their full cooperation in any audit investigation. What has transpired in previous years was unacceptable in some instances.

NON- COMPLIANCE

1.20

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

Arrears of Revenue

121

Financial Rule # 67 stipulates states that *“Head of Departments, who are responsible for the collection of Revenue, will render Annual Returns of Arrears of Revenue, and half yearly Reports of Revenue Recovered. These returns must be rendered on the prescribed forms to the Accountant General for transmission to the Director of Audit.”*

**1.22**

I have not received any Annual Returns of Arrears of Revenue or Half yearly Reports of Revenue recovered. This is an area that needs urgent attention as Government should be in a position to know what the outstanding arrears are. The Accountant General should take steps to ensure that Annual Returns and Reports are received.

Half-yearly Return of Receipt Books

1.23

Half-yearly Returns of Receipt Books have not been submitted by revenue collecting departments as required by Financial Rule 93. The returns are to be checked in the Treasury to see that they include all books shown in the Distribution Register as outstanding.

1.24

The Accountant General must insist that these returns are provided as required by the rule.

Stores Tabular Summary

1.25

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

Site Stores Ledger

1.26

Materials purchased for jobs undertaken are not always controlled by use of the requisite Site Stores Ledger. Therefore, the possibility of waste and abuse cannot be excluded in such circumstances.

Motor Vehicle Log Books and Garage Register

1.27

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

**STATEMENT OF LOSSES****1.28**

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

1.29

Overpayment of salaries accounts for the bulk of the losses suffered by the taxpayers. Accounting Officers must pay close attention to the issue of abandonment of post in particular, so that any such incident could be promptly reported to the Accountant General for the cessation of payment of salaries to be effected.

AUDIT QUERIES**1.30**

Exit interviews are conducted by the audit team at the completion of the field audit, apprising the Accounting Officer or Head of Department of the findings of the audit.

1.31

Audit Queries are issued to Accounting Officers highlighting shortcomings or irregularities detected during the course of the audit conducted at the Ministries and Departments. Queries provide the Ministries and Departments with an opportunity to clarify the issues raised by the Audit Office, to express their views on the matters in question and to make adjustments where necessary.

1.32

The response to these queries has not been favorable over the years since most Departments and Ministries fail to respond to these queries. This does not augur well for the Public Service since not only are responses to queries not forthcoming but the same issues persist year after year and have to be reported upon in the Director of Audit Report.

**1.33**

Accounting Officers needs to ensure that responses to Audit queries are made in a timely manner and measures are put in place to correct the shortcoming and not wait until some fraudulent activity takes place before they act.

1.34

A list of outstanding queries is found at Appendix I.

SPECIAL WARRANTS**1.35**

The Finance and Audit Act provides for the Minister of Finance by Special Warrant, to authorize the issue from the public fund such sums which may be required to defray unforeseen expenditure in anticipation of grants made by the Parliament.

1.36

A proviso to Section 5(1) of the Act stipulates as follows:- provided that the total sum so authorized and not yet appropriated by a law made by Parliament shall not exceed 7.5 million dollars.

1.37

One hundred and fifty-four (154) Special Warrants were approved by the Minister of Finance during the financial year 2008. The warrants totaled \$49,562,629.27. This was approximately eight percent (8%) of the original budget.

1.38

A total of \$9,268,496.00 was covered by Supplementary Appropriation. This leaves a balance of \$40,294,133.27 for which no Supplementary Appropriation was seen.



CHAPTER 2

ANNUAL FINANCIAL STATEMENTS

2.1

CAP 182 Section 9 of the Finance and Audit Act requires that the Accountant General submit the Financial Statements to the Director of Audit within six (6) months after the close of the financial year. The Financial Statements of the Accountant General for the year ended December 31 2008 were submitted to the St Vincent and the Grenadines Audit Office as follows:-

Table 1

Name	Date Received
Statement of Revenue under Detail Accounts	02/07/2009
Statement of Expenditure under Detail Accounts	02/07/2009
Statement of Advances	02/07/2009
Statement of General Deposits	02/07/2009
Statement of Assets and Liabilities	02/09/2009
Statement of Investment	02/09/2009
Statement of Public Debt	02/09/2009

**STATEMENT OF ANNUAL ABSTRACT**

2.2 The Abstract Account is compiled and signed by the Accountant General as four (4) separate statements instead of one (1) single statement.

2.3 The Abstract Account is prepared as follows:

- i. Annual Abstract Account Statement of Recurrent Revenue
- ii. Annual Abstract Account Statement of Recurrent Expenditure
- iii. Annual Abstract Account Statement of Capital Revenue
- iv. Annual Abstract Account Statement of Capital Expenditure

RECURRENT BUDGET

2.4 A summary of the recurrent budget for the financial year was as follows:-

	\$
Recurrent Revenue	489,467,879.59
Recurrent Expenditure	<u>492,652,790.22</u>
Deficit	<u>- 3,184,910.63</u>

Recurrent Revenue

2.5 Actual collections for Recurrent Revenue totaled \$489,467,879.59 exceeding the estimated collection of \$447,817,950.00 by \$41,649,929.59. This amount also reflected an increase of \$56,104,143.91 or 11.4 % over the amount collected in 2007. The excess in the recurrent revenue of \$41,649,929.59 is a net amount comprising of excesses totaling \$44,106,131.28 in respect of four (4) heads and shortfalls of four (4) heads totaling \$2,456,201.69 as shown in Table 1.1.



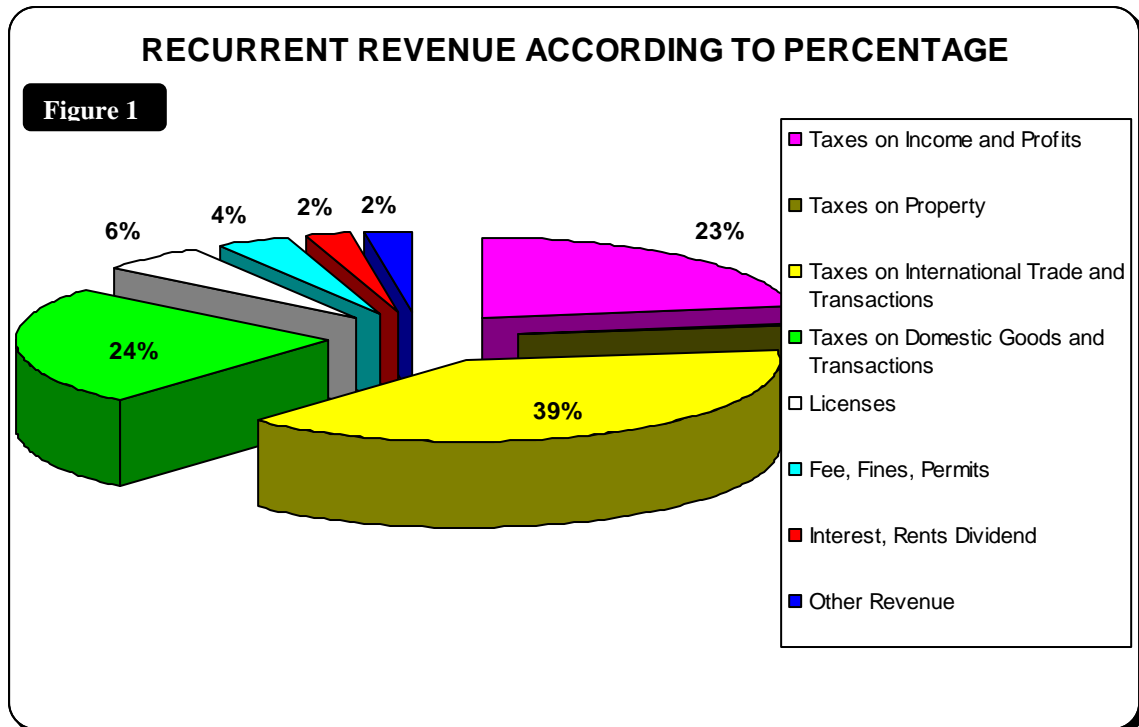
EXCESS /SHORTFALL OF RECURRENT REVENUE ACCORDING TO SOURCE

Table 1.1

Revenue Head	Estimated	Actual 2008	Excess (Shortfall)
Taxes on Income and Profits	94,500,000.00	110,391,732.11	15,891,732.11
Taxes on Property	2,500,000.00	2,203,803.19	-296,196.81
Taxes on International Trade and Transactions	172,460,200.00	188,623,071.31	16,162,871.31
Taxes on Domestic Goods and Transactions	119,780,300.00	119,316,364.54	-463,935.46
Licenses	27,849,000.00	27,339,774.87	-509,225.13
Fee, Fines, Permits	19,373,100.00	18,186,255.71	-1,186,844.29
Interest, Rents Dividend	4,655,400.00	11,574,675.50	6,919,275.50
Other Revenue	6,699,950.00	11,832,202.36	5,132,252.36
TOTAL	447,817,950.00	489,467,879.59	41,649,929.59

2.6

Figure 1 shows the collection of recurrent revenue according to source in terms of percentage.



**2.7**

Recurrent Revenue credited for financial year 2008 with comparatives for 2007 were as follows:-

Table 1.2

Revenue Head	Actual 2008	Actual 2007
Taxes on Income and Profits	110,391,732.11	103,573,634.56
Taxes on Property	2,203,803.19	2,494,723.84
Taxes on International Trade and Transactions	188,623,071.31	167,687,754.79
Taxes on Domestic Goods and Transactions	119,316,364.54	102,241,965.04
Licenses	27,339,774.87	26,430,958.65
Fee, Fines, Permits	18,186,255.71	18,961,467.22
Interest, Rents Dividend	11,574,675.50	3,935,817.21
Other Revenue	11,832,202.36	8,037,414.37
TOTAL	489,467,879.59	433,363,735.68

Recurrent Expenditure*Difference***2.8**

There was a difference of \$8.00 between the Estimated Recurrent Expenditure recorded in the Estimates of Revenue and Expenditure and what was recorded on the Statement. Actual recurrent expenditure was \$492,652,790.22; however, the Statement reflected a total of \$492,652,706.93.

*Actual***2.9**

Total Recurrent Expenditure recorded for the year was \$492,652,790.22, \$51,107,648.78 less than the Revised Estimates. The expenditure for this financial year surpassed that of the previous year by \$56,627,437.89.



CAPITAL BUDGET

2.10

A summary of the capital budget for the financial year was as follows:-,

	\$
Capital Revenue	108,706,775.48
Capital Expenditure	<u>130,970,342.02</u>
Deficit	-22,263,566.54

Capital Revenue

2.11

The total Capital Revenue was reported to be \$108,706,775.48, a shortfall of \$200,842,674.52 below the estimated figure of \$309,549,450.00. The revenue collected was \$11,791,676.32 more than that reported for the previous financial year.

2.12

The collection of capital revenue according to source, with comparative figures for 2007 shows that while there was a decrease in Loans, the amounts credited as Local Revenue and Grants showed an increase over the previous year's collections.

Table 1.3

TYPE OF FUNDS	2008	2007	VARIANCE
Local Revenue – Sale of Land	1,586,384.55	935,512.44	650,872.11
Grants	45,155,304.44	30,040,828.87	15,114,475.57
Loans	61,965,086.49	65,938,757.85	3,973,671.36
TOTAL	108,706,775.48	96,915,099.16	11,791,676.32

2.13

Comparison between Estimates and Actual Capital Revenue

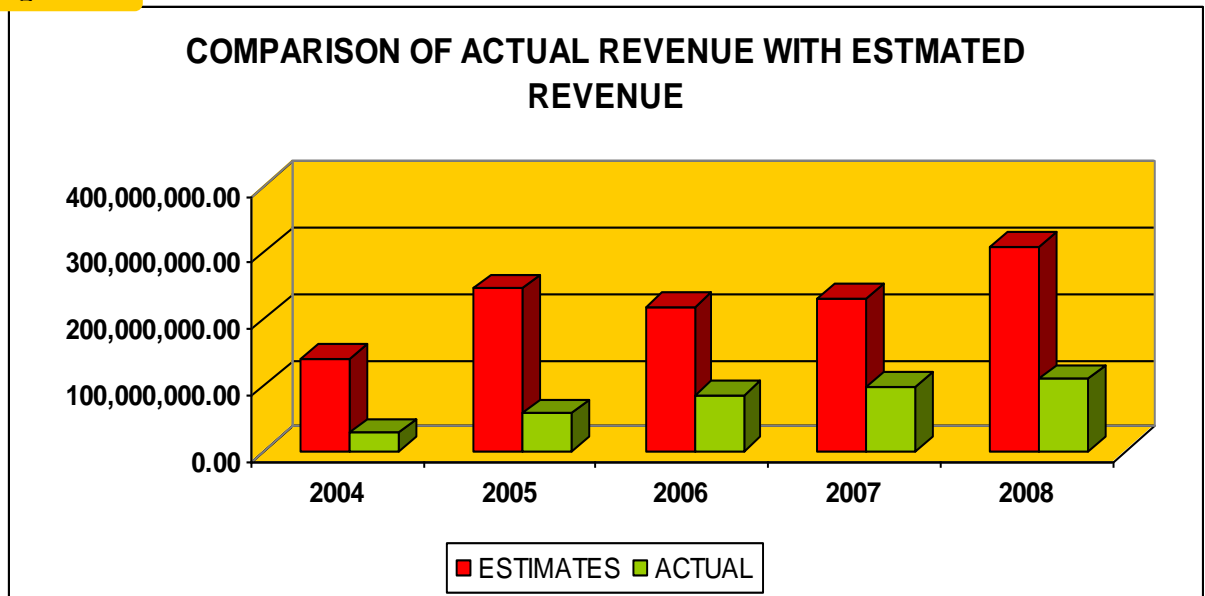
The trend of variances over the past five (5) years is displayed in Table 1.4 and Figure 1.1.



Table 1.4

Year	Estimates	Actual	Variance
2004	139,148,873.00	27,190,181.20	111,958,691.80
2005	245,113,069.00	56,920,153.95	188,192,915.05
2006	217,262,813.00	84,235,974.11	133,026,838.89
2007	231,109,435.00	96,915,099.16	134,194,335.84
2008	309,549,450.00	108,706,775.48	200,842,674.52

Figure 1.1



2.14

As can be seen from Table 1.4 and Figure 1.1 there was an increase in the variance between the estimated capital revenue and the actual capital revenue over the last three (3) years.

Capital Expenditure

2.15

The Budget Estimates made provision for Capital Expenditure of \$239,765,450.00. At the close of the financial year the accounts showed a Revised Capital budget of



\$266,370,301.15. The total Capital Expenditure charged for the year was \$130,970,342.02 or 49.17% of the Revised Estimates resulting in an under expenditure of \$135,399,959.13.

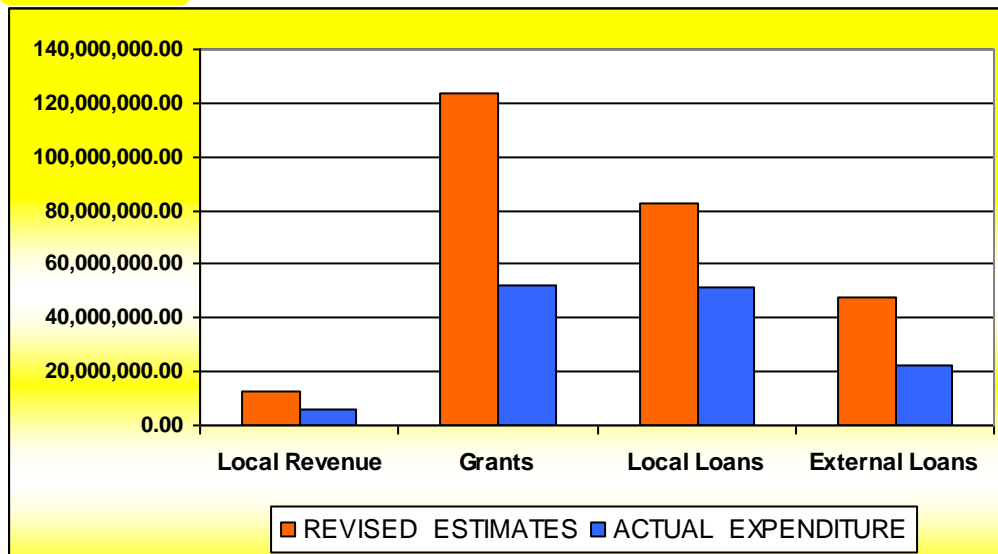
2.16

Table 1.5 and Figure 1.2 below show the comparison of estimated expenditure with actual expenditure according to source.

Table 1.5

SOURCE	REVISED ESTIMATES	ACTUAL EXPENDITURE	VARIANCE
Local Revenue	12,323,633.00	5,957,608.96	6,366,024.04
Grants	123,,291,059.00	51,850,966.25	71,440,092.75
Local Loans	82,800,196.00	51,142,029.87	31,658,166.13
External Loans	47,955,413.15	22,019,736.94	25,935,676.21
TOTAL	266,370,301.15	130,970,342.02	135,399,959.13

Figure 1.2



**2.17**

The capital expenditure charged for 2008 was \$14,204,414.63 less than what was recorded for 2007 as depicted in Figure 1.6.

Table 1.6

SOURCE	2008	2007
Local Revenue	5,957,608.96	7,624,934.58
Grants	51,850,966.25	45,294,879.97
Local Loans	51,142,029.87	52,432,932.52
External Loans	22,019,737.04	39,822,009.58
TOTAL	130,970,342.12	145,174,756.65

BUDGET OUT TURN**2.18**

The Budget Out Turn showed that there was a deficit on the overall budget for the financial year. The deficit for the year was \$25,448,477.17 and was transferred to the Consolidated Fund increasing the account to \$434,964,908.06. The Actual Budget Out-turn for the year as compared with the Original Estimates was as follows.

Table 1.7

ITEM	ESTIMATE	ACTUAL	DIFFERENCE
Recurrent Revenue	447,817,950.00	489,467,879.59	(41,649,929.59)
Less Recurrent Expenditure	<u>517,601,950.00</u>	<u>492,652,790.22</u>	<u>24,949,159.78</u>
Surplus/Deficit	(69,784,000.00)	(3,184,910.63)	(66,599,089.37)
Capital Revenue	<u>309,549,450.00</u>	<u>108,706,775.48</u>	<u>200,842,674.52</u>
Capital Financing	239,765,450.00	105,521,864.85	134,243,585.15
Capital Expenditure	<u>239,765,450.00</u>	<u>130,970,342.02</u>	<u>108,795,107.98</u>
Deficit	0.00	(25,448,477.17)	25,448,477.17



2.19

Table 1.8 shows the comparison of the Budget Out Turn for the last three (3) years.

Table 1.8

ITEM	2008	2007	2006
Recurrent Revenue	489,467,879.59	433,363,735.68	396,606,869.46
Less Recurrent Expenditure	492,652,790.22	436,025,352.33	407,969,879.02
Surplus/Deficit	(3,184,910.63)	(2,661,616.65)	(11,363,009.56)
Capital Revenue	108,706,775.48	96,915,099.16	84,235,974.11
Capital Financing	105,521,864.85	94,253,482.51	72,872,964.55
Capital Expenditure	130,970,342.02	145,174,756.65	118,145,054.57
Deficit	(25,448,477.17)	(50,921,274.14)	(45,272,090.02)

Expenditure Incurred Compared With Revenue Collected

2.20

A comparison of revenue with expenditure indicated that expenditure was in excess of revenue. Total Expenditure charged for the financial year totaled \$623,623,132.24 while Total Revenue credited for the year was \$598,174,655.07 as shown below.

	\$	\$
Recurrent Revenue	489,467,879.59	
Capital Revenue	<u>108,706,775.48</u>	
Total Revenue		<u>598,174,655.07</u>
Recurrent- Expenditure	492,652,790.22	
Capital Expenditure	<u>130,970,342.02</u>	
Total Expenditure		<u>623,623,132.24</u>
Deficit		25,448,477.12

2.21

An analysis of capital expenditure when compared with capital revenue by source revealed that revenue recorded differed to expenditure incurred. Details are reflected in Table 1.9. This may be an indication that expenditure according to funding sources may have been incorrectly classified. No explanation has been given for the difference between the amounts. As a result it was not clear how the excess in expenditure was financed.



Table 1.9

SOURCE	REVENUE	EXPENDITURE	VARIANCE
Local Revenue	1,586,384.55	5,957,608.96	-4,371,224.41
Grants	45,155,304.44	51,850,966.25	6,695,661.81
Local Loans	0	51,142,029.87	-51,142,029.87
External Loans	61,965,086.49	22,019,736.94	39,945,349.55
TOTAL	108,706,775.48	130,970,342.02	-22,263,566.64

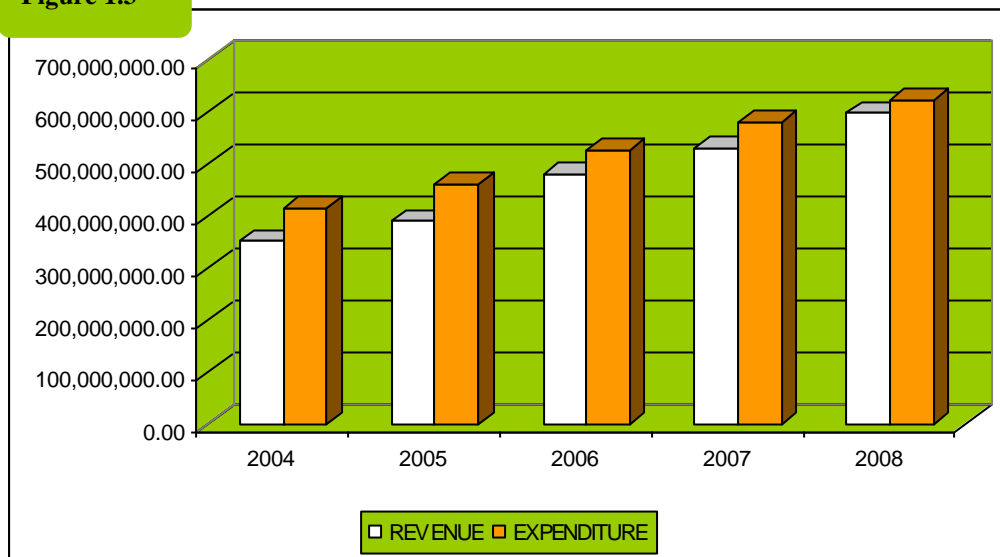
2.22

A comparison of total actual revenue and total actual expenditure and the deficit for the years 2004 to 2008 are shown below at Table 1.10 and Figure 1.3.

Table 1.10

Period	Revenue	Expenditure	Deficit
2004	351,973,416.69	414,696,503.14	-62,723,086.45
2005	391,011,083.92	462,002,193.56	-70,991,109.64
2006	480,842,843.57	526,114,933.59	-45,272,090.02
2007	530,278,834.84	581,200,108.98	-50,921,274.14
2008	598,174,655.07	623,623,048.95	-25,448,477.17

Figure 1.3



**DETAILED STATEMENT
OF REVENUE****RECURRENT REVENUE****2.23**

The Estimates of Revenue and Expenditure classified Recurrent Revenue as Tax Revenue and Non-Tax Revenue as shown in Table 1.11.

Table 1.11

TYPE	DESCRIPTION
Tax Revenue	Taxes on Income and Profits Taxes on Property Taxes on International Trade and Transactions Taxes Domestic Goods Transactions
Non Tax Revenue	Licenses Fees, Fines, Permits Interest Rent, Dividend Other Revenue

Tax Revenue**2.24**

Tax Revenue contributed 86% of actual recurrent revenue made up as follows:-

Table 1.12

Type	Amount	%
Taxes on Income and Profits	110,391,732.11	23
Taxes on Property	2,203,803.19	1
Taxes on International Trade and Transactions	188,623,071.31	38
Taxes on Domestic Goods and Transactions	119,316,364.54	24

2.25

Comparison of actual revenue collected for 2007 and 2008 under each of the four (4) categories are displayed in Tables 1.13 to 1.17.



2.26

Taxes on Income and Profits

This was the only category where all the items exceeded the Estimates. This represented an increase of \$6,818,097.55 or 6.18% over the 2007 collections of \$103,573,634.56.

Table 1.13

Item	Actual 2008	Actual 2007	Excess
Income Tax	55,992,662.55	54,243,331.03	1,749,331.52
Corporate Tax	46,691,076.42	43,112,611.09	3,578,465.33
Withholding Tax	7,707,993.14	6,217,692.44	1,490,300.70
TOTAL	110,391,732.11	103,573,634.56	6,818,097.55

2.27

Taxes on International Trade and Transactions

Actual collections of \$188,623,071.31 exceeded estimated collections of \$172,460,200.00 by \$16,162,871.31. This collection represented \$20,935,316.52 or 14.3% over last year's collection of \$167,687,754.79.

Table 1.14

Item	Actual 2008	Actual 2007
Import Duty	45,586,049.07	43,906,436.47
Consumption Duties-Imports	465,220.75	32,022,334.59
Customs Service Charge	30,814,419.23	28,664,067.36
International Telecom Charges	17,966.79	551,368.77
Travel Tax	1,257,605.78	1,268,380.56
Direct Entry Tax	47,925.00	54,538.00
Vehicle Surcharge	3,694,858.25	4,677,347.19
Excise Duty	20,738,781.43	-
VAT	86,000,245.01	56,543,282.05
TOTAL	188,623,071.31	167,687,754.79

**2.28**

There were excesses of over \$1,000,000.00 on the following accounts:-

Table 1.15

Account	Item	Excess
13001	Import Duty	4,586,049.07
13004	Customs Service Charge	1,314,419.23
13009	Excise Duty	2,238,781.43
13011	VAT	8,000,245.01
	TOTAL	16,139,494.74

Taxes on Domestic Goods and Transactions**2.29**

The actual revenue recorded for the financial year was \$119,316,364.54. This was a shortfall of \$463,935.46 from its estimated collection of \$119,780,300.00. Five (5) of the nine (9) items in this category recorded revenue in excess of their estimates while four (4) recorded Revenue below their estimates. One (1) item recorded nil Revenue. The revenue collection recorded for 2008 was an increase of \$17,074,399.50 or 14.31% over its 2007 collections.

Table 1.16

Narrative	Actual 2008	Actual 2007
Consumption Duties-Local	0	3,604,184.43
Stamp Duty	29,157,932.78	28,028,227.88
Excise Duties	4,180,622.72	13,898,980.88
Insurance Premium Tax	3,809,652.51	3,444,573.05
Hotel Turn-Over Tax	19,675.53	6,050,085.95
Interest Levy	10,315,485.27	10,004,354.31
Entertainment Tax	-	2,235.00
Airport Service Charge	4,286,245.00	4,472,543.00
Telecommunication Surcharge	4,205.72	1,228,548.14
VAT	67,542,545.01	31,508,232.40
TOTAL	119,316,364.54	102,241,965.04



Taxes on Property

2.30

Contributing only \$2,203,803.19 of actual recurrent revenue, this category failed to exceed its 2008 estimates of \$2,500,000.00 falling short by \$296,196.81. Total revenue recorded for this category was \$462,886.01 less than revenue recorded for 2007 as shown in the table below.

Table 1.17

Narrative	Actual 2008	Actual 2007
Property tax	2,031,837.83	2,337,530.59
Estate and Succession Duty	171,965,.36	157,193.25
TOTAL	2,203,803.19	2,494,723.84

Non Tax Revenue

2.31

The Non Tax Revenue items contributed 14 % of the recurrent revenue comprised as follows:-

Table 1.18

Items	Actual	%
Licences	27,339,774.87	6
Fees, Fines, Permits	18,186,255.71	4
Interest Rent, Dividend	11,574,675.50	2
Other Revenue	11,832,202.36	2
TOTAL	68,932,908.44	14

2.32

A comparison with the 2007 collections showed that there was an increase in collection of \$11,567,250.99 in 2008 as shown in Table 1.19.

Table 1.19

Narrative	Actual 2008	Actual 2007
Licenses	27,339,774.87	26,430,958.65
Fees, Fines, Permits	18,186,255.71	18,961,467.22



Interest Rent, Dividend	11,574,675.50	3,935,817.21
Other Revenue	11,832,202.36	8,037,414.37
TOTAL	68,932,908.44	57,365,657.45

Licenses

2.33

Five (5) of the thirteen (13) items under this category exceeded their estimates recording a total of \$583,538.69, while the remaining eight (8) items recorded a total shortfall of \$1,092,763.82. This resulted in a net shortfall of \$509,225.13.

Fees, Fines, Permits

2.34

Eleven (11) items recorded Revenue below the Estimate for a total of \$1,961,208.88 including one (1) item which recorded nil Revenue. Eleven (11) recorded Revenue in excess of the Estimates totaling \$774,436.59, resulting in a net difference of \$1,186,772.29.

Interest, Rent, Dividends

2.35

Actual collection of \$11,574,675.50 surpassed its estimated collection of \$4,655,400.00 by \$6,919,275.50. Four (4) items recorded revenue below their estimated projections for a total of \$1,177,597.40 while five (5) exceeded their projections for a total of \$8,096,872.90.

2.36

The net increase in collections was mainly due to Currency Profit of \$6,999,995.00 which was received from the Eastern Caribbean Central Bank during 2008. However there was no information indicating to what period the profits were attributable.

2.37

It was not possible to determine *all* the sources from which interest was received due to insufficient narration recorded in the accounts for the item *Other Interest*. However the accounts showed that interest totaling \$1,609,359.11 was received from two (2) companies comprised as shown in Table 1.20.



Table 1.20

Narrative	Amount
SVG Port Authority	403,099.61
St. Vincent Electricity Services	1,206,259.50

Other Revenue

2.38

Actual collections of \$11,832,202.36 exceeded estimated collections of \$6,699,950.00 by \$5,132,252.36. Repayment of Loans which represented 40% of this category was comprised of payments of \$1,781,060.19 and \$2,984,929.44 received from SVG Port Authority and St. Vincent Electricity Services respectively.

GENERAL

2.39

Revenue collectible in the previous financial year and collected within the current year is credited to the same revenue item as the collections of current year's estimated income. The impact of these arrears has not been assessed.

2.40

The accuracy of the assessment of some revenue could not be determined since the bases on which the assessments are made are not made available to the Audit.

2.41

The narrative on many of the vouchers was inadequate to describe the nature of the transaction and therefore a number of misallocations may have passed undetected.

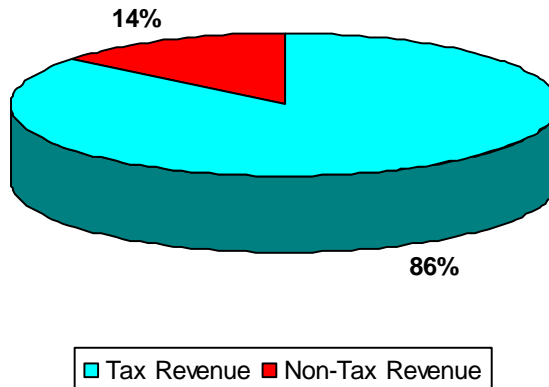
2.42

Figure 1.4 shows recurrent revenue classified as Tax and Non-Tax Revenue.



RECURRENT REVENUE COLLECTED IN 2008

Figure 1.4



CAPITAL REVENUE

2.43

Table 1.21 shows Capital Revenue that was credited to the accounts during the financial year.

Table 1.21

ACCOUNTS	DESCRIPTION	ESTIMATES	ACTUAL	DIFFERENCE
21001-1011	Sale of Land-Revenue	1,000,000.00	1,586,384.55	-586,384.55
22201-2164	PAHO	100,000.00	26,558.67	73,441.33
22201-2175	Trinidad & Tobago-Grants	11,500,000.00	9,704,380.40	1,795,619.60
22201-3275	ROC – Grants	19,065,010.00	10,301,091.20	8,763,918.80
22201-3506	IBRD-Grants	0.00	749,560.90	-749,560.90
22201-3604	EU-Grants	62,708,030.00	24,373,713.27	38,334,316.73
22301-2145	CDB – Loans	15,500,000.00	16,793,378.76	-1,293,378.76
22301-3506	IBRD-Loans	6,600,010.00	1,103,901.55	5,496,108.45
22301-3996	Other External-Loans	15,180,080.00	44,067,806.18	-28,887,726.18
	TOTAL	131,653,130.00	108,706,775.48	22,946,354.52



2.44

Table 1.22 shows accounts to which no capital revenue /amounts were credited.

Table 1.22

ACCOUNTS	ESTIMATES
21101-1031 Sale of Assets – Local	3,000,010
22001-1031 Local Revenue	75,926,070
22201-1031 Grants – Local	10
22201-2144 Grants - CDB	8,000,000
22201-2195 Grants - Venezuela	2,100,000
22201-3285 Grants – Japan	10,000,000
22201-3524 Grants- UNDP	500,000
22201-3674 Grant – ODA	100,000
22201-3684 Grants – GEF	1,000,000
22201-3714 Grants – FAO	20
22301-1062 Loans – Local	76,770,190
22301-3277 Loans – ROC/Taiwan	10
TOTAL	177,396,310

Comparison between Classifications

2.45

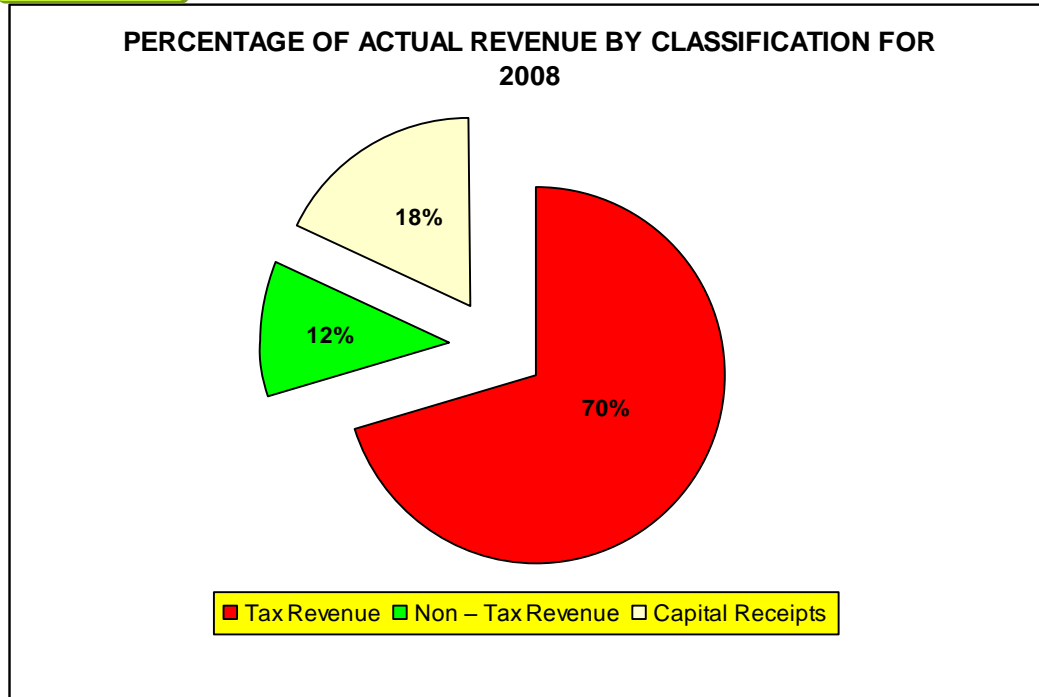
Table 1.23 below show revenue collected for the financial year 2008 by classification, with comparative figures for the financial year 2007. Figure 1.5 which follows depicts revenue collected for the financial year 2008 in terms of percentage.

Table 1.23

CLASSIFICATION	2008	2007
Tax Revenue	420,534,971.15	375,998,078.20
Non – Tax Revenue	68,932,908.44	57,365,657.45
Capital Receipts	108,706,775.48	96,915,099.16
TOTAL	598,174,655.07	530,278,834.16



Figure 1.5



2.46

The figures for the financial years 2007 and 2008 displayed in the preceding table when compared revealed the following:

- There was an overall increase of \$67,895,820.91 in revenue collected during the financial year.
- Tax Revenue increased by \$ 44,536,892.95.
- Non – Tax Revenue increased by \$11,567,250.99
- Capital receipts increased by \$11,791,676.32



**STATEMENT OF
DETAILED EXPENDITURE**

RECURRENT EXPENDITURE**Differences**

- 2.47** Total Estimated Recurrent Expenditure recorded in the Estimates of Revenue and Expenditure was \$517,601,950.00 however, total Estimated Recurrent Expenditure presented on the Statement was \$517,601,958.00 a difference of \$8.00.
- 2.48** Total Actual Expenditure was \$492,652,790.22; however the statement reflected an amount of \$492,652,706.93 a difference of \$83.29. The Ministry of Tourism and Sports was reflected as \$14,766,618.81 instead of \$14,766,702.10 accounting for the difference of \$83.29.
- 2.49** A comparison of Actual Expenditure for the years 2007 and 2008 is shown in Table 1.24. Percentage of expenditure by Ministries and Departments for the year under review is also shown.

Table 1.24

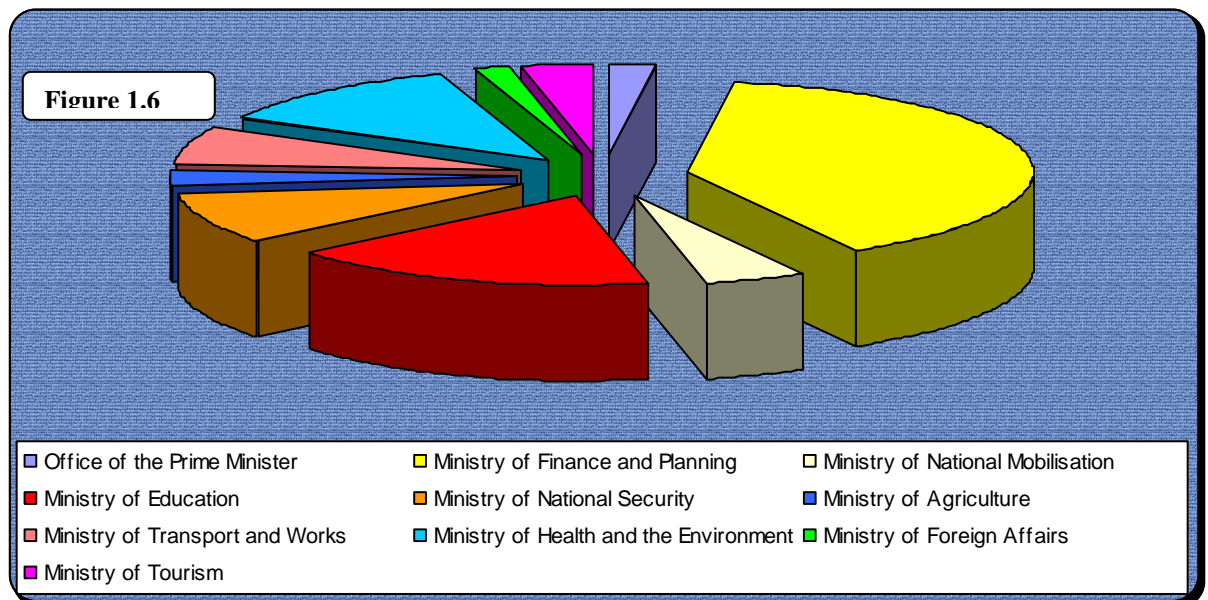
Ministry/Department	Actual 2008	% of 2008 Expenditure	Actual 2007
Autonomous Departments	20,789,157.94	4.22	18,210,149.27
Office of the Prime Minister	9,611,918.30	1.95	6,545,523.14
Ministry of Finance and Planning	182,846,973.91	37.12	163,570,110.72
Ministry of National Mobilisation	20,704,863.43	4.2	16,574,191.49
Ministry of Education	79,391,547.25	16.12	71,367,668.27
Ministry of National Security	42,941,677.95	8.72	36,801,780.08
Ministry of Agriculture	12,129,967.38	2.46	10,961,560.63



Ministry/Department	Actual 2008	% of 2008 Expenditure	Actual 2007
Ministry of Rural Transformation	2,917,168.27	0.59	2,430,316.68
Ministry of Transport and Works	30,549,401.69	6.2	28,850,425.91
Ministry of Urban Development	2,740,831.72	0.56	2,608,933.75
Ministry of Health and the Environment	56,571,434.04	11.48	50,323,024.49
Ministry of Housing	2,618,923.05	0.53	2,225,165.63
Ministry of Legal Affairs	2,584,905.88	0.52	2,047,095.30
Ministry of Telecommunications	3,438,944.29	0.7	3,215,217.16
Ministry of Foreign Affairs	8,048,372.82	1.63	8,192,913.62
Ministry of Tourism	14,766,702.10	3	12,101,276.19
TOTAL	492,652,790.22		436,025,352.33

2.50

Figure 1.6 that follows is a representation of expenditure in excess of five (5) million dollars incurred by the various Ministries.



**2.51**

The Service Commissions Department was the only autonomous department to incur expenditure in excess of five million dollars.

Ministry of Finance and Planning

2.52

The Ministry of Finance and Planning recorded the highest expenditure as can be seen from the table above. The Ministry had a revised budget of \$202,785,246.00 as compared to \$163,570,110.72 in 2007. The expenditure level in 2008 was \$182,846,973.91, an increase of \$39,215,135.28 from the 2007 expenditure.

2.53

Servicing of External Debt recorded the highest expenditure of \$66,185,566.954 or 36% of the Ministry's budget, followed by the Servicing of Internal Debt with an expenditure level of \$41,654,796.24 or 23%. Expenditure on Pensions & Retirement benefits was \$28,773,832.66, \$2,773,832.66 in excess of its allocation of \$26,000,000.00, showing an increased expenditure of \$ 298,734.57 when compared to Retirement benefits paid in 2007.

Ministry of Education

2.54

The Ministry of Education recording expenditure of \$79,391,547.25 represented approximately 16.12% of the total recurrent budget. Primary Education had the highest Expenditure of \$34,662,170.03 and exceeded the Estimates of \$32,905,903.00 by an amount of \$1,756,267.03.

Ministry of Health and the Environment

2.55

The Ministry of Health recorded the third highest expenditure, spending \$56,571,434.04 from its allocation of \$59,968,957.00, recording a savings of \$3,397,522.96. Eleven (11) out of the nineteen (19) programmes under this Ministry had expenditure in excess of \$1,000,000.00. The Ministry recorded savings on all eight (8) programmes realising a net savings of \$2,016,963.18.



2.56

Ministry of Transport and Works

The Ministry of Transport & Works was responsible for administering fifteen (15) programmes for which an amount of \$35,033,123.00 was allocated. The actual expenditure was \$30,549,401.89 realising a net savings of \$4,483,721.11. The programme for the maintenance of Furniture and Fittings overspent its allocation by \$1,533,701.95.

2.57

Expenditure by Classification

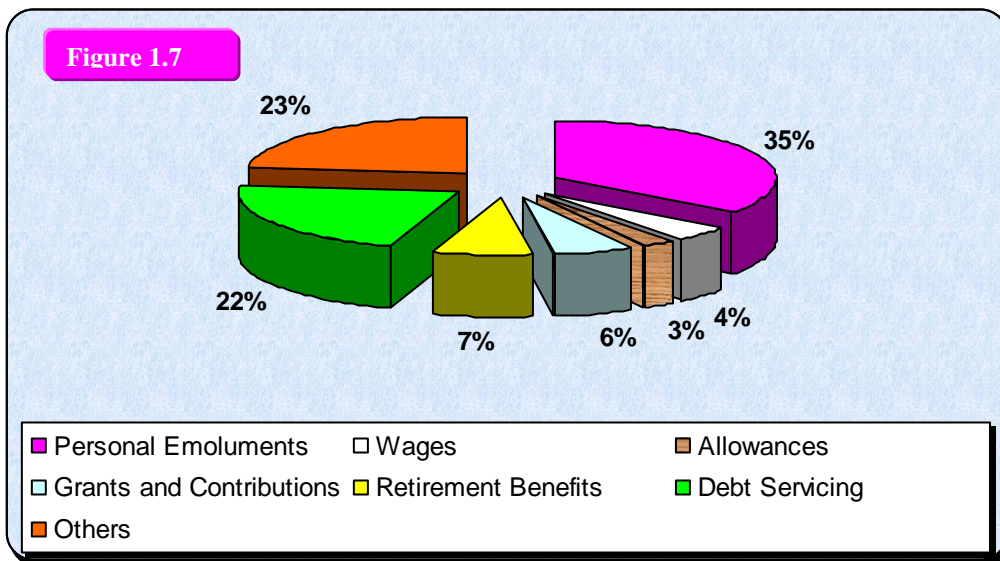
An analysis of expenditure by Ministries and Departments according to classification is shown at Table 1.25 and Figure 1.7 below. Personnel Emoluments accounted for the largest expenditure of \$173,230,005.35. This was followed by Debt Servicing of \$107,840,363.18.

Table 1.25

Classification	Expenditure	%
Personal Emoluments	173,230,005.35	35.17
Wages	21,141,396.03	4.29
Allowances	12,485,838.95	2.53
Grants and Contributions	28,065,586.57	5.7
Retirement Benefits	36,658,912.34	7.44
Debt Servicing	107,840,363.18	21.89
Others	113,230,521.02	22.98
TOTAL	492,652,790.20	100



Figure 1.7



CAPITAL EXPENDITURE

2.58

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

2.59

There were fifteen (15) Ministries with Capital projects. A comparison of actual expenditure for the years 2007 and 2008 are shown hereunder in the table.

Table 1.26

Ministry	2008	2007
Office of the Prime Minister	3,127,236.39	1,395,114.69
Ministry of Finance and Planning	9,330,213.80	3,254,526.57
Ministry of National Mobilisation	767,224.10	2,052,564.70
Ministry of Education	37,238,336.05	35,372,033.36
Ministry of National Security	23,043,504.98	34,856,279.51
Ministry of Agriculture	4,105,840.63	3,836,132.81
Ministry of Rural Transformation	1,936,787.92	1,887,884.47
Ministry of Transport and Works	30,973,169.60	33,254,332.71
Ministry of Urban Development	1,157,510.28	74,016.83
Ministry of Health and the Environment	7,047,097.49	5,481,820.24



Ministry	2008	2007
Ministry of Housing	3,028,033.48	1,806,583.59
Ministry of Legal Affairs	138,394.52	202,531.50
Ministry of Telecommunications	1,703,244.22	2,209,226.36
Ministry of Foreign Affairs	74,700.00	0.00
Ministry of Tourism	7,299,048.56	19,491,709.31
TOTAL	130,970,342.02	145,174,756.65

Expenditure by Source**2.60**

The revised estimated budget of \$266,370,301.15 was to be funded from three (3) major sources, i.e. Grants, Loans (Local and External) and Revenue. The treasury accounts showed that actual expenditure on capital projects were funded from Grants, External Loans and Local Revenue.

2.61

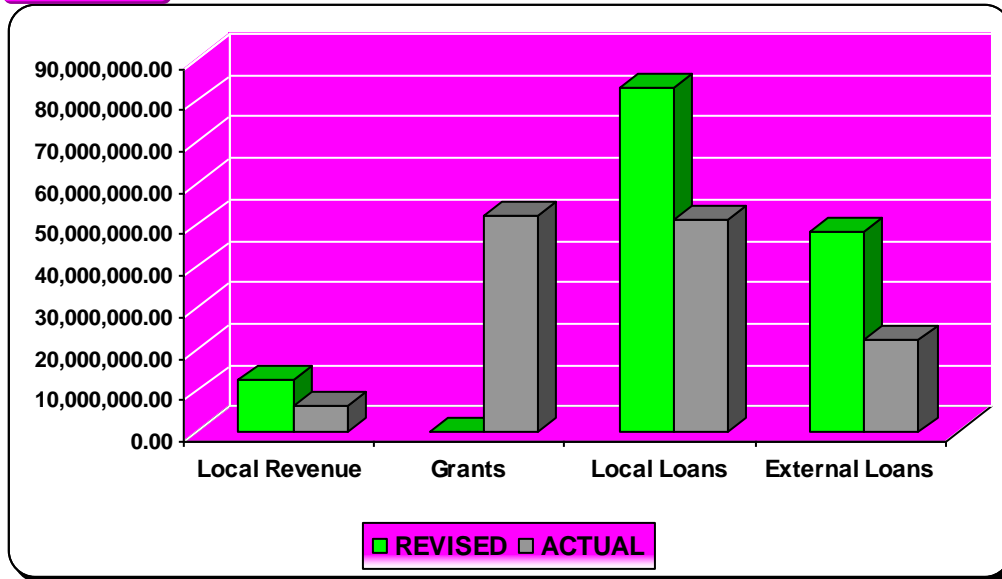
Table 1.27 and Figure 1.8 show the comparison of estimated expenditure with actual expenditure according to source. Only 49% of anticipated expenditure was recorded. This is an indication that several capital projects were not executed due to shortfalls in revenue.

Table 1.27

SOURCE	REVISED	ACTUAL	VARIANCE
Local Revenue	12,323,633.00	5,957,608.96	6,366,004.04
Grants	123,,291,059.00	51,850,966.25	71,440,092.75
Local Loans	82,800,196.00	51,142,029.87	31,658,166.13
External Loans	47,955,413.15	22,019,736.94	25,935,675.96
TOTAL	266,370,301.15	130,970,342.02	135,399,949.13



Figure 1.8



SPECIAL WARRANTS

2.62

There were differences in the amount approved as special warrants and the amount entered in the Treasury accounts as follows:-

Table 1.28

TYPE	SW#	SPECIAL WARRANT	TREASURY A/CS	DIFFERENCE
RECURRENT	4/08	74,700	0.00	74,700
	128/08	363,000	726,000	(363,000)
CAPITAL	50/08	2,081,107	2,081,107.15	(0.15)
	149/08	2,701,703	0.00	2,701,703
	150/08	3,692,912	0.00	3,692,912
	151/08	1,812,828	0.00	1,812,828
	152/08	130,214	0.00	130,214
	153/08	110,409	0.00	110,409
	154/07	279,020	0.00	279,020
	138/07	0.00	7,400,000	(7,400,000)
TOTAL				29,259,022.85

2.63

Special Warrant#138/07 was incorrectly entered in the 2008 Accounts.

**STATEMENT OF
GENERAL DEPOSITS**

2.64 No analysis or reconciliation of any of the balances on the accounts has been seen. Over the years requests have been made to have these accounts analyzed or reconciled.

2.65 There remain a number of overdrawn (debit balances) deposit accounts, which are in fact unauthorized advances. No authority was seen to maintain the debit balances and many of them appear to be uncollectible. The indications are that all of these amounts will have to be cleared against the Consolidated Fund. Several of these accounts with credit balances should have already been transferred to the Consolidated Fund.

2.66 An attempt to examine the deposit accounts proved to be almost futile as a large percentage of transactions were seen in the accounts without any narrative to determine the nature of the transactions. These included transactions with large sums of money. It was therefore not possible to comment on several of these deposit accounts. Neither can an opinion be expressed as to the correctness of these balances.

2.67 The balances on the Deposit accounts for the financial year 2008 with comparative balances for 2007 are summarised in Table 1.29.

Table 1.29

ACCOUNTS	2008	2007
Other Governments	-559,065.78	-559,065.39
Statutory Bodies	-11,115,470.55	-11,188,499.10
Departmental Account	-270,761,509.36	-260,089,247.56



ACCOUNTS	2008	2007
Individuals	-3,559,990.76	-3,423,251.45
Local Government	1,130,717.49	973,366.85
ECCB	-1,373,447.00	1,373,447.00 CR
TOTAL	-286,238,765.96	-275,660,143.65

Local Government

2.68

CAP 257 45 (4) stipulates “a local authority shall prepare and submit to the Director of Audit in the month of February every year a financial statement in duplicate of its accounts for the previous year”.

No such statements have been submitted for many years; therefore, it was not possible to verify the balances shown on the Statement.

Differences

2.69

There was a difference between the amounts reported for Calliaqua Town Board and Marriaqua Council as follows:;

Table 1.30

	Statement	Treasury Accounts
Calliaqua Town Board	263,773.01	258,833.01
Marriaqua Council	103,187.44	101,866.44

**STATEMENT OF ADVANCES**

2.70 Section (5) of the Finance and Audit Act provides for the issue of advances from public funds to other Governments, public bodies, trusts, institutions or individuals where such advances are in the public interest. These advances are recoverable within a period not exceeding twelve (12) months after the close of the financial year in which they were made.

2.71 Advances to Government Officers, Public Bodies, Institutions and Government Overseas Offices showed an aggregate balance of \$33,328,083.56 as at 31st December, 2008. The requisite law stipulates that total advances authorized for these categories named in this paragraph should not at any time exceed ten (10) million dollars.

2.72 Four hundred and seventy (470) Advance warrants were approved in 2008 for a total of \$4,678,326.94 to facilitate activities of Government Officers and Overseas Offices.

2.73 Table 1.31 represents the net amount on the advances reflected on the statement with comparatives for 2002.

Figure 1.31

ACCOUNTS	2008	2007
Other Governments	1,092,067.09	1,055,203.85
Government Officers	791,108.86	612,403.21
Departmental	7,12.65	7,612.65
Others	32,529,362.05	32,503,293.28



Differences

2.74

There were several differences between the balances reflected on the Statement and that recorded in the Treasury accounts.

**STATEMENT OF INVESTMENTS**

2.75 The Statement of Investments is categorised as follows:-

- Trust Funds
- Sinking Fund
- Special Deposits

TRUST FUNDS

2.76 Table 1.32 shows composition of the balances as at 31 December 2008 with comparatives for the previous year are as follows:

Table 1.32

ACCOUNTS	2008	2007
Lady Musgrave Prize Fund	300.82	300.82
Major Bain Gray Prize Fund	1,066.84	1,066.84
Graham Bequest Fixed Deposit	75,410.91	73,185.41
Haywood XRay Fund	14,910.69	14,476.40
Simmons Bequest	7,528.56	7,309.28
	<u>99,217.82</u>	<u>96,338.75</u>

2.77 Interest of \$2,879.07 was earned on the Graham Bequest and Haywood X-Ray Fund and Simmons Bequest during the year.



2.78 The balances on the Lady Musgrave Prize Fund and Major Bain Gray Prize Fund have remained unchanged for the last few years. These funds no longer appear on the Certificate of Balances issued by the National Commercial Bank.

Differences

2.79 The balance on the Major Bain Gray Prize Fund was incorrectly quoted on the Statement as \$2,251.63 instead of \$1,066.84.

2.80 Interest of \$219.98 received was not credited to Simmons Bequest Investment account. This amount was incorrectly credited to the fund account.

SINKING FUND

Saint Vincent and the Grenadines Development Bonds 2012/2013

2.81 The interest earned on the Sinking Fund for the year 2008 was \$10,238,735.95. The balance of the Sinking Fund reflected on the Statement agreed with the balance on the Certificate of Balances issued by the National Commercial Bank. During the financial year a total of \$5,200,000.00 paid as Sinking Fund contributions, however this amount was not seen transferred to the Sinking Fund account.

SPECIAL DEPOSITS

2.82 At the end of the financial year 2008, the amount of \$4,329,169.86 represented the aggregate of the balance on the Special Deposits. The composition of this balance and comparatives for the previous year are shown in Table 1.33.



Table 1.33

ACCOUNTS	2008	2007
Reserve Fund Electricity	442,450.11	426,781.98
Canouan Development	1,091,489.42	1,021,115.06
Fiscal Reserve Account ECCB	1,083,780.22	3,601,318.81
Accountant General - Balcombe	1,711,450.11	1,660,919.55
	4,329,169.86	6,710,135.40

FISCAL RESERVE ACCOUNT ECCB

2.83

During 2008 a total of \$106,249.21 was credited to the Reserve account for interest earned during the period November 2007 to November 2008. Similarly currency profit of \$4,378,202.00 was credited to the account increasing the balance to \$8,083,780.22 at 30th November, 2008. At the close of the financial year the balance on the account was reduced to \$1,083,780.22 after the sum of \$7,000,000.00 was transferred to the Accountant General's current account in December 2008.

OTHER DEPOSITS

2.84

The difference between the year end balances on the other three (3) Special Deposit Accounts was due to interest earned during 2008.



STATEMENT OF PUBLIC DEBT

2.85

The Statement of Public Debt 2008 prepared and submitted by the Accountant General recorded outstanding Public Debt of \$206,156, 938.50 as shown in Table 1.34.

Table 1.34

Description	Original Amount	Amt Repaid	Amt Outstanding
1. Consolidated Over-draft Loan	29,230,500	3,551,808.47	25,678,692.00
2. Special Roads Programme	25,000,000	2,962,399.58	22,037,600.00
3. First Caribbean International Bank	30,000,000	13,750,000.00	16,250,000.00
4. 7% Development Bank 2012/2013	30,000,000	0.00	30,000,000.00
5. Government Bonds 2014	30,000,000	0.00	30,000,000.00
6. Government Bonds 2016	40,000,000	8,000,000.00	32,000,000.00
7. Government Bonds 2017	30,000,000	3,000,000	27,000,000.00
8. Otley Hall Restructuring Loan	25,000,000	1,809,353.50	23,190,646.50
TOTAL	239,230,500	33,073,561.55	206,156,938.50

2.86

The outstanding balances recorded on the Statement for 2008 was higher than the balances recorded in 2007 for the following accounts.

Table 1.35

Description	Amount Outstanding
1. Consolidated Over-draft Loan	23,139,783.00
2. Special Roads Programme	18,750,000.00

2.87

Attached to the Statement submitted by the Accountant General is a list of loans by creditors as at December 31 2008. These loans are not recorded in the Treasury accounts.



2.88

A summary of these loans are presented hereunder:-

Table 1.36

CREDITOR/SOURCE	01/01/2008	31/12/2008
Bank of Communication ROC Loans	5,039,979.00	3,599,978.00
Bank of Nova Scotia Loans	31,500,000.00	27,000,000.00
CDB Loans	159,969,154.00	169,836,038.00
Caribbean Money Market Brokers	24,000,000.00	21,000,000.00
CITIBANK	54,881,667.00	47,467,222.00
European Investment Bank	17,702,730.00	15,791,264.00
Export-Import Bank China	6,884,973.00	5,894,969.00
First Line Securities Ltd	43,200,003.00	41,040,003.00
Govt. Trinidad & Tobago	10,144,344.00	10,144,344.00
International Development Association	47,205,094.00	46,621,124.00
Int'Fund for Agric. Development	1,767,197.00	1,374,489.00
Int'l Bank for Reconstruction	8,141,252.00	6,207,508.00
Kuwait Fund for Arab Economic Dev.	11,694,394.00	9,998,159.00
Royal Merchant Bank and Finance CO.	51,736,111.00	43,604,167.00
US Agency for Int'l Development	15,897,354.00	14,938,136.00
Caisse Centrale D'Cooperation Economique	25,374,824.00	24,728,983.00
Caribbean Development Bank	51,961,897.00	56,758,414.00
European Investment Bank	18,692,824.00	18,692,824.00
Kuwait Fund for Arab Economic Dev.	2,480,383.00	2,024,806.00
TOTAL	588,274,180.00	566,722,428.00



2.89

The Item *First Line Securities Ltd.* was omitted from the list of Balances. Therefore Disbursed/Outstanding as at January 2008 should read \$588,274,180.00 Disbursed/Outstanding as at December 2008 \$566,722,428.00.

Differences

2.90

The total Public Debt as reflected on the Statement and the Schedule of Loans was as follows:

Statement of Public Debt	206,156,938.50
Schedule of Loans	566,722,428.00
Total	772,879,366.50

2.91

The Treasury accounts reflected a total of \$187,727,750.00 for Public Debt as shown in Table 1.37.

Table 1.37

ITEM	AMOUNT
Domestic Bonds 2012/13	30,000,000.00
Domestic Bonds 2014	30,000,000.00
Domestic Bonds 2016	32,000,000.00
Domestic Bonds 2017	27,000,000.00
Public Sector Investment Loan	68,727,750.00
TOTAL	187,727,750.00

2.92

This resulted in a difference of \$585,151,616.50 (772,879,366.50 – 187,727,750.00) between the amounts quoted for public debt.

2.93

Information on the Ottley Hall Restructuring Loan which appeared on the statement was not traced to the treasury accounts.

**Cost of Servicing Public Debt****2.94**

The cost of servicing Public Debt includes amortizations, interest and sinking fund contributions.

2.95

Total Debt Servicing during the past five (5) financial years are shown in Table 1.38

Table 1.38

Particulars	2004	2005	2006	2007	2008
	\$m	\$m	\$m	\$m	\$m
Interest					
Internal	4.5	4.4	20.2	24.0	24.0
External	<u>14.3</u>	<u>19.5</u>	<u>23.0</u>	<u>21.3</u>	<u>23.0</u>
Sub-total	18.8	23.9	43.2	45.3	47.0
Sinking Fund Contribution	6.0	11.8	11.8	9.0	5.2
Amortization					
Internal	5.8	3.1	3.9	8.5	12.0
External	<u>21.3</u>	<u>25.2</u>	<u>35.9</u>	<u>39.9</u>	<u>43.2</u>
TOTAL	51.9	64	94.8	102.7	107.4

2.96

The cost of servicing Public Debt as a percentage of total Recurrent Expenditure for the five (5) financial years is shown in Table 1.39.

Table 1.39

Financial Year	Cost of Debt Servicing \$m	Recurrent \$m	Cost of Servicing as % of Recurrent Expenditure
2004	51.9	327	15.87
2005	64.0	365.3	17.5
2006	94.8	407.9	23.24
2007	102.7	436	23.56
2008	107.4	492.7	23.83



2.97

The cost of servicing Public Debt as a percentage of total Recurrent Revenue for five (5) financial years is shown in table 1.40

Table 1.40

Financial Year	Cost of Debt Servicing \$m	Recurrent \$m	Cost of Servicing as % of Recurrent Revenue
2004	51.9	324.8	15.98
2005	64.0	334.1	19.2
2006	94.8	396.6	23.9
2007	102.7	433.4	23.7
2008	107.4	489.5	21.94

Debt to Gross Domestic Product Ratio

2.98

The **Gross Domestic Product (GDP)** for the year 2008 was quoted as **\$1,649,270,000** (Source-Ministry of Finance Statistics).

$$\frac{\text{Public Debt}^1}{\text{GDP}} \times 100 = \frac{772,879,366.50}{1,649,270,000} \times 100 = 46.86\%$$

$$\frac{\text{Public Debt}^2}{\text{GDP}} \times 100 = \frac{1,076,181,821}{1,649,270,000} \times 100 = 65.25\%$$

* *Public Debt¹ Figures presented by Accountant General- Statement of Public Debt including Schedule of Loans attached. Public Debt² Figures presented by the Ministry of Finance-Source Estimates of Revenue and Expenditure 2010*

General

2.99

There were two (2) Items which were included on the List of Balances presented by the National Commercial Bank which were *not* included in the Accounts or on the Statement. They are "Accountant General Loans Monies" in the sum of \$9,265,991.45, and "Accountant General Development Bond"-\$7,170,983.54.



2.100

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

Table 1.41

ACCOUNT #	DESCRIPTION	AMOUNT (\$)
20- 73201-4107	Other Loans	999,103.92
20-73201-4154	Royal Merchant Bank Loan Monies	83,631,758.77
20-73201-4171	Proceeds of Treasury Bills	47,308,699.06

**STATEMENT OF ASSETS
AND LIABILITIES****2.101**

The accounts of the Government are maintained on a cash basis and as a result the values of fixed assets such as property, plant and equipment, furniture and fixtures and other inventory are excluded from the Statement of Assets and Liabilities.

LIABILITIES**CURRENT ACCOUNT***Overdraft***2.102**

According to the records of the Accountant General, the current account held at the National Commercial Bank was overdrawn by \$185,142,677.08 as at 31st December 2008. The overdraft balance was not reconciled with the corresponding overdraft balance of \$72,217,098.87 shown on the Certificate of Balances issued by the National Commercial Bank as at December 2008. In the absence of a Bank Reconciliation it could not be determined to what extent, unpresented cheques, bank charges, direct debits accounted for the difference.

2.103

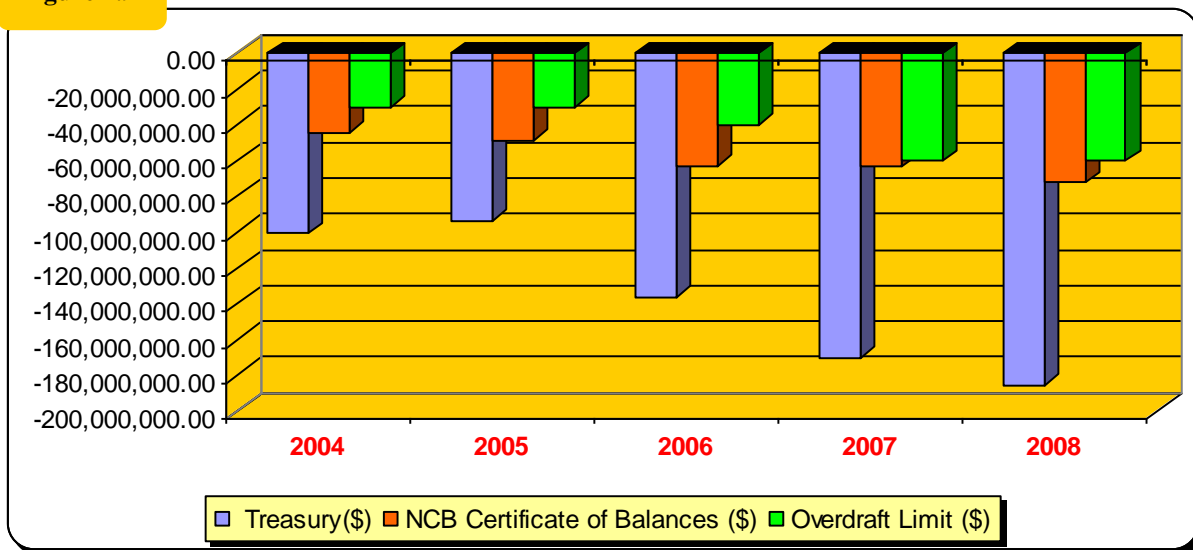
Comparative balances between the Treasury accounts, the Balances as per the NCB Certificate of Balances and the Overdraft as at the end of the financial years 2004 to 2008 as stated in Table 1.42 and reflected in Figure 1.8.



Table 1.42

Period	Treasury(\$)	NCB Certificate of Balances (\$)	Overdraft Limit (\$)
2004	(100,386,681.31)	(44,325,626.43)	(30,000,000.00)
2005	(93,258,476.87)	(48,700,974.75)	(30,000,000.00)
2006	(136,163,120.14)	(62,781,523.55)	(40,000,000.00)
2007	(169,959,275.47)	(63,478,901.42)	(60,000,000.00)
2008	(185,147,677.00)	(72,217,098.87)	(60,000,000.00)

Figure 1.9



Sub-Treasuries - In-Transit

There are five (5) accounts that record transfers of funds (Remittances) to the five (5) Sub-Treasuries. The balances represent the Remittance of Cash from the Treasury to Sub-Treasuries and vice versa that remain outstanding at year end. The balances on these accounts are listed as follows:-

2.104



Table 1.43

Sub-Treasury	\$
Georgetown	-2,205,090.22
Bequia	-1,743,653.70
Union Island	- 769,653.70
Barrouallie	- 830,432.56
Canouan	2,080,652.20

2.105

The balances are abnormally high and the presence of credit balances is an indication that there are either omissions or errors in classifications at both stages of the remittance. The balances have not been analyzed therefore it is not possible to verify the correctness of the balances.

LOANS

2.106

The following items which were listed on the appendix and reflected in the Treasury accounts were not recorded on the face of the balance sheet.

Table 1.44

ITEM	AMOUNT (\$)
LOANS	
National Commercial Bank	9,000.00
NCB Loan Account	0.02
DEPOSITS	
National Provident Fund	180,000.00

2.107

The balance on the deposit in respect of the National Provident Fund has been shown in the accounts for many years and could not be verified. It is not shown in the accounts of the National Insurance Services (formerly the National Provident Fund) and its origin could not be ascertained.

2.108

Recommendations have been made in previous reports to have these accounts cleared against the Consolidated Fund.

**Deposits****2.109**

There were differences between the amounts recorded for deposits on the Statement of General Deposits and the Statement of Assets and Liabilities as follows:-

Table 1.45

ACCOUNTS	DEPOSITS	ASSETS & LIABILITIES
Development Aid Grant	-----	349,959.40
Local Government	1,130,717.49	1,124,506.49
Other/Sundry	270,761,509.36	271,405,945.81

2.110

Two (2) separate salary clearing accounts with balances of \$28,104.74 and \$29,065.76 are recorded on the statement. The latter amount dates back to several years.

ASSETS**CASH*****Kingstown Treasury*****2.111**

This account is the cash account maintained at the Accountant General's Office. The cash balance at the Treasury remained unchanged at a balance of \$689,112.88 from 2007. It seems highly unlikely that the cash balance would remain unchanged. This is an indication of continued existence of error in the accounts.

***Sub-Treasuries*****2.112**

Significant differences were observed between the actual cash balances as recorded in The manual Cash Book and the balances recorded in the Treasury accounts. The total balance in the Cash Books of the five (5) sub-treasuries as at 31st December 2008 was \$4,284,178.80 whereas the statement showed a balance of \$7,435,637.62, a variance of \$3,151,463.84 summarised as follows:-

Table 1.46

Sub-Treasury	Balance on Statement	Cash Book Balance	Variance
Georgetown	664,585.73	376,673.94	287,911.99
Bequia	1,315,536.97	1,016,948.35	298,588.64
Union Island	1,033,941.03	1,125,995.61	-92,054.58
Barrouallie	925,675.60	656,198.36	269,477.24
Canouan	3,495,898.09	1,108,357.54	2,387,540.55
TOTAL	7,435,637.42	4,284,173.80	3,151,463.62

2.113

The high variance indicates that there are significant errors in the accounts which would require a detailed analysis by the Accountant General and the necessary adjustments made.

2.114

Balances on the accounts of the sub treasuries with comparative balances for 2007 are shown in the table below:

Table 1.47

Sub-Treasury	2008	2007
Georgetown	664,585.93	719,968.52
Bequia	1,315,536.97	2,090,629.84
Union Island	1,033,941.03	851,378.73
Barrouallie	925,675.60	1,125,179.65
Canouan	3,495,898.09	919,936.88
TOTAL	7,435,637.62	5,707,093.62



2.115

No Board of Survey report was received by the Audit Office on any surveys conducted at the Kingstown Treasury or at any of the sub treasuries.

ADVANCES

2.116

There was a difference of \$6,211.00 between the balances reported for Local Government on the Statement of Deposits and that reported on the Statement of Assets and Liabilities. Please see paragraphs 2.70 – 2.74 for additional comments on this issue.

IMPREST

2.117

There have been failure on the part of the Accounting Officers to comply with Financial Rule 61 which states “*Imprests will be accounted for in full on or before the date stated in the Imprests Warrant, any expended balance being paid into the Treasury.*”

2.118

Forty-one (41) imprests remained outstanding as at 31/12/ 2008. Seven (7) of these imprests accounts have been classified as inactive. At the end of the financial year 2008 the imprests account showed a net debit balance of \$458,442.78.

2.119

The balances on the active imprests accounts at 31st December 2008 are summarized below.

Table 1.48

Ministry/Department	NO.	Balance	
		DR	CR
Registry, High Court	2	17,554.82	496.10
Magistrates	1	1,184.03	
Commissioner of Police	4	52,484.60	3,217,29
Treasury	1		27,814.63
Social Welfare	1	233,922.96	
PS/Housing	1		45,000.00



PS/Education	8	23,548.50	
Post Office	2	200.00	200.00
PS/Health	6	65,320.23	
PS/Trade	1		33,950.9
Director, Planning	2	10,975.00	
PS/National Mobilization	1	40.00	
Comptroller Customs	1	433.67	
TOTAL		406,198.81	125,547.42

INVESTMENTS

2.120

Comments on the Investments can be found at paragraphs 2.75 - 2.80 and paragraphs 2.82 – 2.84 under the Statement of Investments.

CONSOLIDATED FUND

2.121

The Consolidated Fund is the main fund of the Government of St Vincent and the Grenadines into which all revenue is paid. Revenue includes all taxes, fees, fines, proceeds of sale and all other receipts of the State over which Parliament has the power of appropriation. Expenditure from the Fund comprises those charges arising by virtue of any of the provisions of the Constitution or any other enactment and also other amounts as approved by Parliament.

2.122

The balance on this Fund at 31 December 2008 as shown on the Statement of Assets and Liabilities was \$ 434,964,908.06.

2.123

The balance of the Surplus/Deficit Account and the Consolidated Fund for the past five (5) years are reflected in Table 1.49 below and further illustrated in the Figure 1.9 that follows.



Table 1.49

Year	Surplus(Deficit)	Consolidated Fund Balance
2004	(62,721,338.15)	242,331,957.09
2005	(70,991,109.64)	313,323,066.73
2006	(45,272,090.02)	358,595,156.75
2007	(50,921,274.14)	409,516,430.89
2008	(25,448,477.17)	434,964,908.06

Figure 1.10

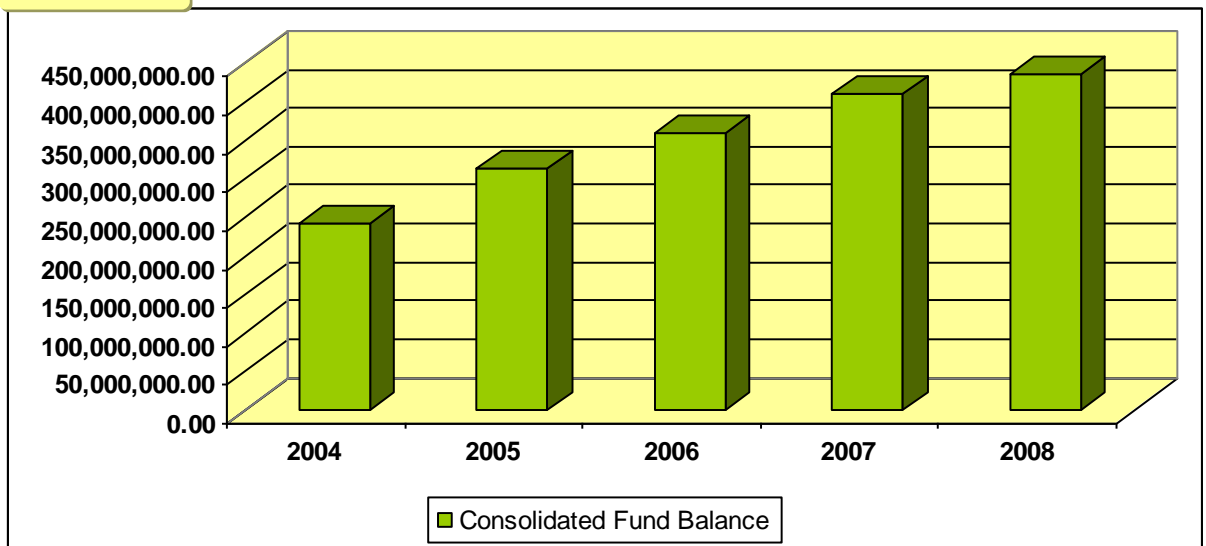
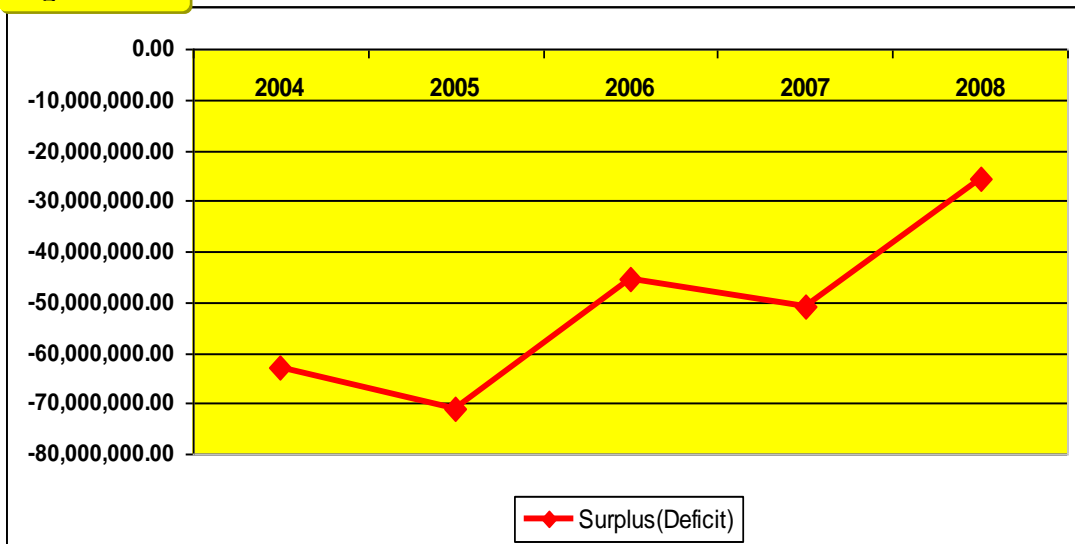


Figure 1.11





CHAPTER 3

MINISTRIES AND DEPARTMENTS

- 3.1** This chapter highlights significant issues detected during the course of the audits. It also includes comments where the audits could not have been conducted as planned.

AUTONOMOUS DEPARTMENTS

MAGISTRATES COURT

- 3.2** The Magistrates Court is responsible for the collection of revenue in respect of Civil, Criminal, Traffic and Serious Offences.
- 3.3** An analysis of the warrant register at the Magistrates Court revealed several instances where fines and other moneys imposed by the Court were not paid within the specified time and where warrants were issued to defaulters.



3.4

The following table shows unpaid fines outstanding at December 31 2008.

Table 2

Magistrates Court	No. of Accounts	Unpaid fees
District 1	88	48,411.20
District 2	41	21,891.00
District 3	94	76,846.95
Serious Offences Court	46	<u>69,995.00</u>
		217,144.15

3.5

The figures quoted for Districts 1-3 represents the aggregate of fines in respect of Civil, Criminal and Traffic.

FAMILY COURT

3.6

During the year under review an amount of \$103,885.78 remained outstanding on two hundred and twenty eight (228) warrants in respect of maintenance cases.

3.7

The Family Court should investigate this situation and implement necessary measures to ensure the collection of fines and to reduce these outstanding fines in a timely manner.

**OFFICE OF THE PRIME MINISTER****GOVERNMENT PRINTERY****3.8**

A meeting was convened in 2008 with the Government Printer to discuss issues which persisted and were highlighted in departmental Inspection Reports for the years 2004 - 2007. The assurance was given by the Government Printer that the issues would be addressed.

3.9

During an attempt in 2009 to audit the records for the financial year 2008 it was quite evident that little or in some instances **no** effort was made to rectify the shortcomings previously brought to the attention of the Government Printer. The audit had to be aborted and a report was issued to the Accounting Officer and copied to the Government Printer. In this report the Accounting Officer was asked for “an *indication of the corrective measures you intend to put in place so as to facilitate an effective audit of the records at the Government Printery.*” No response has been received to date.

3.10

The Government Printery incurred expenditure of \$2,007,231.48 during the year. From this total an amount of \$403,027.11 was spent on Supplies and Materials. The Accounting Officer is reminded that there needs to be proper accountability of Government funds and lack of proper record keeping systems in place to monitor operations would and do contribute to the wastage of scarce resources.

**MINISTRY OF FINANCE AND PLANNING****GENERAL ADMINISTRATION*****Bond Register***

3.11 Government Officers who are granted study leave and scholarship to pursue studies, upon completion of their studies are bonded to serve the Government of St. Vincent and the Grenadines. Likewise private persons whose economic costs are met by the Government are bonded to serve the state.

3.12 The Bond Register which is maintained by the Ministry of Finance records the names of persons who defaulted on their bonds. The names of the defaulters are submitted to the Ministry of Finance by the Service Commissions Department,

3.13 An analysis of the list of defaulters revealed that several of these persons had either served or were currently employed with the Government of St, Vincent and the Grenadines.

3.14 The Director General Finance and Planning was asked to indicate the status of these persons. The Chief Personnel Officer by copy of the memorandum was asked for his comments.

Ministry of Finance's response

3.15 ... *In absence of details from the Service Commissions Department it would be difficult for this department to make a decision on persons who have served or are currently employed by the Government of St. Vincent and the Grenadines or the State.*

**3.16**

It appears that the Service Commissions Department will need to make a decision on whether repayment is indeed required or whether the period of employment can be regarded as service under the bond.

Board of Surveys**3.17**

The Financial Rules provides for Board of Surveys to be held after the close of the business on the last business day of each year. The Board is to report the finding to the Director General Finance and Planning. No Board of Survey reports were received at the Audit Office for the year ended 31st December 2008.

Stores**3.18**

The Ministry is responsible for the procurement of general stores such as stationary in the Civil Service. More care needs to be taken with the record keeping as differences were observed between the ledger balance and actual stock balance.

Furniture and Equipment**3.19**

The Ministry is also vested with the responsibility for the procurement of furniture in the general Civil Service. It was noted that even though all furniture bought was taken on charge there was no mechanism in place to verify the issues purported to have been made and taken on charge by the receiving Ministries and Departments.



INLAND REVENUE DEPARTMENT

3.20

The Audit Office has been unable to gain access to the records of the Inland Revenue Department for the last several years. The audit had to be curtailed due to accommodation issues.

3.21

An alternative was to provide the Audit Office with access from its office location. Attempts to have this situation addressed have not met with any success.

3.22

The following are excerpts of memorandums written to the Comptroller of Inland Revenue and the Director General, Finance and Planning, on the issue.

3.23

Memorandum dated 05/04/07 “**REMOTE ACCESS TO SIGTAS TO FACILITATE THE AUDIT OF THE INLAND REVENUE**”.

“The Audit Office has had to curtail its audit of the Inland Revenue Department on account of problems related to access to the database and accommodation. In order to alleviate these problems, I wish to propose that a link be provided between the Audit Office and the Inland Revenue Department so that the auditors can have access to the SIGTAS records in the database. The Information Technology Service Department has the requisite infrastructure in place and in close proximity to our Office and is ready to facilitate the process.”

**3.24**

Memorandum dated 06/03/08 **ELECTRONIC ACCESS TO RECORDS AT INLAND REVENUE DEPARTMENT** and copied to the Director General Finance and Planning and Permanent Secretary, Ministry of Telecommunications.

“Over the past several years the Audit Office has been experiencing difficulty in accessing the records at the Inland Revenue Department. As a consequence most of the audit checks at the department are in arrears. This situation of which I am sure you are aware is untenable and corrective action is required soonest. I wish to suggest that we meet with the Director of Information Technology Services Divisions to discuss electronic access to the records at Inland Revenue Department by the Audit Office via Local Area Network (LAN)”

3.25

Memorandum dated 11/5/09 **ACCESS TO RECORDS AT THE INLAND REVENUE DEPARTMENT** to Director General, Finance and Planning and copied to the Comptroller of Inland Revenue and Director, Information Technology Service Department

“In spite of the best efforts of the Audit Office (over several years), no arrangement has been put in place by the Inland Revenue Department to ensure that the Audit Office can electronically access the data/information stored on Standard Integrated Government Tax Administration System (SIGTAS). As a consequence the Audit has been unable to fulfill its constitutional mandate with respect to this major revenue collecting department of the Government.

3.26

In light of the foregoing, I hereby crave your personal intervention in order to correct this unacceptable situation.

**3.27**

The non-access to the Inland Revenue Department system has resulted in the Audit Office being unable to verify the relevant transactions. This places the operations of this revenue collecting department at high risk since there is no oversight being provided by the Audit Office.

3.28

I wish to once again draw attention to Section 19(1) 4) of the Audit Act. Therefore, it is expected that during this year the Inland Revenue Department would abide by the provisions of the Act and put the necessary arrangements in place.

MINISTRY OF EDUCATION**Book Loan Scheme****3.29**

The Book Loan Scheme was implemented in 2000. Eight (8) years later some of the same issues persist. The Accounting Officer needs to ensure that systems are in place to effect the smooth operations of the scheme. A significant amount of money continues to be expended for the purchase of Books.

3.30

An examination of the relevant records for the year under review revealed a number of shortcomings.

Monies collected for the issuing of books was reportedly

- (i) deposited in personal bank accounts
- (ii) taken home by Officer in charge of Book Loan Scheme for “*safekeeping*” as there was no safe place at the school to secure cash.

**3.31**

I wish to draw attention to Financial Rule 73 which states “*whenever a public officer, not being a regular collector of revenue comes into receipt of public moneys, he shall pay it to the Accountant General or to a sub-accountant without delay, obtaining a receipt for the amount so paid in*”.

3.32

The Accounting Officer is also reminded of Financial Rule 7 (2) (4) which states:-

- (1) *promptly to bring to account, under the proper classification, all money, whenever revenue or other receipts accounted for to him.*
- (2) *to exercise strict supervision over all officers under his authority entrusted with the receipt and expenditure of public money and to take precaution by the maintenance of efficient checks against the occurrence of fraud, embezzlement or carelessness.*

3.33

Principals of schools should assist the Accounting Officers by ensuring that all monies collected are properly accounted for.

TECHNICAL COLLEGE**3.34**

Persons other than the Accountant General holding stock of Revenue Receipts books are required by Financial Rule 92 to maintain a register; Financial Rule 95 also requires that each revenue receipt issued for cash must be recorded in a cash book. The Technical College was in breach of these Financial rules as no receipt book register or cash book was maintained to account for the collection of caution fees.

**MINISTRY OF HEALTH**

3.35 The Health Sector is a very vital one in any society and stringent measures should be put in place to safeguard assets acquired and to ensure that funds disbursed are properly accounted for. Failure to do this leaves the door wide open to the pilferage of goods, paid for with government scarce resources.

3.36 The Ministry of Health failed to put measures in place to guard against the misuse and abuse of government assets. As a result needy persons may have been unable to access health services.

MILTON CATO MEMORIAL HOSPITAL

3.37 Fees payable for services rendered to patients were incorrectly calculated at times. Arrears totaling \$271,490.85 was owed to the Government by individuals who received services at the Milton Cato Memorial Hospital, for the period under review. This arrears was computed by the Audit Team and has not been verified by the Ministry.

3.38 Some of the outstanding balances have accumulated over several years without any satisfactory measures being put in place to effect recovery. The Ministry needs to reassess its collection effort and take firm action to reduce or eliminate the outstanding balance



CENTRAL MEDICAL STORES

3.39 There was no proper accountability for items purchased for use at the hospital. A total of \$4,562,548.41 was spent on buying Drugs and Medical supplies during 2008. Store Rules 63 – 76 which provides guidance for the proper accountability of items purchased were not being adhered to.

3.40 The opening balances for a number of items as at 1st January 2008 differed from the closing balances as at 31st December 2007 in the Stores Ledger.

3.41 There were occasions where the number of items recorded as issued to the clinics differed from the amount accounted for by the receiving officer. Issues made to the various clinics were not always recorded in the Stores Ledger.

3.42 Store Rule 68 states inter-alia “All issues of stores will be supported by a Store Issue Voucher’. No Store Issue Voucher was seen to substantiate the issue of the undermentioned items recorded as missing on the Bin Cards and Store Ledgers.

Table 2.1

QTY	ITEMS	PERIOD
544	Toilet Soap	8-14/02/08
150	Toilet Soap	21/05/08
72	Washing Soap	15/04/08
8160	Tab.Asa 81 mg(Asprin)	12/02/08 - 26/08/08
8340	Zestril 10 mg (Lisinopril)	16/07/08 – 02/12/08
22000	Paracetamol Tab. 500 mg	18/07/08
16000	Bezide 2.5 mg	17/07/08

3.43 A physical stock check carried out by the audit team confirmed that the items were missing from the Stock without the requisite authorisation.

**3.44**

It was explained that the ledgers were maintained by YES programme workers which led to the numerous errors in the ledger. The question arises as to whether these workers were properly supervised or if they were left unsupervised to carry out a task on their own.

3.45

Measures should be put in place to restrict access to the store room thereby reducing the possibility of items being removed from the storeroom without proper authorization.

3.46

I wish to draw attention to Section 3 of the Store Rules which speaks of “*CARE AND CUSTODY OF STORES*”.

3.47

Arrears of Revenue

The Ministry of Health failed to submit an Annual Return of Arrears of Revenue and Half yearly Reports of Revenue Recovered as required by Financial Rule 67(1)

MINISTRY OF HOUSING

LAND MANAGEMENT UNIT

Crown Land Sales

3.48

An analysis of the sample records selected for the audit of Crown Lands sales revealed that there were instances where stipulated deposits or full payments in accordance with terms of purchase agreement were not made.

***Crown Land Rent*****3.49**

A number of discrepancies were observed in the accounting records for the rental of Crown Lands. No application forms or forms of agreement were produced for audit inspection as required by Section 12 of Cap 238 Booklet 2

3.50

Crown Land Rent is payable in advance yet a significant number of tenants are in arrears. There was no evidence that any payment notices were issued to defaulters.

Private Surveys**3.51**

There was insufficient information recorded in the registers to determine if fees collected for jobs done were in accordance with required regulations.

Arrears of Revenue**3.52**

The Ministry did not prepare a Statement of Arrears of Revenue as required by the Financial Rules. At the time of the audit the team was informed that the Land Management Unit was in the process of preparing an arrears list.

MINISTRY OF TRANSPORT AND WORKS**3.53**

There were several deficiencies detected in the record keeping system at this Ministry. The most significant were those at the Public Works Stores..

PUBLIC WORKS STORES**3.54**

The manner in which the unallocated stores were accounted for was in breach of the Store Rules. Store Rule 85 states inter-alia that, “A *prime cost book will be maintained in which will be entered the cost of each type or article received*”. The Prime Cost



Register was not maintained and as a result it could not be ascertained whether the issue price of the items incorporated all expenses related to the item.

3.55

There were numerous errors and omissions on the bin cards. Transactions were not posted promptly and long periods would elapse before these records were updated.

3.56

According to Store Rule 87 *“each ledger entry will be supported by a voucher which will record details of the value of the articles shown therein”*. There was evidence of stores being issued without a supporting voucher.

3.57

It was not possible to verify opening and closing balances for several items as the folio leaves recording these balances were missing from the Stores Ledger.

MINISTRY OF FOREIGN AFFAIRS**OVERSEAS OFFICES****3.58**

The following are some of the concerns highlighted in reports issued on the accounts of the overseas offices.

Washington Mission**3.59**

A special warrant for an amount of \$74,645.00 was issued in August 2008 to facilitate repairs and retrofitting for new furniture and equipment at the Ambassadors residence. No contracts were entered into for any of the work executed. The total amount spent exceeded the amount approved by \$4,446.11. No authority was seen for the additional expenditure.

**3.60****Toronto Consulate**

No lease agreement was produced for the additional office space acquired. Therefore terms of tenancy could not be verified.

3.61**High Commission- London**

The total salary paid to staff exceeded the total salaries remitted by the Accountant General's Office. This was due to the exchange rate at the time of remittance of salaries and the rate of EC \$4 to £1 which was being used to pay salaries.

3.62**United Nations Mission**

No variation to contract was produced to substantiate the increase in rental payments for accommodation. Rent was increased from US\$5000 to US\$5200 although a two (2) year contract was entered into. The contract took effect from November 2007.

3.63**Embassy of SVG - Cuba**

The Permanent Secretary was asked for a clarification in the rate of travelling allowance paid to the Counselor. I am yet to receive a response on this matter.

3.64

No formal approvals were seen from the Ministry of Foreign Affairs authorizing decisions taken by the Embassy in some instances. It appears that in these instances approvals were granted either verbally or through email.

General**3.65**

There were various fees being charged for which no legislative authority was seen these fees include fees for;

- certification of documents
- processing of documents
- proof of foreign issue license



3.66

The Ministry of Foreign Affairs has been asked to have these fees regulated as there is no legal authority for collecting these fees.

3.67

I am still awaiting a response from the Ministry of Foreign Affairs in relation to the issues raised.

**OUTSTANDING QUERIES FOR THE YEAR 2008**

DEPARTMENT	NO. ISSUED	NO. SETTLED	OUTSTANDING
Accountant General	202	70	132
Comptroller, Inland Revenue	---	---	---
Customs & Excise	3	2	1
Chief Magistrate	2	---	2
President Family Court	1	---	1
Director, Financial Intelligence Unit	6	6	---
Revenue Officer/ Union Island	11	1	10
Revenue Office Georgetown	2	---	2
Administrative Officer/Bequia Revenue Office	4	---	4
Barrouallie Revenue Office	---	---	---
Administrative Officer/ Canouan	4	---	4
Cabinet Secretary	4	---	4
Toronto Consulate	2	---	2
PS/ Health & the Environment	17	---	17
Washington Mission	1	---	1
PS/ National Security	---	---	---
PS/ N.S E.T Joshua Airport	1	---	1
Chairman NAMLC	---	---	---
PS/ Telecom	---	---	---
PS/ Foreign Affairs	3	---	3
DG/ Finance and Planning	---	---	---
PS/Transport and Works	2	---	2
PS/ Agriculture	1	---	1
Warden, Kingstown Town Board	2	---	2
PS/Education	11	---	11
TOTAL	283	79	204



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

DEPARTMENT	2003	2004	2005	2006	2007
Chief Magistrate	2	9	7	4	2
Chief Personnel Officer	1	1	---	2	---
PS/Prime Minister's	3	7	3	---	---
Government Printer	2	---	---	1	---
Commissioner of Police	---	---	5	---	---
PS/Social Development	2	2	3	7	---
Finance	---	6	---	5	1
Director of Planning	---	3	---	---	---
Accountant General	24	59	---	75	95
Comptroller of Customs & Excise	13	5	5	1	9
Comptroller, Inland Revenue	3	6	1	1	1
Ministry of Housing	---	---	3	---	---
Warden, Kingstown Town Board	8	24	8	---	---
Ministry of Education	1	---	---	3	---
Director of Libraries	---	---	---	---	---
Ministry of Agriculture	1	9	8	9	---
Min. of Transport Works & Housing	---	8	8	1	---
Director of Airports	---	4	---	---	6
Min. of Health & the Environment	2	---	---	4	7
Milton Cato Memorial Hospital	---	9	1	---	---
Superintendent of Prisons	3	9	4	7	---
Ministry of Foreign Affairs & Trade	9	9	5	8	14
Clerk, House of Assembly	---	1	---	1	---
District Officer Southern Grenadines	4	9	4	2	5
Canouan Revenue Office	---	6	4	---	1
Barrouallie Revenue Office	1	---	---	---	0
Georgetown Revenue Office	---	---	---	---	1
President, Family Court	1	7	3	4	2
PS/National Security	15	---	1	7	21
Bequia Revenue Office	10	5	7	4	10
Director, Financial Intelligence Unit	---	---	--	---	4



DEPARTMENT	2003	2004	2005	2006	2007
PS/Tourism & Culture	---	2	3	11	---
PS/Telecom	---	2	---	1	1
Bequia District Council	1	---	---	1	---
PS/Education	---	---	3	3	---
Urban Development	---	---	2	---	---
Cabinet Secretary	---	---	---	---	12
Toronto Consulate	---	---	---	---	7
Washington Mission	---	---	---	---	1
Chairman NAMLC	---	--	---	---	2



ARREARS OF REVENUE RETURNS – 2008

DEPT	ACCOU NT	DESCRIPTION	AMOUNT	REMARKS
INLAND REVENUE	11001	Income Tax		None Submitted
	11002	Corporate Tax		None Submitted
	11003	Income Tax Withholding Tax		None Submitted
	12001	Property Tax Union Island	149,439.80	Computed by Audit
	12002	Estate & Succession Duty		None Submitted
	14005	Hotel Tax		None Submitted
	13006	Travel Tax		None Submitted
	14007	Entertainment Tax		None Submitted
	15007	Vehicles Licence Union Island	65,280.92	Computed by Audit
	15005	Liquor Licence i. Union Island	5,100.00	Computed by Audit
		ii. Bequia	16,398.00	Computed by Audit
		iii. Canouan	715.00	Computed by Audit
	15099	Other Licence – Tutors		None Submitted
	15008	Professional Licence		None Submitted
	15006	Drivers Licence Union Island	21,900.00	Computed by Audit
		Canouan	19,200.00	Computed by Audit
	14004	Insurance Premium Tax		None Submitted
CUSTOMS	13001	Import Duties		
	13003	Consumption Duties- Local		None Submitted
	13004	Customs Service Charge		None Submitted
	16007	Personal Fees Rev. Officers		None Submitted
	17011	Warehouse Rent		None Submitted
16012	Merchant Shipping		None Submitted	
MINISTRY OF HOUSING	17014	Crown Lands Rent Union Island	7733,775.83	Computed by Audit



AUDIT OFFICE

DEPT	ACCOUNT	DESCRIPTION	AMOUNT	REMARKS
JUDICIAL		Fees/Forfeitures		None Submitted
MEDICAL	16022	Hospital Rental Nurses Hostel		None Submitted None submitted
AGRICUL- TURE	18007	Sale of Plants /Seeds		None Submitted
	18009	Campden Park Fishing Operations - Grenadines		None Submitted None Submitted
PUBLIC WORKS	16018	Electrical Inspection Soils Laboratory		None Submitted
	17017	Royalties		None Submitted
	18011	Sale of Stores & Equipment		None Submitted
AIRPORT	16019	Landing Dues		None Submitted
	16020	NAVCOM Charges		None Submitted
	17012	Rental of Government Property		None Submitted
TELECOM	15010	Telecom & Broadcast Licence		None Submitted
MAGISTR ATES		Fees, Fines and Permits	217,144.15	Computed by Audit
FAMILY COURT		Fees, Fines and Permits	103,885.78	Computed by Audit



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

A. REQUIRED BY REGULATION TO BE REFERRED TO CABINET

DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
<u>TREASURY</u>			
<i>Overpayment of Salary</i>	<i>1,715.65</i>	<i>Nil</i>	<i>Resigned</i>
	<i>744.00</i>	<i>Nil</i>	<i>Cessation</i>
	<i>559.74</i>	<i>Nil</i>	<i>Cessation</i>
	<i>5,391.42</i>	<i>Nil</i>	<i>Resigned</i>
	<i>5,007.10</i>	<i>Nil</i>	<i>"</i>
	<i>6,648.00</i>	<i>Nil</i>	<i>"</i>
	<i>8,619.87</i>	<i>Nil</i>	<i>"</i>
	<i>6,740.00</i>	<i>Nil</i>	<i>"</i>
	<i>1,566.42</i>	<i>Nil</i>	<i>Termination</i>
	<i>4,801.6</i>	<i>Nil</i>	<i>Resigned</i>
	<i>7,701.30</i>	<i>Nil</i>	<i>"</i>
	<i>2,447.00</i>	<i>Nil</i>	<i>"</i>
	<i>1,600.00</i>	<i>Nil</i>	<i>"</i>
	<i>982.16</i>	<i>Nil</i>	<i>"</i>
	<i>3,424.00</i>	<i>Nil</i>	<i>Resigned</i>
	<i>5,115.45</i>	<i>Nil</i>	<i>"</i>
	<i>1,462.00</i>	<i>Nil</i>	<i>"</i>
	<i>55,111.47</i>	<i>Nil</i>	<i>"</i>
	<i>2,530.55</i>	<i>Nil</i>	<i>"</i>
	<i>3,550.74</i>	<i>Nil</i>	<i>Abandonment</i>
	<i>1,400.00</i>	<i>Nil</i>	<i>Resigned</i>
	<i>2,760.00</i>	<i>Nil</i>	
	<i>1,243.00</i>	<i>Nil</i>	<i>"</i>
	<i>1,338.58</i>	<i>Nil</i>	
	<i>2,322.58</i>	<i>Nil</i>	<i>"</i>
	<i>1,961.29</i>	<i>Nil</i>	<i>"</i>
	<i>4,609.03</i>	<i>Nil</i>	<i>"</i>
	<i>688.00</i>	<i>Nil</i>	<i>Cessation</i>
	<i>961.26</i>	<i>Nil</i>	<i>Resigned</i>
	<i>756.67</i>	<i>Nil</i>	<i>"</i>
	<i>3,516.00</i>	<i>Nil</i>	<i>"</i>
	<i>2,131.80</i>	<i>Nil</i>	<i>Resigned</i>



DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
TREASURY			
Overpayment of Salary	3,986.03	Nil	Abandonment
	5,475.52	Nil	Resigned
	1,457.00	Nil	"
	2,844.00	Nil	Resigned
	2,669.66	Nil	Termination
	512.52	Nil	Resigned



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

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

DEPT. & PARTICULARS OF LOSS	GROSS AMT. INVOLVED	AMOUNT RECOVERED	PRESENT STATUS
<u>TREASURY</u>			
<i>Overpayment of Salary</i>	<i>133.10</i>	<i>Nil</i>	<i>Resigned</i>
	<i>224.23</i>	<i>Nil</i>	<i>"</i>
	<i>256.25</i>	<i>Nil</i>	<i>Resigned</i>

**STATEMENT OF AUTHORITIES FOR EXPENDITURE 2008**

ESTIMATES:	Passed in the House of Assembly 5th December, 2007
APPROPRIATION ACT:	Enacted as Act 50/07
GENERAL WARRANT:	Signed by the Honorable Minister of Finance on 21st December, 2007
SPECIAL WARRANTS:	One hundred and fifty-four (154) Special Warrants were approved for a total of \$49,562,629.27
VIREMENT WARRANT:	There were a total of sixty (60) Virement Warrant approved to re-allocate a total \$1,676,690.64. From sixty-one (61) other items under eleven (11) Ministries of Expenditure
APPROPRIATION:	Supplementary Appropriation to date was as follows Act# 20/08 \$7,499,681.00 Act# 21/08 <u>\$1,768,815.00</u> \$9,268,496.00
LOAN MONIES:	Amount Expended from Loan Funds were as follows: Local Loans - \$51,142,029.87 CDB - \$ 9,807,210.11 Other Loans - \$12,212,526.83