



REPORT OF THE

DIRECTOR OF AUDIT



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

2015



Report of the Director of Audit

On the

Public Accounts

of

St. Vincent and the Grenadines

2015



To: The Honourable Minister of Finance

Sir,

Pursuant to section 75 (4) of the St. Vincent Constitution Order 1979 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, 2015, for tabling in the House of Assembly.

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

Mrs. Joan Browne

DIRECTOR OF AUDIT

4th June, 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 Advances, Statement of General Deposits, Statement of Investments, Statement of Public Debt and the Statement of Asset and liabilities, for the financial year ended December 31, 2015.

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, 2015, in accordance with cash basis of accounting.

Basis for Qualified Opinion

As described in the Public Debt Section of my report, the following were excluded from the Statement of Public Debt: EC\$3,672,741.96 processed under Capital Revenue Account 20-22301-3626, receipt of EC\$2,574,164.06 relating to local loan for the Modern Medical Complex and Private Placement Bond of EC\$9,874,995.00. If the Accountant General had included these

amounts in the Public Debt Statement, the public debt would have been increased by EC\$16,121,901.02.

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

4th June, 2021

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*Report of the Director of Audit on the Public Accounts of
St. Vincent and the Grenadines for the Period
1st January to 31st December 2015*

Chapter 1

INTRODUCTION

1.1

The Annual Report of the Director of Audit, submitted to the Parliament of St. Vincent and the Grenadines, has been presented in accordance with Chapter 10, section 75 (2) of the Constitution of St. Vincent and the Grenadines, 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 2015 are included in this report.



- 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 2015.
- 1.6 **Chapter 2** articulates general observations and non-compliance issues.
- 1.7 **Chapter 3** consists of the analysis of the financial statements of the Government presented by the Accountant General.
- 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, 2015, in accordance with section 75 (2) of the Constitution of St. Vincent and the Grenadines, Chapter 10; section 10 (1) of the Audit Act, Chapter 245; and the Finance Administration Act and Finance Administration



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

1.11

This report is prepared for laying in the House of Assembly pursuant to section 75 (4) of the Constitution of St. Vincent and the Grenadines, 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 the Constitution of St. Vincent and the Grenadines 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 the Constitution of St. Vincent and the Grenadines, and section 10 (1) and (2) of the Audit Act. The Director of Audit is the independent auditor of Government, acting on behalf of the taxpayer, through Parliament and it is on *her* investigation that Parliament has to rely for assurance about the fairness and regularity of the Public Accounts.



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

RESPONSIBILITY OF THE PUBLIC ACCOUNTS COMMITTEE

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

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 2015.

AUDIT OFFICE ACTIVITIES

- 1.16** Compliance Audits were carried out at various Ministries and Departments, the Grenadines and Overseas Offices during 2015. In addition, the Audit Office continued to verify salaries, pension and gratuity payments. The audit of pension and gratuity



payments is 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 Government's Ministries, Departments, Overseas and Grenadines Offices during the fiscal year were analysed and are included in chapter 4 of the report.

1.17

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

1.18

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

1.19

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.



ACKNOWLEDGEMENT

1.20

The Audit Office acknowledges the loss of two (2) of its Audit Officers in 2015. Mr. Glenroy Billingsy, Audit Officer III and Mrs. Joanne King Bobb, Audit Officer II, passed away on 27th May and 15th June, 2015, respectively. The contribution made by the Officers is greatly appreciated and may their souls continue to rest in peace.

1.21

I wish to express thanks to the Accountant General, Heads of Department and Ministries and their staff, for their co-operation and courtesies extended to us, and we look forward to continuing our professional relationships. I must, also, commend my staff for their contribution and support during the year.



Chapter 2

GENERAL OBSERVATIONS AND NON-COMPLIANCE ISSUES

RESPONSIBILITY OF MANAGEMENT OF THE AUDITED ENTITIES

2.1

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 hereinbefore mentioned, were relinquished by some Accounting Officers, as several discrepancies were identified.

GENERAL OBSERVATIONS AND NON-COMPLIANCE

2.2

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 Departments. Further, recommendations were made with the intention of assisting management in the implementation of corrective actions to improve the operations of the audited entities.



2.3

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 that the Accounting Officers and Heads of Department select the best course of action to address the issues identified in a timely manner.

2.4

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.

2.5

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

VOTE BOOKS

- 2.6** 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

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



Government should be adequately informed of the outstanding arrears, the factors attributable to any increase and the action taken to reduce or contain the accumulation.

2.8 The matter of arrears revenue being classified as current revenue by the Inland Revenue Department was raised during the financial year 2015; however, the Office was informed that permission was granted by the Director General, Finance and Planning, for the Department to classify the arrears revenue as current revenue and as such, the amounts were not credited to the appropriate account provided and approved in the Estimates of Revenue and Expenditure to account for arrears revenue. The revenue collected included arrears from previous years' assessments; and therefore, should not form a basis for comparison of collection with assessment for the current year.

2.9 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

2.10 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

2.11

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

2.12

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

- 2.13** 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 instances when cash collected was not without delay brought properly to account in the cash book and promptly deposited at the bank. Further, the cash books were not, without delay, submitted to the Accountant General's Office, contrary to Finance Administration Regulations 2009. There was one (1) major deficiency identified at the Customs and Excise Department, Chateaubelair, wherein a shortage of \$2,172.00 was discovered and the records were not maintained during 2015, in accordance with the Finance Administration Regulations 2009. This amount was recovered from the officer in charge of the station.

IMPRESTS

- 2.14** Six (6) Imprest Accounts with debit balances remained outstanding at the end of financial year 2015; although, section 33 (2) of the Finance Administration Act, states that an Officer to whom an imprest has been issued shall retire that imprest not later than the end of the financial year in which the imprest was issued or if some earlier date is specified in the Imprest Warrant or by the Accountant General.
- 2.15** 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 3.87 – 3.88 and Table 1.27.



VIREMENT WARRANTS

2.16

One hundred and ninety (190) Virement Warrants totalling \$3,921,743.79 were approved in respect of the year ended December 31, 2015; resulting in an increase of \$908,818.27 of the amounts vired when compared to the sum of \$3,012,925.52 in 2014.

SPECIAL WARRANTS AND CONTINGENCIES FUND

2.17

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.

2.18

The Act states that “... *the aggregate of the amounts authorized by special warrants issued under this section in the financial year and not approved in a Supplementary Appropriation Act shall not exceed the amount fixed by resolution of the House of Assembly.*” The Act further states that “*A special warrant may be issued so long as the amount in the Contingencies Fund does not exceed the amount fixed by resolution of the House of Assembly for the Contingencies Fund.*” The Contingencies Fund was not established to address this issue in 2015. The amount fixed by the House of Assembly was \$25,000,000.00.

**2.19**

One hundred and eight (108) Special Warrants totalling \$19,706,578.58 were approved by the Minister of Finance during the financial year 2015, \$30,268,164.54 less when compared to the amount of \$49,974,743.12 approved for 2014. The total did not exceed the amount of \$25,000,000.00 fixed by Parliament; however, the amount remained unappropriated at the end of the financial year.

AUDIT QUERIES**2.20**

Responses to Audit Queries by the Ministries and Departments remain unsatisfactory. A total of ninety-seven (97) queries were issued to Heads of Department and Accounting Officers in 2015, as shown at Appendix I.

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



Chapter 3

ANALYSIS OF GOVERNMENT'S FINANCIAL STATEMENTS

3.1

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, 2015.

SCOPE OF THE AUDIT

3.2

The financial statements for the year ended 2015, 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

**3.3**

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**3.4**

An audit of the financial statements 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

3.5

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

APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS

3.6

The Appropriation Act No. 1 of 2015 was passed in the House of Assembly on 3rd February, 2015, authorising total expenditure of \$971,208,767.00. The total expenditure appropriated by Parliament comprised Recurrent Expenditure of \$674,858,237.00 and Capital Expenditure of \$296,350,530.00. In 2015, one hundred and eight (108) Special Warrants, totalling \$19,706,578.58 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 2015.

3.7

The total of \$19,706,578.58 approved by Special Warrants did not exceed 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 on April 29, 2010.



STATEMENT OF ANNUAL ABSTRACT

OVERALL BUDGET

3.8

The Statement of Annual Abstract consists of Recurrent and Capital Revenue and Recurrent and Capital Expenditure which are classified by accounts. The original projected expenditure of \$971,367,582.00 was inclusive of an amount of \$158,815.00 provided for the Governor General's Emoluments and Pensions, in accordance with the Governor General's Emoluments and Pensions Act, CAP 269 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009. This total is comprised of Recurrent Expenditure of \$675,017,052.00 and Capital Expenditure of \$296,350,530.00 approved for the financial year 2015.

3.9

The financial statement reported the total original estimates of Recurrent and Capital Expenditure as \$971,367,387.00 instead of \$971,367,582.00, an understatement of \$195.00 under Recurrent Expenditure. The original estimates of \$971,367,582.00 was revised by a total of \$19,706,578.58 in Special Warrants to \$991,074,160.58; however, the statement reported the total revised estimates as \$991,116,500.42 by an amount of \$19,748,918.42; a difference of \$42,339.84 (on the Revised Recurrent Expenditure). The difference was due to the following errors under Recurrent Expenditure in the Government's Accounts and on the financial statements:



- Virement Warrant # 102/15 was approved to transfer an amount of \$24,900.00 from Account 20 200 36601 to Account 20 200 36301. However, both Accounts were debited instead of credit and debit to Accounts 20 200 36601 and 20 200 36301, respectively, which resulted in an overstatement in the revised estimates under Account 20 200 36601 by \$49,800.00;
- an amount of \$61,526.00 approved by Special Warrant # 54/2015 was entered under the Ministry of Education Account 35 365 311 as \$51,526.00; resulting in an understatement of \$10,000.00 in the revised estimates;
- Two (2) amounts of \$1,261.29 were included under Account No 55 580 320; resulting in an overstatement of \$2,522.58 in the revised estimates;
- an amount of \$41,425.00 instead of \$41,215.00 approved by Special Warrant # 66/2015 was entered under the Ministry of National Reconciliation, Public Service, etc. Account 15 160 382; resulting in an overstatement of \$210.00 in the revised estimates; and
- the original and revised estimates of Recurrent Revenue showed a net understatement of \$195.00 on the financial statement.

**OVERALL BUDGET OUT - TURN****REVENUE \$677,777,475.50****3.10**

The actual revenue of \$677,777,475.50 which comprised of Recurrent Revenue of \$519,122,902.18 and Capital Revenue of \$158,654,573.32 was collected to finance expenditure for the financial year 2015. The total revenue fell short of its estimates of \$971,367,582.00 by \$293,590,106.50, and declined by \$90,622,315.76 or 11 percent when compared to the revenue collected in financial year 2014. The decrease was due to a significant decline in Non- Tax Recurrent Revenue and Capital financing.

3.11

Table 1 shows actual revenue versus estimated revenue for 2015 and actual revenue for 2015 as compared to 2014.

Table 1

Item a	Estimate (\$) b	Actual Revenue 2015 (\$) c	Actual Revenue 2014 (\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Revenue	532,343,200.00	519,122,902.18	535,191,011.24	(16,068,109.06)
Capital Revenue	439,024,382.00	158,654,573.32	233,208,780.02	(74,554,206.70)
Total	971,367,582.00	677,777,475.50	768,399,791.26	(90,622,315.76)

EXPENDITURE \$710,640,512.66**3.12**

Actual expenditure of \$710,640,512.66, which comprised of Recurrent Expenditure of \$611,411,781.39 and Capital Expenditure of \$99,228,731.27 was realised for the financial year. The total expenditure was \$18,347,727.62 less than the actual expenditure for 2014.



3.13

Surplus/ Deficit \$32,863,037.16

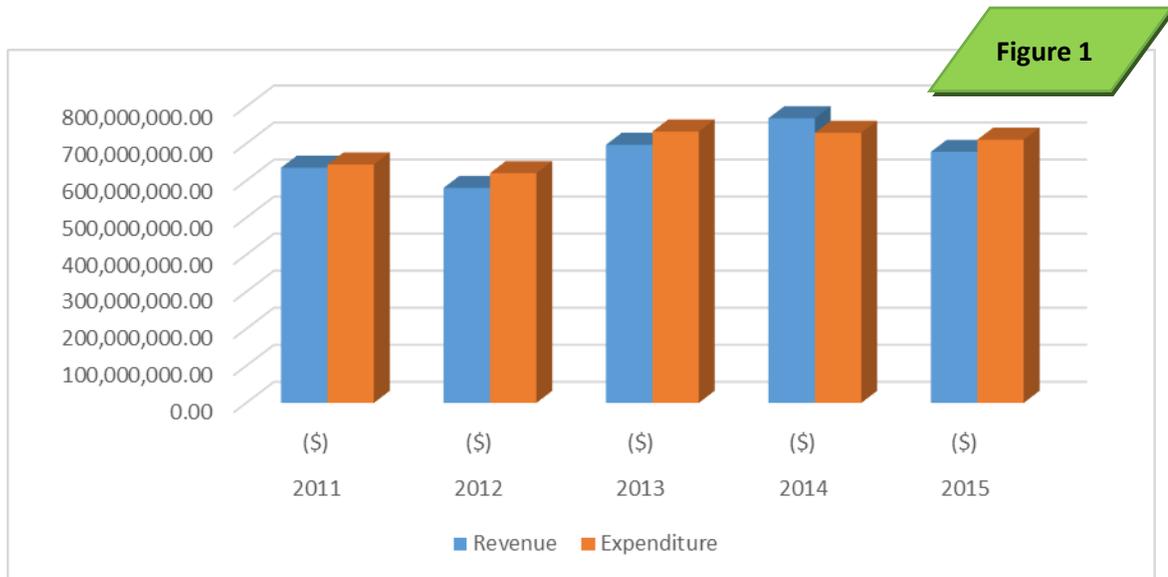
Actual revenue of \$677,777,475.50 fell short of actual expenditure of \$710,640,512.66, resulting in a deficit of \$32,863,037.16 on the budget for the financial year. The movement from a surplus of \$39,411,550.98 in 2014 to a deficit of \$32,863,037.16 in 2015, was due to a reduction in Recurrent and Capital Revenue by 11 percent over 2014 collections. A summary of Government’s financial performance over the past five (5) years is shown in Table1.1 below.

3.14

Table1.1 and Figure 1 depict a Summary of Government’s Financial Position over the past five (5) years

Table 1.1

Year	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)
Revenue	634,987,618.63	580,436,470.88	696,774,689.87	768,399,791.26	677,777,475.50
Expenditure	643,531,268.27	620,113,321.89	732,449,903.68	728,988,240.28	710,640,512.66
(Deficit)/Surplus	(8,543,649.64)	(39,676,851.01)	(35,675,213.81)	39,411,550.98	(32,863,037.16)



RECURRENT BUDGET OUT - TURN

3.15 The estimates of Recurrent Expenditure of \$675,017,052.00 was recorded as \$675,016,857.00 on the Statement of Recurrent Expenditure, an understatement of \$195.00 on the original and revised estimates. In addition, the statement showed that Recurrent Estimates was revised by \$13,394,538.23 instead of \$13,352,003.39 which was approved by Special Warrants for fiscal year 2015; a difference of \$42,534.84 as expounded at paragraph 3.9.

3.16 The Estimates of Revenue and Expenditure showed an anticipated deficit of \$142,673,852.00 on the original Recurrent Budget. The actual deficit of \$92,228,879.21 over the actual Recurrent Revenue of \$519,122,902.18 and Recurrent Expenditure of \$611,411,781.39, was realised on the Recurrent Budget for the year, as depicted in Table 1.2.

**3.17**

Table 1.2 Depicts the Actual Out-turn of Recurrent Budget for 2015.

Table 1.2

ITEM	ORIGINAL ESTIMATE (\$)	ACTUAL (\$)
Recurrent Revenue	532,343,200.00	519,122,902.18
Recurrent Expenditure	675,017,052.00	611,411,781.39
(Deficit)	(142,673,852.00)	(\$92,228,879.21)

CAPITAL BUDGET OUT - TURN**3.18**

The financial statement has shown that the initial Capital Expenditure budget of \$296,350,530.00, was revised by \$6,354,575.19 to \$302,705,105.19; however, the amount by which the initial capital expenditure budget was revised, the amount was not approved via Supplementary Appropriation Act, in financial year 2015.

3.19

A surplus of \$142,673,852.00 was projected on the Capital Budget; however, a surplus of \$59,425,842.05 over the actual Capital Revenue of \$158,654,573.32 and actual Capital Expenditure of \$99,228,731.27, was realized for the year, \$83,248,009.95 less than the original projected surplus of \$142,673,852.00, as depicted in Table 1.3 below.

3.20

Table 1.3 Depicts the Actual Out-turn of Capital Budget for 2015.

Table 1.3

ITEM	ESTIMATE (\$)	ACTUAL (\$)
Capital Revenue	439,024,382.00	158,654,573.32
Capital Expenditure	296,350,530.00	99,228,731.27
Surplus	142,673,852.00	59,425,842.05

**OVERALL BUDGET OUT-TURN****DEFICIT - \$32,863,037.16****3.21**

The actual budget out-turn for 2015 and the comparison of the budget out-turn for 2014 are displayed in Table 1.4 and 1.5.

3.22

Table 1.4 shows the actual Budget Out-turn for the year as compared to the Original Estimates 2015.

Table 1.4

ITEM	ORIGINAL ESTIMATE 2015	ACTUAL 2015
Recurrent Revenue	532,343,200.00	519,122,902.18
Recurrent Expenditure	675,017,052.00	611,411,781.39
Surplus/(Deficit)	(142,673,852.00)	(92,288,879.21)
Capital Revenue	439,024,382.00	158,654,573.32
Capital Financing	296,350,530.00	66,365,694.11
Capital Expenditure	296,350,530.00	99,228,731.27
Surplus/(Deficit)	142,673,852.00	(32,863,037.16)

3.23

Table 1.5 shows comparison of the Budget Out- turn for 2015 and 2014

Table 1.5

ITEM	2015 (\$)	2014 (\$)
Recurrent Revenue	519,122,902.18	535,191,011.24
Recurrent Expenditure	611,411,781.39	603,774,485.12
(Deficit)	(92,288,879.21)	(68,583,473.88)
Capital Revenue	158,654,573.32	233,208,780.02
Capital Financing	66,365,694.11	164,625,306.14
Capital Expenditure	99,228,731.27	125,213,755.16
Surplus/ (Deficit)	(32,863,037.16)	39,411,550.98

**STATEMENT OF DETAILED REVENUE****DETAILED REVENUE (RECURRENT AND CAPITAL) \$677,777,475.50**

3.24 The total estimated revenue for 2015 was \$971,367,582.00. Recurrent Revenue was expected to yield \$532,343,200.00 or 54.8 percent and Capital Revenue \$439,024,382.00 or 45.2 percent.

3.25 The overall revenue for the financial year totalled \$677,777,475.50. This amount represents 69.7 percent of the estimated revenue of \$971,367,582.00, thus resulting in a shortfall of \$293,590,106.50. The actual Recurrent Revenue realised was \$519,122,902.18 or 76.6 percent and Capital Revenue totalled \$158,654,573.32 or 23.4 percent of the actual revenue.

3.26 Table 1.6 below shows the Actual Revenue Vs Original Estimates for 2015.

Table 1.6

Details of Revenue	Estimates 2015 (\$)	Actual 2015 (\$)	Variance (\$) Excess/(Shortfall)
a	b	c	(\$) b - c
<u>RECURRENT REVENUE:</u>			
<u>Tax Revenue</u>			
Taxes on Income & Profit	123,723,000.00	129,701,563.49	5,978,563.49
Taxes on Property	4,887,000.00	4,374,713.75	(512,286.25)
Taxes on International Trade and Transaction	207,778,000.00	199,857,397.46	(7,920,602.54)

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2015

Details of Revenue a	Estimates	Actual	Variance (\$)
	2015 (\$) b	2015 (\$) c	Excess/(Shortfall) (\$) b - c
Taxes on Domestic Goods and Transaction	119,240,700.00	118,900,421.28	(340,278.72)
Licenses	29,953,100.00	29,609,658.63	(343,441.37)
Sub Total	485,581,800.00	482,443,754.61	(3,138,045.39)
<u>Non - Tax Revenue</u>			
Fees, Fines and Permits	19,461,000.00	18,169,102.38	(1,291,897.62)
Interest, Rent and Dividends	8,907,300.00	6,482,835.83	(2,424,464.17)
Other Revenues	18,393,100.00	12,027,209.36	(6,365,890.64)
Sub Total	46,761,400.00	36,679,147.57	(10,082,252.43)
Total Recurrent Revenue	532,343,200.00	519,122,902.18	(13,220,297.82)
<u>CAPITAL REVENUE:</u>			
<u>Domestic Receipts</u>			
Sale of Other Assets	26,650,000.00	11,309,129.40	(15,340,870.60)
Other Capital Receipts	171,568,952.00	16,978,873.33	(154,590,078.67)
Local Loans	71,068,670.00	45,007,608.43	(26,061,061.57)
Sub Total	269,287,622.00	73,295,611.16	(195,992,010.84)
<u>External Receipts</u>			
Grants	62,798,660.00	25,905,030.75	(36,893,629.25)
External Loans	106,938,100.00	59,453,931.41	(47,484,168.59)
Sub Total	168,736,760.00	85,358,962.16	(84,377,797.84)
Total Capital Revenue	439,024,382.00	158,654,573.32	(280,369,808.68)
Total Revenue	971,367,582.00	677,777,475.50	(293,590,106.50)

3.27

The actual revenue declined by \$90,622,315.76 or 11 percent when compared to financial year 2014. This was mainly due to 42.7 percent and 32 percent decline in Non – Tax Revenue and Capital Revenue, respectively, for financial year 2015. Tax revenue showed a slight increase by 2.4 percent over 2014.

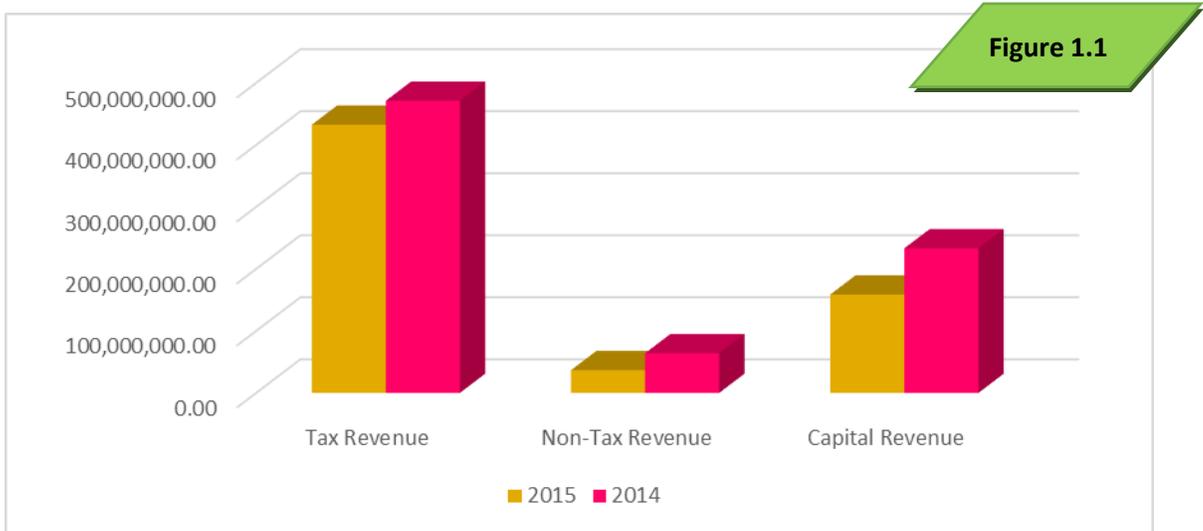


3.28

Table 1.7 and Figure 1.1 show items of revenue collected for the financial year 2015 with comparative figures for financial year 2014.

Table 1.7

Details of Revenue	Actual Revenue 2015 (\$)	Actual Revenue 2014 (\$)	(\$) (Decrease)/Increase
Recurrent Revenue			
Tax Revenue			
Taxes on Income & Profit	129,701,563.49	140,031,849.16	(10,330,285.67)
Taxes on Property	4,374,713.75	4,010,542.64	364,171.11
Taxes on International Trade and Transaction	199,857,397.46	186,655,190.07	13,202,207.39
Taxes on Domestic Goods and Transaction	118,900,421.28	112,097,166.03	6,803,255.25
Licenses	29,609,658.63	28,360,817.39	1,248,841.24
Sub Total	482,443,754.61	471,155,565.29	11,288,189.32
Non-Tax Revenue			
Fees, Fines and Permits	18,169,102.38	17,962,394.52	206,707.86
Interest, Rent and Dividends	6,482,835.83	16,961,771.56	(10,478,935.73)
Other Revenues	12,027,209.36	29,111,279.87	(17,084,070.51)
Sub Total	36,679,147.57	64,035,445.95	(27,356,298.38)
Total Recurrent Revenue	519,122,902.18	535,191,011.24	(16,068,109.06)
Capital Revenue	158,654,573.32	233,208,780.02	(74,554,206.70)
TOTAL	677,777,475.50	768,399,791.26	(90,622,315.76)



3.29

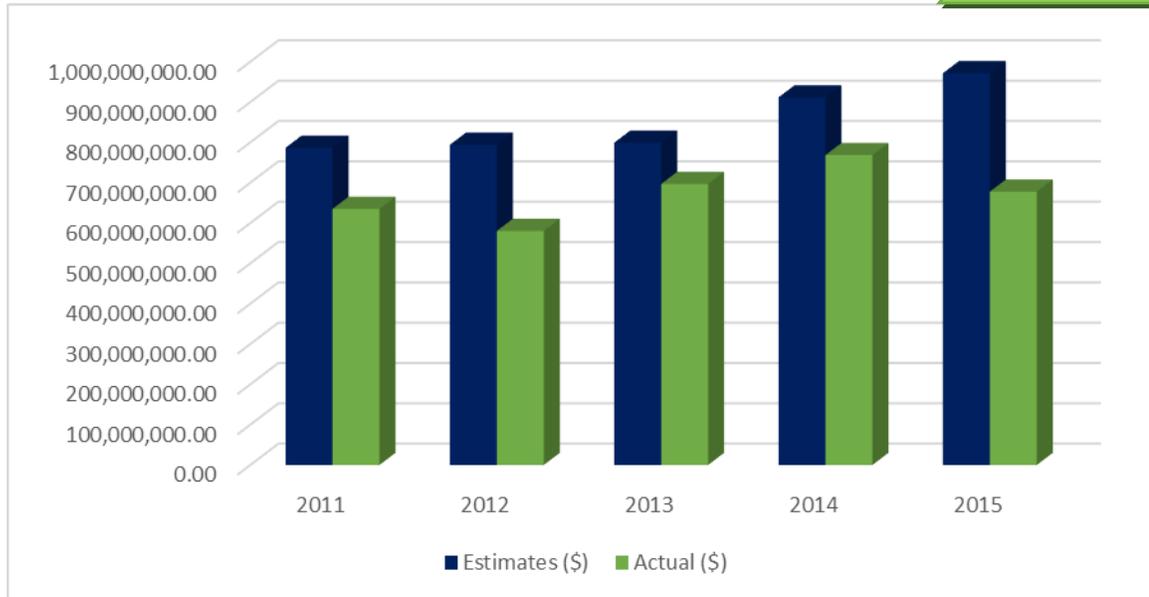
A comparison of estimates and actual revenue for the years 2011-2015, is depicted in Table 1.8 and Figure 1.2.

Table 1.8

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
2011	786,488,289.00	634,987,618.63	151,500,670.37
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



Figure 1.2



3.30

DETAILS OF RECURRENT REVENUE 2015

\$519,122,902.18

Recurrent Revenue is comprised of Tax Revenue and Non-Tax Revenue. Tax Revenue is comprised of five (5) revenue items, with Non Tax Revenue comprising three (3) items. Total Recurrent Revenue collected was \$519,122,902.18. This is \$13,220,297.82 or 2.5 percent deficit of the estimated Recurrent Revenue. Recurrent Revenue declined by 3 percent of the amount of \$535,191,011.24 collected during 2014. Actual Tax Revenue is composed of Tax Revenue of \$482,443,754.61 or 92.9 percent and Non-Tax Revenue of \$36,679,147.57 or 7.1 percent. There was a 2.3 percent growth in Tax Revenue, while collections from Non-Tax Revenue fell by 42.7 percent when compared to the actual Revenue reported for 2014.

**TAX REVENUE****\$ 482,443,754.61****3.31**

Tax Revenue of \$482,443,754.61 fell short of its projections by \$3,138,045.91, although an increase of \$11,288,189.32 was realised when compared to 2014 collections.

Taxes on Income and Profits was the only component of Tax Revenue that exceeded its projections for 2015, nonetheless, under-performed when compared to the collections for 2014. The performance in Taxes on Income and Profits was due to an excess collection of \$10,308,293.26 in Corporation Tax. It was not possible to determine whether the excess was due to the collection of arrears revenue or what portion comprised arrears. This was due to the non-compliance with regulation 99 of the Finance Administration Regulations, 2009, in the preparation and submission of annual returns of arrears of revenue and monthly reports of recovery of arrears of revenue by the Inland Revenue Department.

3.32

The other four (4) components of Tax Revenue which consist of Taxes on Property, Taxes on International Trade and Transactions, Taxes on Domestic Goods and Transaction and Licences fell short the estimates; however, revenue improved by 9 percent, 7 percent, 6 percent and 4.4 percent, respectively, when compared to 2014, as depicted in Table 1.9 and Figure 1.3.



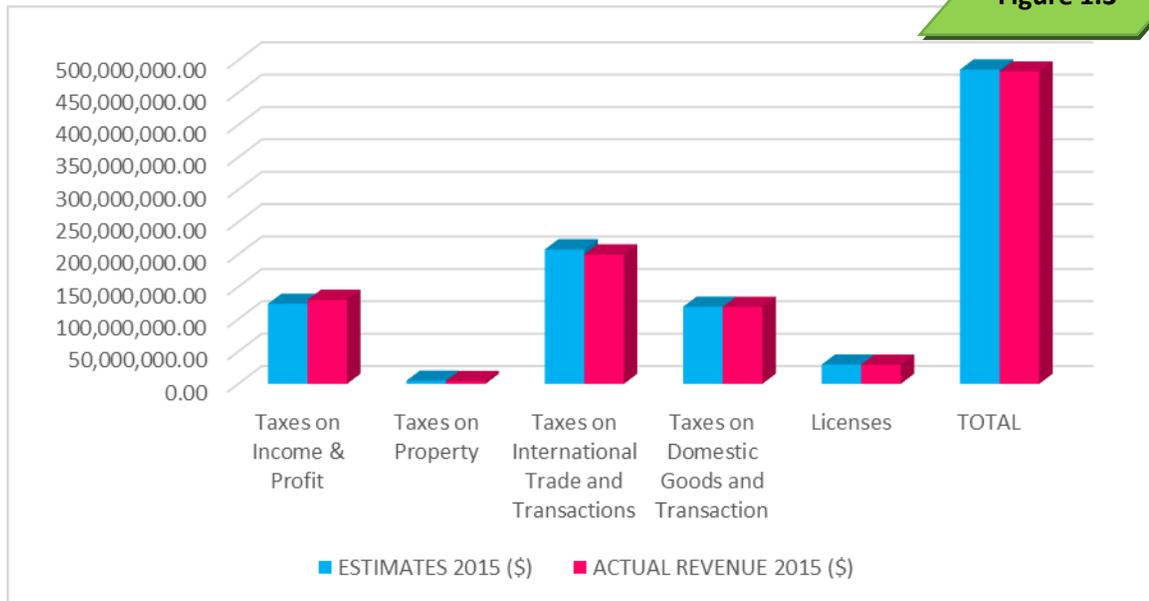
3.33

The composition of Tax Revenue collected for the financial year 2015, is shown in Table 1.9 and Figure 1.3.

Table 1.9

DETAILS OF REVENUE	ESTIMATES 2015 (\$)	ACTUAL REVENUE 2015 (\$)
Taxes on Income & Profit	123,723,000.00	129,701,563.49
Taxes on Property	4,887,000.00	4,374,713.75
Taxes on International Trade and Transactions	207,778,000.00	199,857,397.46
Taxes on Domestic Goods and Transaction	119,240,700.00	118,900,421.28
Licenses	29,953,100.00	29,609,658.63
TOTAL	485,581,800.00	482,443,754.61

Figure 1.3





3.34

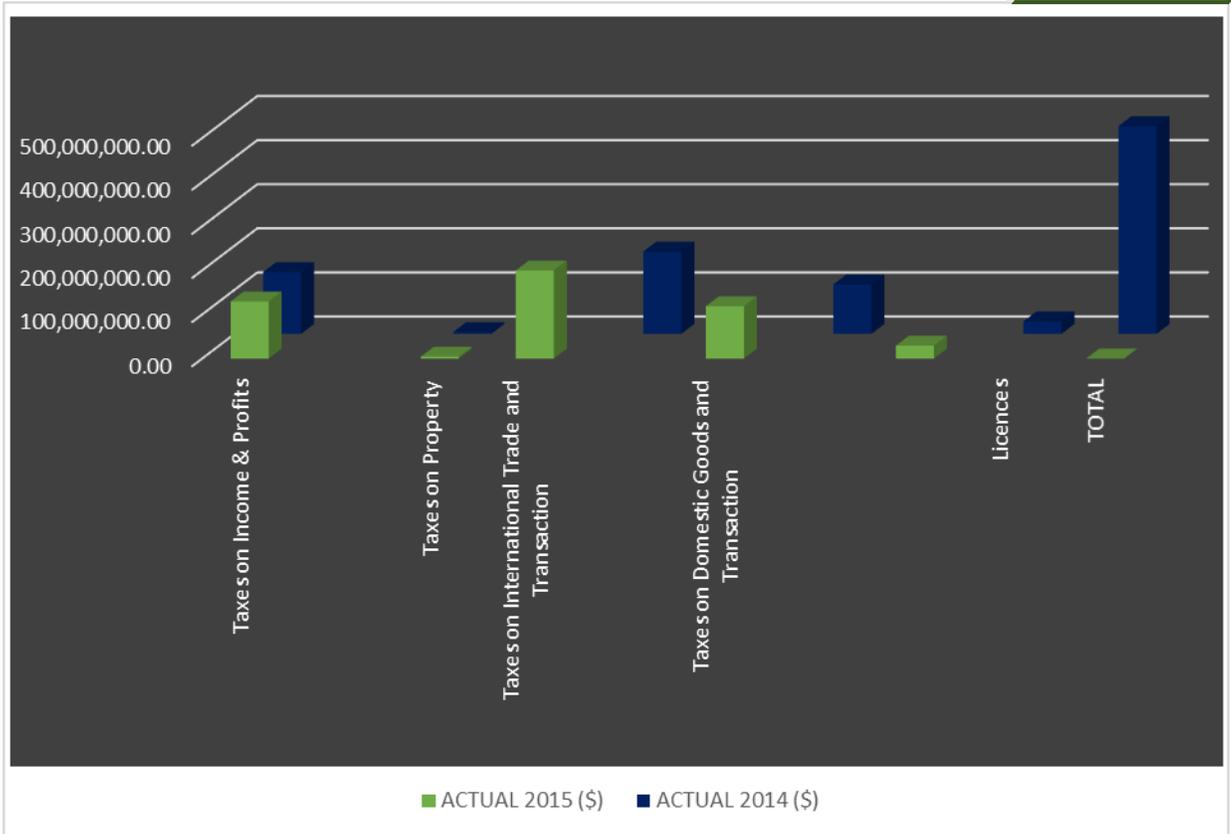
Table 1.10 and Figure 1.4 show a growth in the Tax Revenue collected for 2015 over 2014.

Table 1.10

TYPE	ACTUAL 2015 (\$)	ACTUAL 2014 (\$)	EXCESS/(SHORT- FALL) (\$)	%
Taxes on Income & Profits	129,701,563.49	140,031,849.16	(10,330,285.67)	7.4
Taxes on Property	4,374,713.75	4,010,542.64	364,171.11	9
Taxes on International Trade and Transaction	199,857,397.46	186,655,190.07	13,202,207.39	7
Taxes on Domestic Goods and Transaction	118,900,421.28	112,097,116.03	6,803,255.25	6
Licences	29,609,658.63	28,360,817.39	1,248,841.24	4.4
TOTAL	482,443,754.61	471,155,565.29	11,288,189.32	



Figure 1.4



COMPOSITION OF TAX REVENUE

Taxes on Income and Profit **\$129,701,563.49**

3.35

Revenue of \$129,701,563.49 from Taxes on Income and Profit exceeded the estimated amount of \$123,723,000.00 by \$5,978,563.49. This was due to increase collections of revenue from corporations and non-residents as withholding taxes. The revenue recorded for 2015, in comparison with the amount for 2014, declined by \$10,330,285.67.



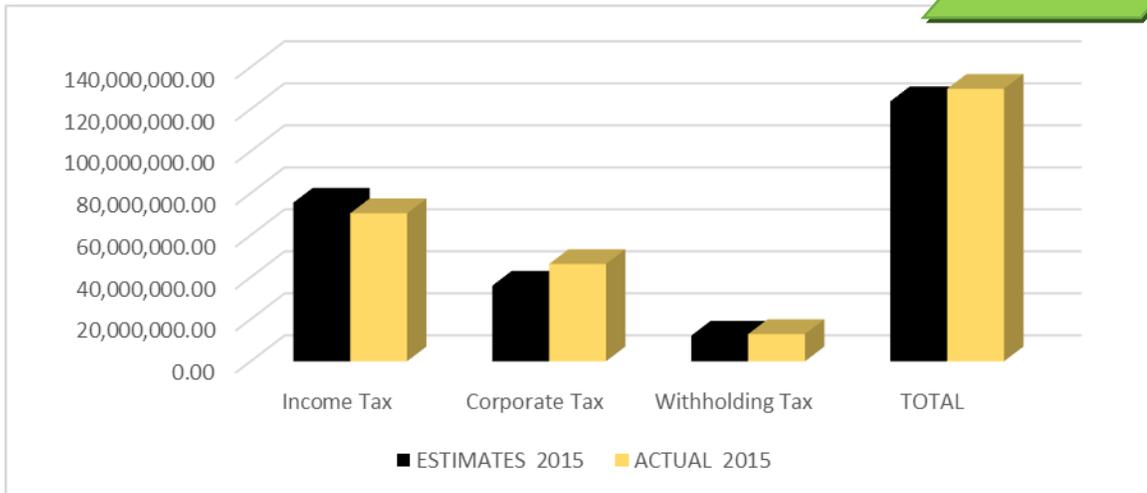
3.36

Table 1.11 and Figure 1.5 show revenue from Taxes on Income and Profit exceeded its projections by \$5.9 million in 2015.

Table 1.11

ITEM	ESTIMATES 2015	ACTUAL 2015	EXCESS/(SHORTFALL) (\$)
Taxes on Income and Profit			
Income Tax	75,483,000.00	70,432,697.72	(5,050,302.23)
Corporate Tax	36,000,000.00	46,308,293.26	10,308,293.26
Withholding Tax	12,240,000.00	12,960,572.51	720,572.51
TOTAL	123,723,000.00	129,701,563.49	5,978,563.49

Figure 1.5



3.37

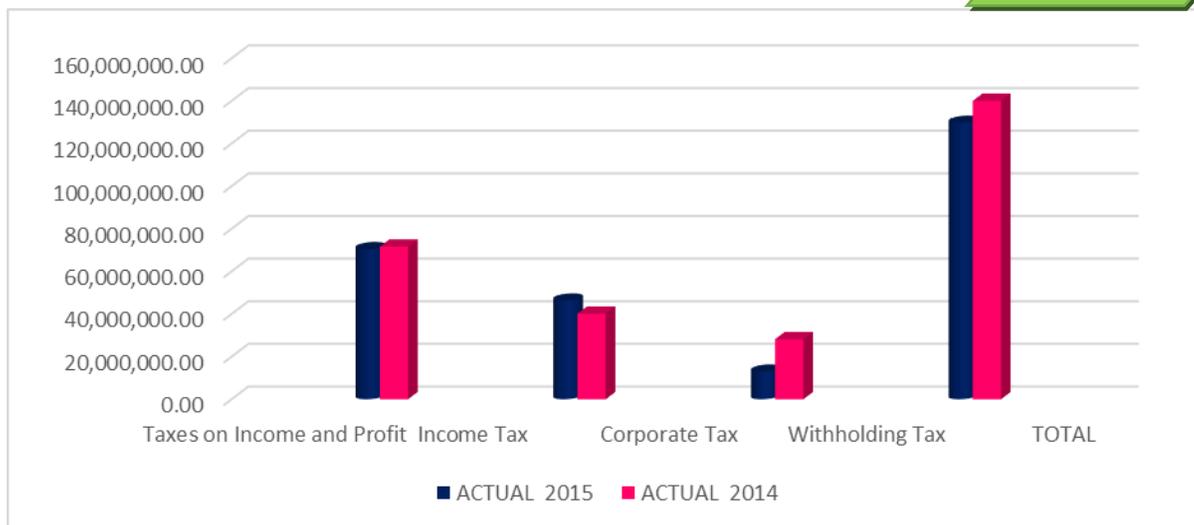
A comparison of collections of Taxes on Income and Profit for 2015 and 2014 shows that there was a decline of \$10,330,285.67 in revenue reported for 2015, as shown in Table 1.12 and Figure 1.6.



Table 1.12

TAX TYPE	ACTUAL 2015	ACTUAL 2014	EXCESS/(SHORTFALL) (\$)
Taxes on Income and Profit			
Income Tax	70,432,697.72	71,646,788.74	(1,214,091.02)
Corporate Tax	46,308,293.26	40,176,356.13	6,131,937.13
Withholding Tax	12,960,572.51	28,208,704.29	(15,248,131.78)
TOTAL	129,701,563.49	140,031,849.16	(10,330,285.67)

Figure 1.6



Taxes on Property

\$4,374,713.75

3.38

The actual revenue from Taxes on Property increased from \$4,010,542.64 in 2014 to \$4,374,713.75 for the financial year. The actual revenue fell short the estimated revenue of \$4,887,000.00 by a net amount of \$512,286.25.



Taxes on International Trade and Transactions **\$199,857,397.46**

3.39

Revenue from International Trade and Transactions totalled \$199,857,397.46; \$7,920,602.54 less than the estimates of \$207,778,000.00. Vehicle Surcharge and Excise Duty were the only two (2) components that exceeded the projections for the financial year 2015. In comparison to 2014, five (5) of the seven (7) categories exceeded the revenue collected, while Travel Tax and Direct Entry Tax fell short the amounts collected in 2014. The net growth of 7 percent, amounted to \$13,202,207.39 over 2014, as depicted in Table 1.13. The growth was mainly attributed to 1 percent increase in Customs Service Charge, an increase of 25.3 percent in the importation of used vehicles and 2.6 percent increase on merchandise imports net of petroleum products.

3.40

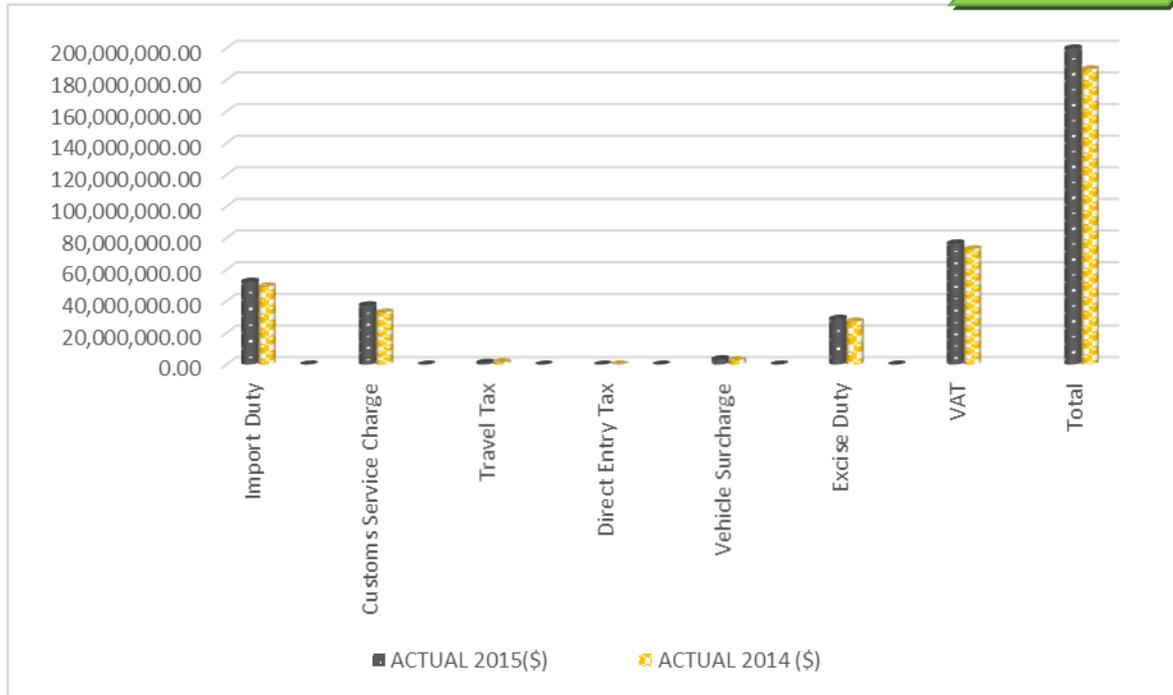
A comparison of the revenue collections for financial year 2015 with the previous financial year shows increased collections of \$13,202,207.39 as reflected in Table 1.13 and Figure 1.7.

Table 1.13

TAX TYPE	ACTUAL 2015(\$)	ACTUAL 2014 (\$)	EXCESS/(SHORTFALL) (\$)
Import Duty	52,365,958.77	49,345,350.65	3,020,608.12
Customs Service Charge	37,453,103.11	32,912,986.74	4,540,116.37
Travel Tax	1,088,276.80	1,453,882.02	(365,605.22)
Direct Entry Tax	31,107.50	33,491.00	(2,383.50)
Vehicle Surcharge	3,361,875.00	2,776,156.93	585,718.07
Excise Duty	28,958,039.70	27,221,377.61	1,736,662.09
VAT	76,599,036.58	72,911,945.12	3,687,091.46
TOTAL	199,857,397.46	186,655,190.07	13,202,207.39



Figure 1.7



Taxes on Domestic Goods and Transactions \$118,900,421.28

3.41

Revenue of \$118,900,421.28 from Taxes on Domestic Goods and Transactions recorded a shortfall of \$340,278.72 from its estimates of \$119,240,700.00 but exceeded the previous year’s actual collection of \$112,097,166.03 by \$6,803,255.25.

3.42

Receipts from Excise Duty, Interest Levy (Commercial Banks) and VAT contributed significantly to the growth in the revenue, moving from \$5,814,322.65, \$11,041,583.19 and \$65,143,830.05 in 2014 to \$6,337,265.88, \$18,864,343.90 and \$67,140,729.22 in 2015, respectively.

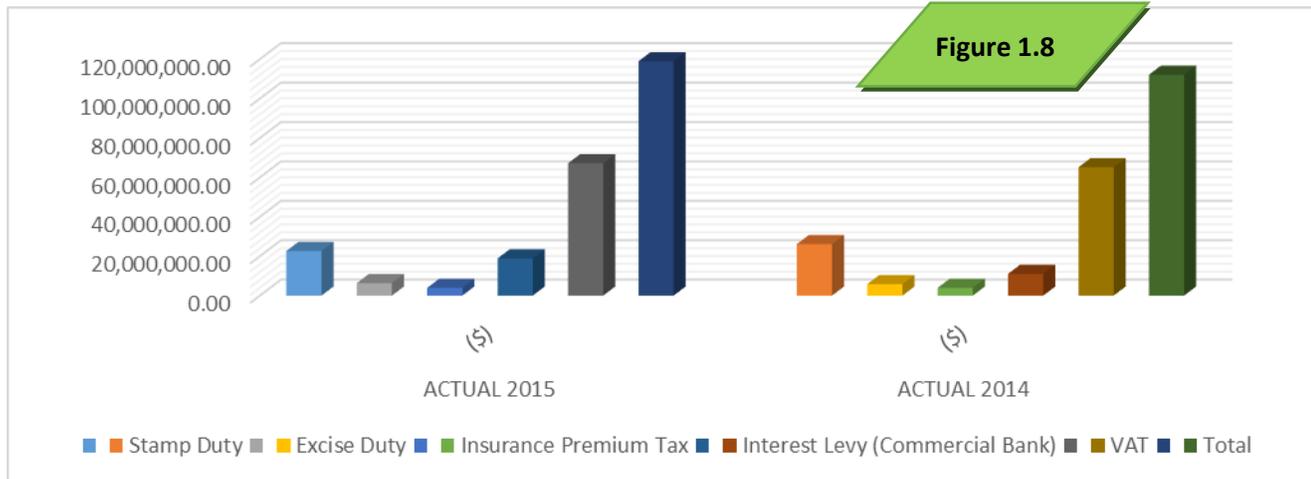


3.43

Actual collections for 2015 compared with actual collections for 2014 are shown in Table 1.14 and Figure 1.8.

Table 1.14

NARRATIVE	ACTUAL 2015 (\$)	ACTUAL 2014 (\$)	EXCESS/(SHORTFALL) (\$)
Stamp Duty	22,633,734.65	26,134,182.23	(3,500,447.58)
Excise Duty	6,337,265.88	5,814,322.65	522,943.23
Insurance Premium Tax	3,924,347.63	3,963,247.91	(38,900.28)
Interest Levy (Commercial Bank)	18,864,343.90	11,041,583.19	7,822,760.71
VAT	67,140,729.22	65,143,830.05	1,996,899.17
TOTAL	118,900,421.28	112,097,166.03	6,803,255.25





Licences **\$29,609,658.63**

3.44 Revenue from Licences was \$29,609,658.63, 1.1 percent less than the budgeted amount of \$29,953,100.00, resulting in a net shortfall of \$343,441.37 on six (6) heads and excess collections on seven (7) Licences. Actual Revenue recorded for the financial year 2015 increased by \$1,248,841.24 when compared to 2014 collections of \$28,360,817.39

NON - TAX REVENUE **\$36,679,147.57**

3.45 Non-Tax Revenue fell from \$64,035,445.95 in 2014 to \$36,679,147.57 in 2015; \$27,356,298.38 or 42.7 percent less than the revenue collected for financial year 2014. This was due to a significant decline in collections under two (2) sources of Non-Tax Revenue.

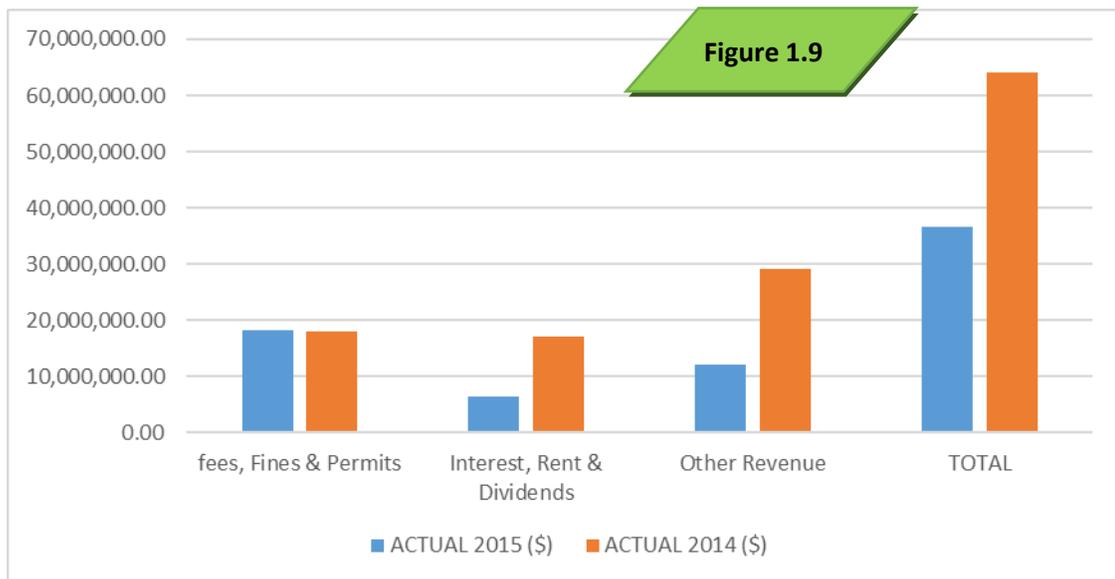
3.46 Collection under Fees, Fines and Permits increased from \$17,962,394.52 in 2014 to 18,169,102.38 in 2015, while the other two (2) sources, Interest, Rent and Dividends and Other Revenue moved from \$16,961,771.56 and \$29,111,279.87 in 2014 to \$6,482,835.83 and \$12,027,209.36 in 2015, respectively.

3.47 Table 1.15 and Figure 1.9 show Non - Tax Revenue collected in 2015 with comparative figures for 2014, reflecting significant decline in the 2015 collections.



Table 1.15

NARRATIVE	ACTUAL 2015 (\$)	ACTUAL 2014 (\$)	EXCESS/(SHORTFALL) (\$)
Fees, Fines & Permits	18,169,102.38	17,962,394.52	206,707.86
Interest, Rent & Dividends	6,482,835.83	16,961,771.56	(10,478,935.73)
Other Revenue	12,027,209.36	29,111,279.87	(17,084,070.51)
TOTAL	36,679,147.57	64,035,445.95	(27,356,298.38)



DETAILED CAPITAL REVENUE

\$158,654,573.32

3.48

Capital Revenue of \$439,024,382.00 was projected for the financial year 2015 to be derived from Domestic Receipts of \$269,287,622.00 and External Receipts of \$169,736,760.00. A total of \$158,654,573.32 was recorded as Capital Revenue for 2015, with Domestic and External financing contributing \$73,212,337.83 and \$85,442,235.49,



respectively, resulting in a net negative variance of \$280,369,808.68 or 63.8 percent less than the projected Capital Revenue, as is depicted in Table 1.16 and Figure 1.10.

3.49

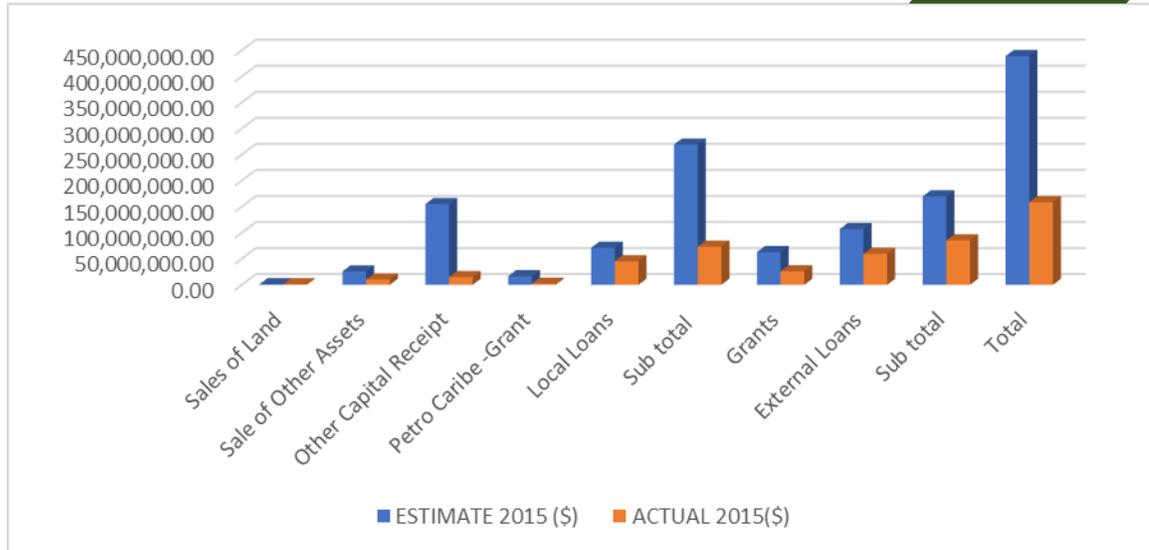
Table 1.16 shows a comparison of estimated revenue with actual revenue for the sources of capital financing.

Table 1.16

TYPES OF FUNDS	ESTIMATE 2015 (\$)	ACTUAL 2015(\$)	VARIANCE Increase/(shortfall) (\$)
<u>Domestic Receipts</u>			
Sales of Land	1,000,000.00	1,211,410.20	211,410.20
Sale of Other Assets	25,650,000.00	10,097,719.20	(15,552,280.80)
Other Capital Receipt	154,983,952.00	14,785,100.00	(140,198,852.00)
Petro Caribe -Grant	16,585,000.00	2,110,500.00	(14,474,500.00)
Local Loans	71,068,670.00	45,007,608.43	(26,061,061.57)
Sub total	269,287,622.00	73,212,337.83	(196,075,284.17)
<u>External Receipts</u>			
Grants	62,798,660.00	25,988,304.08	(36,810,355.92)
External Loans	106,938,100.00	59,453,931.41	(47,484,168.59)
Sub total	169,736,760.00	85,442,235.49	(84,294,524.51)
Total	439,024,382.00	158,654,573.32	(280,369,808.68)



Figure 1.10



3.50 The Statement of Capital Revenue has shown that External Loans of \$59,453,931.41 and Local Loans of \$45,007,608.43 were the main contributors of Public Sector Investment financing, which contributed 37.4 percent and 28.4 percent, respectively, of the Capital Revenue for 2015. The actual collections for categories six (6) of the seven (7) Capital Revenue was less than the budgeted allocations for the fiscal year, as is depicted in Table 1.16.

3.51 Financing totalling \$20,120,866.33 was received under two (2) sources of Capital Revenue, although the accounts were not approved by Parliament for the financial year, as shown in Table 1.17. The financing of \$19,999,990.00, \$83,273.33 and \$37,603.00 were received from East Caribbean Central Bank, Contributions from other Organisation and United Nations Children Fund, respectively.

**Table 1.17**

ACCOUNT NO.	DESCRIPTION	ACTUAL
22301 2216	East Caribbean Central Bank	19,999,990.00
22101 2991	Contributions from other Organisation	83,273.33
22201 3544	United Nations Children Fund	37,603.00
TOTAL		20,120,866.33

3.52

In addition, there were ten (10) sources of Capital Revenue, which comprised of External Grant and Loan from which no revenue was recorded during the year. Table 1.18 shows the sources from which no revenue was recorded and their estimated projections.

Table 1.18

ACCOUNT	SOURCE	DESCRIPTION	PROJECTION
22201	2195 - Grant	Government Venezuela Grant Bilateral	350,010.00
22201	3714 - Grant	FAO	10.00
22201	3765 - Grant	United Nations Development Programme	1,436,000.00
22201	3834 - Grant	United Nations Environmental Programme	520,000.00
22201	3925 - Grant	Government of Ecuador	10,000,000.00
22201	3944 - Grant	Commonwealth Secretariat	162,000.00
22201	3994 - Grant	Association for the Conservation of Threatened Parrots	10.00
22201	4014 - Grant	Republic of Mexico	1,000,000.00
22301	2246 – Loan	Caribbean Development Fund	2,700,000.00
22301	3297- Loan	Government of Kuwait	1,000,000.00
TOTAL			21,954,730.00

**STATEMENT OF DETAILED EXPENDITURE****DETAILS OF TOTAL EXPENDITURE 2015****\$710,640,512.66**

3.53 The Financial Statement of Detailed Expenditure has shown that the approved estimates of \$971,367,387.00 was revised to a total of \$991,116,500.42 for the financial year, with \$688,411,395.23 and \$302,705,105.19 being recorded as revised Recurrent Expenditure and Capital Expenditure, respectively.

3.54 An amount of \$710,640,512.66 was reported as the total expenditure for 2015. Of the total expenditure, \$611,411,781.39 and \$99,228,731.27 represented Recurrent Expenditure and Capital Expenditure, respectively.

3.55 The total expenditure of 710,640,512.66 for 2015 was \$18,347,727.62 less than the total expenditure of \$728,988,240.28 for 2014, as is depicted in Table 1.19 and Figure 1.11 on the following page.

3.56 Table 1.19 shows a comparison of the Actual Expenditure for 2014 and 2015.

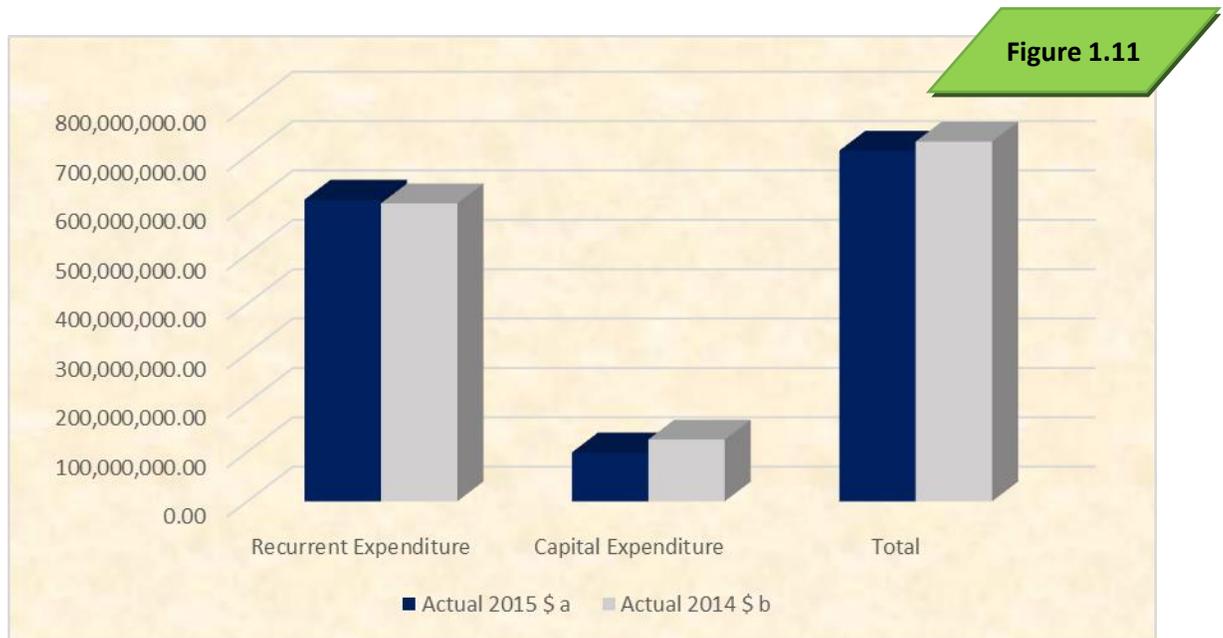
Table 1.19

Item	Actual 2015 \$ a	Actual 2014 \$ b	Variance Increase/(Decrease)\$ a-b
Recurrent Expenditure	611,411,781.39	603,774,485.12	7,637,296.27
Capital Expenditure	99,228,731.27	125,213,755.16	(25,985,023.89)
Total	710,640,512.66	728,988,240.28	(18,347,727.62)



3.57

Figure 1.11 shows a comparison of the Actual Expenditure for 2014 and 2015.



3.58

The following analysis made hereunder is based on comparison of revised estimates with actual expenditure on the Statement of Detailed Expenditure for 2015.

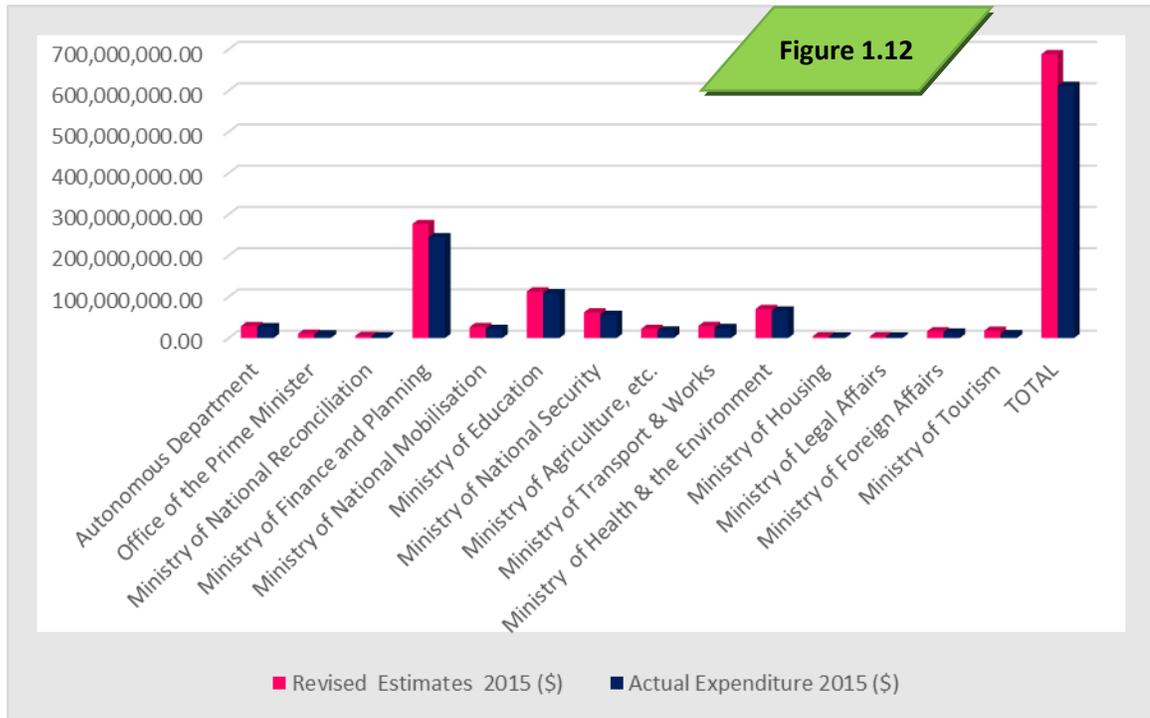
DETAILS OF RECURRENT EXPENDITURE

3.59

The statement has shown that actual Recurrent Expenditure was recorded as \$611,411,781.39, with the Autonomous Departments and Ministries spending less than their revised estimates, as depicted in the statement at Appendix IV, Table 1.20 and Figure 1.12.

**Table 1.20**

Ministry/Department	Revised Estimates 2015 (\$)	Actual Expenditure 2015 (\$)	Difference
Autonomous Department	29,027,456.00	26,471,139.83	2,556,316.17
Office of the Prime Minister	10,486,879.00	8,954,938.25	1,531,940.75
Ministry of National Reconciliation	5,365,236.20	4,498,974.95	866,261.25
Ministry of Finance and Planning	276,595,762.00	244,285,643.32	32,310,118.68
Ministry of National Mobilisation	26,657,289.00	22,307,986.28	4,349,302.72
Ministry of Education	112,900,643.65	108,795,111.18	4,105,532.47
Ministry of National Security	62,292,001.80	56,369,207.68	5,922,794.12
Ministry of Agriculture, etc.	22,333,900.00	18,142,912.21	4,190,987.79
Ministry of Transport & Works	29,431,294.58	24,565,487.10	4,865,807.48
Ministry of Health & the Environment	70,441,778.00	66,724,615.85	3,717,162.15
Ministry of Housing	4,398,031.00	3,614,737.19	783,293.81
Ministry of Legal Affairs	4,287,601.00	3,679,029.96	608,571.04
Ministry of Foreign Affairs	16,337,140.00	13,418,299.92	2,918,840.08
Ministry of Tourism	17,856,383.00	9,583,697.67	8,272,685.33
TOTAL	688,411,395.23	611,411,781.39	76,999,613.84

**3.60**

The actual Recurrent Expenditure recorded for 2015 showed an increase in recurrent spending by \$7,637,296.27 over the expenditure of \$603,774,485.12 for 2014. The Ministry of Health and the Ministry of Finance recorded the largest increase and decrease of \$6,081,102.87 and \$3,718,025.13, respectively, in spending for the financial year, when compared to 2014, as shown in Table 1.21 and Figure 1.13.

RECURRENT EXPENDITURE 2015 VS 2014**3.61**

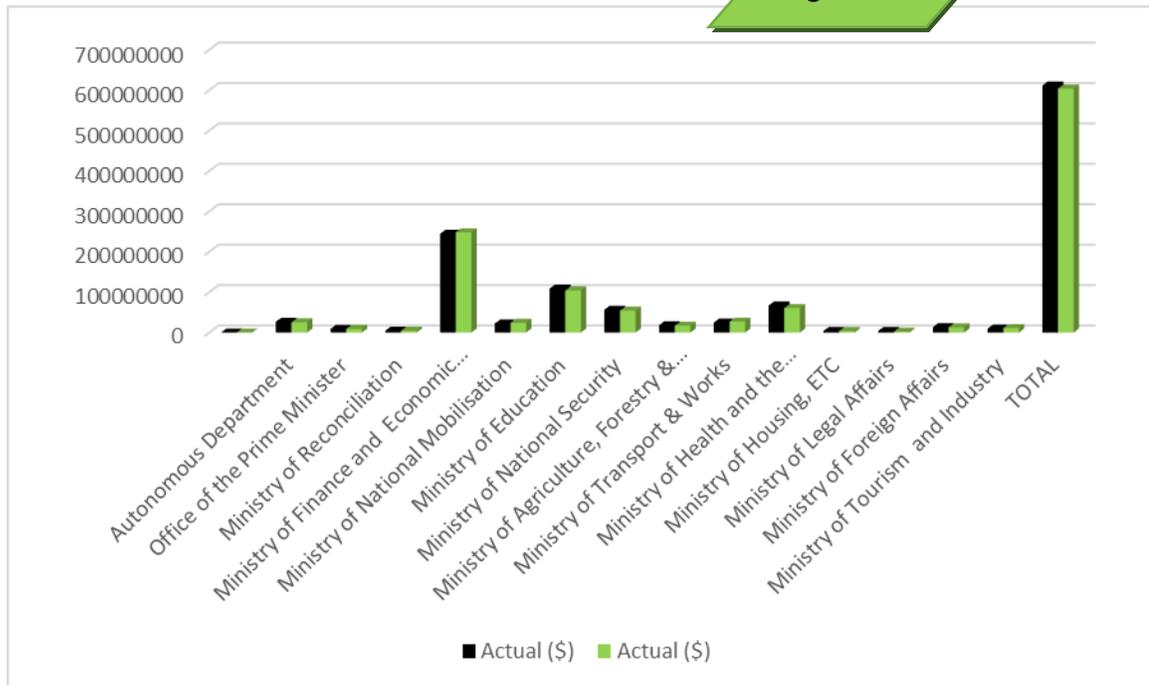
Table 1.21 and Figure 1.13 show Comparative figures of Actual Recurrent Expenditure for 2015 and 2014.



Table 1.21

Ministry/Department	Actual (\$) 2015	Actual (\$) 2014	Increase /(Decrease) (\$)
Autonomous Department	26,471,139.83	25,344,208.49	1,126,931.34
Office of the Prime Minister	8,954,938.25	9,124,347.14	(169,408.89)
Ministry of Reconciliation	4,498,974.95	4,398,980.99	99,993.96
Ministry of Finance and Economic Planning	244,285,643.32	248,003,668.45	(3,718,025.13)
Ministry of National Mobilisation	22,307,986.28	24,124,018.97	(1,816,032.69)
Ministry of Education	108,795,111.18	104,180,747.11	4,614,364.07
Ministry of National Security	56,369,207.68	54,288,300.75	2,080,906.93
Ministry of Agriculture, Forestry & Fisheries	18,142,912.21	16,935,536.14	1,207,376.07
Ministry of Transport & Works	24,565,487.10	27,172,684.17	(2,607,197.07)
Ministry of Health and the Environment	66,724,615.85	60,643,512.98	6,081,102.87
Ministry of Housing, ETC	3,614,737.19	3,649,981.73	(35,244.54)
Ministry of Legal Affairs	3,679,029.96	2,040,269.74	1,638,760.22
Ministry of Foreign Affairs	13,418,299.92	12,830,189.53	588,110.40
Ministry of Tourism and Industry	9,583,677.67	11,038,038.93	(1,454,359.26)
TOTAL	611,411,781.39	603,774,485.12	7,637,296.27

Figure 1.13



**3.62****Excess Expenditure under Recurrent Expenditure Accounts**

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 \$3,401,112.83, over – expended under the accounts, 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.

3.63**DETAILS OF CAPITAL EXPENDITURE**

Capital Expenditure was reported as \$99,228,731.27, a reduction of \$25,985,023.89 or 20.7 percent when compared to the expenditure of \$125,213,755.16 for 2014. Capital Expenditure was revised to \$302,705,105.19; however, the actual expenditure for Public Sector Investment Programmes fell short its original projections of \$296,350,530.00 by \$197,121,798.73. In addition, only 33 % of capital projects were implemented, although actual capital financing exceeded Capital Expenditure by \$59,425,842.05 in 2015.

3.64

The highest Capital Expenditure of \$48,685,124.77 was reflected under the Ministry of National Security, with \$48,571,708.40 of the amount spent for Argyle Airport Development.

3.65

It was noted that although Capital Expenditure estimates were revised by a total of \$6,354,575.19 under Autonomous, Prime Minister's Office and seven (7) Ministries, the expenditure did not exceed their original estimates, as shown in Table 1.22.



Table 1.22

Ministry	Description	Estimates 2015 (\$)	Revised Estimates 2015 (\$)	Actual Capital Expenditure 2015 (\$)
1	Autonomous Departments	296,000.00	651,605.00	97,533.77
10	Office of the Prime Minister	3,256,010.00	4,116,010.00	2,078,758.00
20	Ministry of Finance and Economic Planning	30,767,800.00	33,280,800.00	11,440,561.18
35	Ministry of Education, etc	13,032,000.00	13,432,382.76	7,232,522.37
40	Ministry of National Security	81,763,600.00	82,015,360.00	48,685,124.77
45	Ministry of Agriculture etc.	20,320,130.00	20,558,040.00	2,905,190.62
55	Ministry of Transport & Works	87,700,430.00	88,273,388.00	8,075,223.29
65	Ministry of Health, etc	25,984,910.00	26,253,725.00	13,567,645.23
85	Ministry of Foreign Affairs	2,579,400.00	3,473,544.43	2,111,844.21
TOTAL		265,700,280.00	272,054,855.19	96,194,403.44

3.66

A comparison of the 2015 with 2014 Capital Expenditure showed a decrease of \$25,985,023.89 for the year 2015, as depicted in Table 1.23.

Table 1.23

Item	Actual (\$) 2015	Actual (\$) 2014	Increase /(Decrease)
Capital Expenditure	99,228,731.27	125,213,755.16	25,985,023.89



3.67 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 Programme.

3.68 Table 1.24 shows a comparison of revised estimates and actual Capital Expenditure for the financial years 2011-2015.

Table 1.24

YEAR	REVISED ESTIMATES A (\$)	ACTUAL CAPITAL EXPENDITURE B (\$)	VARIANCE A- B (\$)	PERCENT SPENT
2011	187,410,603.00	72,521,109.48	114,889,493.52	38.7%
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%



STATEMENT OF ASSETS AND LIABILITIES

3.69

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

3.70

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. Assistance in this area would be invaluable to the Department's ability to adequately prepare financial information in accordance with the accounting standards.



LIABILITIES

3.71

Overdraft Current Account **\$50,954,036.80**

The Statement of Assets and Liabilities has shown a bank overdraft of \$50,954,036.80 on the Current Account, whereas the Certificate of Balances issued by the BOSVG, as at December 31, 2015, reflects an overdraft of \$60,056,130.69, a difference of \$9,102,093.89. In the absence of bank reconciliation, it could not be determined what contributed to the differences. The approved overdraft limit for the year ended 31st December, 2015, was \$50,000,000.00.

3.72

Un-reconciled Cash – Current Account **\$49,545,673.43**

The Un-reconciled Cash-Current Account was established in 2010 to account for unreconciled balances on the Current Account at the close of the financial year. As at December 31, 2015, the balance on the account was \$49,545,673.43, \$28,991,130.49 or 141 percent more than the amount of \$20,554,542.94 recorded for the fiscal year 2014. This account should be reconciled to determine the accuracy of the high increase on the balance of the account.

3.73

Unreconciled Cash – Development Account **\$19,487,032.07**

The Un-reconciled Cash-Development Account was established in 2010 to account for unreconciled balances on the Development Account at the close of the financial year. A balance of \$19,487,032.07 was shown on this account.

3.74

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

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. The balance of \$128,632.92 was brought forward from



financial year 2012; however, at the end of financial year 2015 no reconciliation was done to determine the reason for the credit balance.

3.75

Crown Agent **\$500,346.82**

The total of \$500,346.82 on the Crown Agent Account remained the same when compared to 2014.

3.76

Loans **\$1,150,642,508.24**

The total loan, inclusive of Treasury Bills of \$75,000,000.00 was shown as \$1,150,642,508.24 on the statement, loans decreased by \$12,953,059.01 over the previous year's loan balance of \$1,163,595,567.25. This was due to a net increase of \$16,633,228.58 in Local Loan - Short Term Borrowings and Local Dev Bonds and a net decrease of \$30,186,287.59 in External Loans and Local and External Bonds.

3.77

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

The Balancing Accounts show eleven (11) accounts with a total credit balance of \$68,295,575.08 as depicted in Table 1.25. These accounts were established in 2009 to account for unreconciled balances between the Current Account in SmartStream and the Bank Account. However, to date, no action was taken to determine the differences between the accounts.

**Table 1.25**

ACCOUNT NO.	PARTICULARS	BALANCE
20 57003	300001	(70,749,157.83)
20 57004	Georgetown Sub-Treasury	552,979.18
20 57006	Union Island Sub-Treasury	(761,557.06)
20 57007	Barrouallie Sub-Treasury	2,604,684.01
20 57008	Canouan Sub-Treasury	3,002,476.56
20 57011	Kingstown Treasury	689,112.88
20 57012	Georgetown Remittance	(2,205,090.22)
20 57013	Bequia Remittance	563,333.92
20 57014	Union Island Remittance	(786,149.73)
20 57015	Barrouallie Remittance	830,432.56
20 57016	Canouan Remittance	(2,036,639.35)
	TOTAL	(68,295,575.08)

Salary Clearing **\$30,951.79**

3.78 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 \$30 951.79 which remained at the end of 2015.

RECOMMENDATIONS

3.79

- 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 Un-reconciled Cash balances 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

Development Account

3.80 The statement shows a balance of \$361,926.02 under the Development Account; however, confirmation from the Bank of St. Vincent and the Grenadines has indicated an overdraft balance of \$17,821.05. The balance on the statement reduced by \$1,922,613.78 when compare to the closing balance for 2014.

Cash at Bank **\$2,433,909.88**

3.81 The statement shows cash at bank with a balance of \$2,433,909.88. An examination of the accounts showed that four (4) of these accounts are held at the BOSVG and one (1) at ECCB.

Sub-Treasuries **\$314,701.82**

3.82 The balance of \$314,701.82 on the statement represents cash held by four (4) Sub - Treasuries namely, Georgetown, Bequia, Barrouallie and Canouan at the end of 2015. However, there were significant differences between the balances recorded in the cash book and that in the Treasury accounts for Bequia and Canouan Sub-Treasuries at the end of the financial year 2015.



3.83 Table 1.26 shows the comparative year-end balances on the four (4) Sub-Treasuries accounts.

Table 1.26

Account	Sub Treasury	Cash Book	Treasury Account	Variance
51502	Georgetown	300.00	300.00	-
51503	Bequia	-	77,050.00	77,050.00
51505	Barrouallie	300.00	300.05	0.05
51507	Canouan	5,017.72	237,051.12	232,033.40
Total		5,617.72	314,701.17	309,083.45

3.84 The high variance of \$309,083.45 between the balances indicates that transactions were not posted from the Sub- Treasuries Accounts to the Accountant General’s Current Account, in accordance with the accounting policy of the Treasury. There is need for a detailed analysis of the Bequia and Canouan Sub-Treasuries Accounts by the Accountant General to adjust the accounts.

3.85 **Cash-Short Term Deposits** **\$ 911,244.41**

The sum of \$911,244.41 represents the net balance on two (2) Cash- Short Term Deposit accounts recorded in the Treasury Accounts. This was a net decrease of \$16, 901,973.68 over the balance of \$17,813,218.09 for the year ended 2014.

ADVANCES

Imprest **\$86,703.21**

3.86 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 balance of \$86,703.21 under six (6) Imprest Accounts which remained outstanding at the year ended December 31, 2015.

3.87 Details of the outstanding Imprest for the year ended December 31, 2015 are outlined in Table 1.27.

Table 1.27

MINISTRY/ DEPARTMENTS	NO	DR \$
Permanent Secretary, Health	1	3,000.00
Chief Immigration Officer	1	500.00
Permanent Secretary Education	1	66,000.00
Director Family Services	1	448.00
Permanent Secretary, Agriculture	1	5,902.71
Commissioner of Police	1	10,852.50
Total	6	86,703.21

Public Debt Investment Account **\$1,040,880,890.03**

3.88 The Public Debt Investment control account has shown a balance of \$1,040,880,890.03, a decrease of \$21,190,184.01 over the balance of \$1,062,071,074.04 shown for 2014. This account reflects the receipts and repayments of Public Debt.

Dishonoured Cheques **\$497,146.90**

3.89 The Dishonoured Cheques balance of \$497,788.40 recorded for 2014 decreased by \$641.50 or 1.2 percent in 2015. This infers that 98.8 percent of dishonoured cheques in the account were not recovered in the financial year.

**3.90****ACCOUNTS PAYABLE****\$6,512.09**

Accounts Payable credit balance of \$58,898,243.88 under Liabilities in 2014, moved to a debit balance of \$6,512.09 under Assets. However, Accounts Payable is a liability and carries a credit balance. It was noted that the account carried a debit balance of \$6,512.09, indicating that there were errors that need to be corrected in the account.

3.91**CONSOLIDATED FUND****\$308,720,168.85**

The opening balance for the Consolidated Fund was a deficit of \$280,534,819.85 as at 1st January, 2015. The surplus of \$39,411,550.98 on the budget out-turns for the financial year 2014 moved to a deficit of \$32,863,037.16 at the end of financial year 2015. In addition, a total of \$4,677,688.24 was shown as adjustments which related to prior years. The closing balance on the Consolidated Fund was a deficit of \$308,720,168.85, at the year ended December 31, 2015. Refer to Appendix IV on Assets and Liabilities Statement.

3.92**RECOMMENDATIONS**

The Accountant General should:

- 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;
- analyse the balances on the Sub-Treasuries accounts and the appropriate postings or adjustments be affected in the accounts; and
- Conduct an analysis on the Accounts Payable to determine why a debit balance of \$6,512.09 was shown on the account and reflected under Assets.



ACCOUNTANT GENERAL'S RESPONSE

3.93

The Accounts Payable account should be zero at December 31, 2015. The balance of \$6,512.09 means there were unresolved errors. We will proceed to have the account reconcile.



STATEMENT OF GENERAL DEPOSITS

3.94

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. The Statement of General Deposits showed that seventy-four (74) Deposit Accounts were maintained and totalled \$46,150,333.43 at the end of financial year 2015, a decrease by one (1) Deposit Account and \$1,056,499.76, when compared to 2014.

3.95

The details of the Deposit Accounts are emphasised in the subsequent paragraphs 3.97 to 3.101.

3.96

Other Governments **\$ 524,456.22**

Other Governments Deposits consist of eleven (11) accounts with a net credit balance of \$524,456.22 for financial year 2015. Six (6) accounts recorded credit balances totalling \$971,204.67 and five (5) accounts had an aggregate debit balance of \$359,095.05. Only the account held for Barbados realised transaction of \$ 87,653.40 for the year.

3.97

Statutory Bodies **\$11,483,927.86**

The Statutory Bodies comprise nine (9) accounts, with deposits totalling \$11,483,927.86 at the end of 2015. This balance was a decrease of \$ 113,185.95 over the previous year's balance of \$11,597,113.81. During the year, the Port Authority account recorded an increase of \$13,750.25 and the total amount of \$126,936.20 held for CWSA-



Environmental Levy was paid to Central Water and Sewage Authority. The balances on the other seven (7) accounts remained unchanged during the financial year.

3.98**Deposit - Departmental Accounts \$30,020,842.76**

Twenty-seven (27) Departmental Accounts were accounted for on the statement with credit balances totalling \$30,020,842.76, a decrease of \$1,240,987.30 when compared to 2014 balance of \$31,261,830.06. One (1) new account "Election Deposit" was created in 2015. The closing balance on this account was \$21,500.00.

3.99**Deposits – Individuals \$ 3,673,989.55**

There were fourteen (14) Individual Deposit Accounts that comprised of a total of \$3,673,989.55, the balance as at December 31, 2015. The balance was increased by \$75,094.48 on the balance of \$3,598,895.07 held at the end of the previous financial year. These accounts relate to moneys collected by Government on behalf of private citizens and other Non-Governmental Organisations. Included in this balance is an amount of \$66,294.63, which is reflected in the statement and Treasury accounts as "Individual Deposit accounts written off". However, this still remains in the account from since 2000.

3.100**Deposits - Local Governments \$136,884.63**

Twelve (12) Local Government Offices recorded credit balances totalling \$448,476.56, while two (2) recorded a net debit balance of \$1,359.52; resulting in a net credit balance of \$447,117.04, an increase of \$310,232.41 when compared to 2014 closing balance.



3.101

RECOMMENDATIONS

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 **\$31,890,659.87**

3.102 A total of \$31,890,659.87 was recorded as Investment for the year 2015. When compared to 2014. Investment increased by \$7,359,473.87, as highlighted in the ensuing paragraphs 3.104 to 3.107.

TRUST FUNDS **\$31,246.48**

3.103 The statement shows that Trust Fund balance of \$31,246.48 decreased by \$87,144.79 over the previous year's balance of \$118,391.27. This was due to the net interest earned, closure of Lady Musgrave Prize Fund Account, transfer of the amount of \$90,229.98 under the Graham Bequest Trust Fund to ECCB and the inclusion of the Bequia Agricultural Improvement Trust. An amount of \$1,066.84 for Major Bain Gray Prize Fund included on the statement was not shown on the Certificate of Balances from the Bank of St. Vincent and the Grenadines.

SINKING FUND **\$21,630,077.87**

3.104 Sinking Funds are investments set aside to assist with the repayment of loans/bonds. The financial statement reported Sinking Fund Investments at \$21,630,077.87. The Sinking Fund balance increased by \$8,320,716.83 over the total of \$13,309,361.04 for 2014. This was due to a total contribution of \$7,637,125.00 to the Sinking Fund Account and interest of \$683,591.83 earned for financial year 2015.



SPECIAL FUNDS **\$9,555,701.31**

3.105 The Special Fund is comprised of three (3) accounts totalling \$9,555,701.31 for the financial year. The amount was \$874,098.17 less than the amount of \$10,429,799.48 recorded for 2014. This was due to the transfer of an amount of \$413,568.00 under Drawing Rights Account to the Accountant General’s Development Account.

3.106 The statement shows GOSVG Student Loan with a balance of \$9,472,673.93; however, the Certificate of Balances from the Bank of St. Vincent and the Grenadines reflected a balance of \$3,030,752.06, a difference of \$6,441,921.87.

SPECIAL DEPOSITS

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

3.107 The Investment Statement shows a total of \$673,634.21 as Special Deposit under Fiscal Reserve Account-ECCB.



STATEMENT OF PUBLIC DEBT

PUBLIC DEBT

3.108

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 \$1,075,042,508.24, a decrease of \$13,553,058.76 or 1.3 percent over 2014 debt. The outstanding debt was exclusive of Treasury Bills of \$75,000,000.00 that was included on the Statement of Assets and Liabilities.

3.109

At December 31, 2015, domestic and external debts were reported as \$278,306,455.24 and \$796,736,053.00, 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 for some of the discrepancies:

Domestic Loans and Receipts

3.110

It could not be determined whether the proceeds from the following local loans were brought to account as public debt in 2015.



Table 1.28

Account	Month 2015	Description	Actual \$
22301 1062	June	Local loan for the Modern Medical Complex was received from NIS in 2015.	2,574,164.06
22301 1062	July	Amount received as settlement of GOSVG - 5 years private placement Bond- First Citizen Investments	9,874,995.00
22301 1062	October	Proceeds from Loan Re: Argyle Int'l Airport from NIS.	5,000,000.00
TOTAL			17,449,159.06

ACCOUNTANT GENERAL'S RESPONSE:

1. The Loan for NIS/ Modern Complex was entered in the A/Cs in January 2016; Journal DEBTRE310116-1 refers.
2. PCIS/GOSVG 5 yrs. Private Placement Bond was entered in the Accounts in 2018. It was denoted as PPP050720- Domestic Bonds 2020.
3. The amount of \$5,000,000 was received in October 2015 and repaid in December 2015. It has been the practice if a Loan is repaid within 3-6 months it is generally **NOT** recorded as part of the Loan Stock and it is repaid from the account the funds were initially credited to.

External Loan Receipts and Public Debt Statement

- The Public Debt Accounts in Smart Stream 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

3.111

3.112



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.

- An amount of \$3,542,394.00 was credited to CDB External Loan Account No. 20 83008 in December, 2015. The notes stated ‘to Reconcile SS balances with CDRMS Balances from Debt Unit – MOF as at 31/12/2015. SS Balances being lower than the CDRMS Balances’. A determination could not be made as to whether this amount represents the loans received in 2015, since the actual capital receipts collected from CDB was \$2,769,651.04.
- The International Development Association- External Loan Account No. 20 83005 in SmartStream showed debits of \$903.00 and \$2,501,767.19 and a credit of \$2,338,826.00. The descriptions were stated as ‘Adjustment- External Loans Balances’ and ‘Adjustment -External Loans’, respectively. It could not be determined whether the amounts debited related to repayment of loans or the amount credited related to loan receipts.
- An amount of \$11,828,058.40 was received from Venezuela and credited to Capital Revenue - External Loan Account No. 20 22301 2197. It could not be established whether the public debt was inclusive of this amount, since there were no comments to substantiate the transaction. However, the Alba Loan Account No. 20 83018 in SmartStream showed credits of \$10,275,729.00 and \$7,627,558.00 and a debit of \$5,986,500.00 (Net credit of \$17,903,287.00 - \$5,986,500.00 =*\$11,916,787.00); the descriptions were stated as ‘Adjustment- External Loans’ and ‘Adjustment External Loans Balance’, respectively. The two



amounts differed by \$88,728.60. [\$11,916,787.00 (Net Credit) - \$11,828,058.40 (Capital Receipts)].

ACCOUNTANT GENERAL'S RESPONSE

The comments are now tailored to reflect the purpose of the transaction and are no longer stated as “to reconcile SS balance with CDRMS balances” and “Adjustment External Loans Balances”

- 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

Currently no transactions are recorded in SmartStream for the rollover of the Treasury Bills. Efforts will be made in the future to correct this.

- Capital receipts from external loans were recorded as \$59,453,931.41 in SmartStream; however, the statement showed additional loans as \$41,388,563.22 for 2015, a difference of \$18,065,368.19. This was due mainly to the ECCB Temp Adv. of \$15,000,000.00 being reflected as a Domestic Debt instead of an External Loan as shown in the Estimates of Revenue and Expenditure and the Statement of Capital Revenue.



ACCOUNTANT GENERAL'S RESPONSE

We agree with the finding and this will be adjusted in future statements.

- In addition, an amount of \$27 million was shown under Public Debt External Loan Account 20 83020 - Mega International Bank, as a new loan for 2015, although this amount was not reflected as Capital Revenue for the financial year. The description 'Adjustment- External Loan Account' in the Loan Account is insufficient to justify whether the amount was credited to the appropriate loan account in SmartStream. The notes also stated 'to Reconcile SS balances with CDRMS Balances from Debt Unit – MOF as at 31/12/2015'.

ACCOUNTANT GENERAL'S RESPONSE

The Agreement between Mega Bank and the Government of SVG stipulated that the \$27 million will go directly to a joint account between the Government of St. Vincent and the Grenadines and Argyle International Airport at the Bank of St. Vincent and the Grenadines. The \$27 million was received in 2013 and was only entered as public debt in 2015. In the future we will be more vigilant in making sure that Loans received are accounted for as both receipts and public debt in the appropriate year.

- An amount of \$3,672,741.96 was processed under Capital Revenue (20 22301 3626) and Capital Expenditure Account – International Development Agency (RDVRP). No evidence was identified to conclude that this amount was reflected in the Public Debt Account.



ACCOUNTANT GENERAL'S RESPONSE

We are currently making every effort to ensure that these situations do not happen in the future.

- The CARICOM Development Fund External Loan Account No. 20 83022 in SmartStream showed credits of \$288,792.00 and \$2,182,984.22; the descriptions were stated as 'Adjustment- External Loans' and 'Adjustment-External Loans Balance', respectively. However, actual revenue was not shown under CARICOM Development Fund External Loan Account No. 20 22301 2246 on the Capital Revenue Statement.

ACCOUNTANT GENERAL'S RESPONSE

We will investigate this issue to ascertain the actual source of the revenue or in which account the revenue was captured.

- An amount of \$4,049,995.00 was collected under Capital Revenue Account No. 20 22301 3277 – Republic of China on Taiwan. The inclusion of this amount in the Public Debt Account could not be determined.

ACCOUNTANT GENERAL'S RESPONSE

This was an incorrect classification, it should be a Grant and not a Loan. Efforts will be made to eliminate these issues in the future.

- Two amounts of \$2,699,995.00 and \$13,499,995.00, totalling \$16,199,990.00 were collected under Capital Revenue Account No. 20 22301 3999 – Other Loans. The narration was stated as 'Amount received from Export Import Bank



through ECCB being transfer of Loan funds'. It could not be determined whether these amounts were reflected in the Public Debt Account.

ACCOUNTANT GENERAL'S RESPONSE

This loan was from the Import Export Bank. The funds were transferred to IADC via two payments. This loan was included in the debt of IADC.

- 3.113** Further, the statement has shown a balance of \$10,142,047.00 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

- 3.114** The cost of servicing Public Debt includes amortisation, interest, and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$143,348,475.11 was expended for the servicing of domestic and external debt and sinking fund contributions.

- 3.115** Debt servicing increased by 2 percent from \$140,524,534.08 in the previous year to \$143,348,475.11 in 2015. This was due primarily to an increase in servicing of domestic and external debts by 1 percent and 3.3 percent, respectively, when compared to financial year 2014. There was an overall increase of 1.3 percent and a slight decrease of .2 percent in the cost of servicing public debt as a percentage of Recurrent Revenue and Recurrent Expenditure, respectively, for 2015, when compared to 2014, as shown in Table 1.29.



3.116

Table 1.29 shows comparative for Debt Servicing to Recurrent Revenue and Expenditure for financial years 2014 and 2015.

Table 1.29

PARTICULARS	2015 \$	2014 \$	% CHANGE
Total Debt (excluding Treasury Bills and Bank Overdraft))	\$1,075,042,508.24	1,088,595,567.25	-1.3
Central Government Debt Service	143,348,475.11	140,524,534.08	2
External Debt	62,866,722.76	60,841,098.91	3.3
<i>Amortisation</i>	44,896,463.61	42,466,440.03	5.7
<i>Interest Payments</i>	17,970,259.15	18,374,658.88	-2.2
Domestic Debt	80,481,752.35	79,683,435.17	1
<i>Amortisation</i>	45,979,508.90	44,743,656.47	2.7
<i>Interest Payments</i>	26,865,118.45	27,294,278.70	-1.6
<i>Sinking Fund Contribution</i>	7,637,125.00	7,645,500.00	-.2
Recurrent Revenue	519,122,907.10	535,191,011.24	-3.1
Recurrent Expenditure	611,411,781.39	603,774,485.12	
Debt Service/Recurrent Revenue (%)	27.6	26.3	1.3
Debt Service/Recurrent Expenditure (%)	23.4	23.2	-.2

**PUBLIC DEBT AND DEBT SERVICING 2012-2015****3.117**

Public Debt and Debt Servicing for financial years 2012 to 2015 are shown in the Table 1.30.

Table 1.30

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

3.118**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 debt are included in the accounts before the financial statement is prepared and submitted within the statutory deadline.

**STATEMENT OF ADVANCES****3.119**

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.

3.120

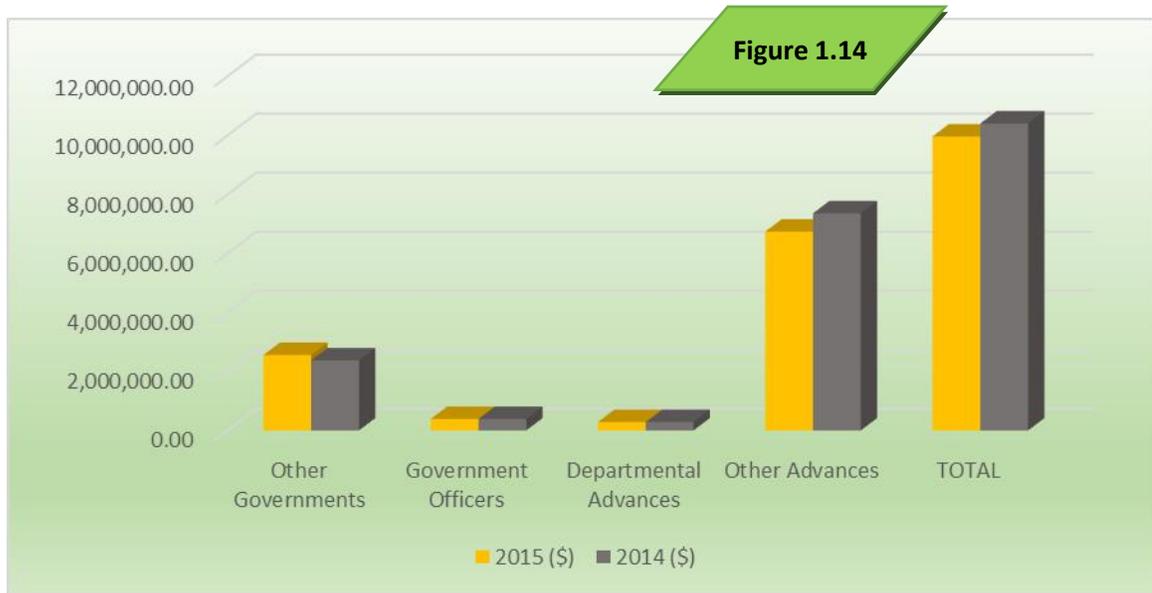
The aggregate of the advances not repaid decreased to \$9,964,046.35, a decrease of \$438,533.69 from \$10,402,580.04 in 2014. However, there are still balances on some advance accounts which remained outstanding from as far as the year 2000; The failure to clear these advances increases the risk of understating the reported expenditure for the financial year in which the expenses were incurred.

3.121

The balances on the four (4) categories of advances when compared to 2014 are shown in Table 1.31 and Figure 1.14.

Table 1.31

CATEGORY	2015 (\$)	2014 (\$)	INCREASE/(DECREASE) (\$)
Other Governments	2,556,679.61	2,373,501.87	183,177.74
Government Officers	386,637.77	387,608.93	(971.16)
Departmental Advances	283,508.33	283,508.33	0.00
Other Advances	6,737,220.64	7,357,960.91	(620,740.27)
TOTAL	9,964,046.35	10,402,580.04	(438,533.69)



Other Governments

\$2,556,679.61

3.122

The statement has shown twelve (12) debit balances totalling \$2,556,679.61 as at December 2015. This balance was \$183,177.74 more than the 2014 balance of \$2,373,501.87. Several of the advances have not been serviced by the regional Governments and some accounts remained inactive for a number of years. Four (4) of the accounts have shown fixed balances from since the year 2000, while six (6) have not reflected any repayments for the last six (6) years although payments were made on behalf of the Governments.

3.123

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

**Government Officers** **\$386,637.77****3.124**

A net debit balance of \$386,637.77 was recorded as advances owed by Government Officers for the financial year. This amount was \$971.16 less than the advances reported for 2014. The statement reported the balances for travel advances issued to Officers, Ministers of Government and for training as \$99,503.21, \$29,355.13 and \$57,781.31, respectively. These amounts should have been expensed on submittal of statements by Officers on their return to the state. 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 remain outstanding in the Government's accounts.

3.125

In addition, an amount of \$179,998.12 is stated as advances to persons who are retired or deceased, while an amount of \$20,000.00 is reflected as Miscellaneous Advances as at December 31, 2015. The advance of \$20,000.00 was an amount paid on Gratuity. These amounts remained outstanding for extended periods.

Departmental Advances **\$283,508.33****3.126**

An aggregate balance of \$283,508.33 remained unchanged on the Departmental Advances Accounts. It was highlighted in the 2013 and 2014 Annual Audit Reports, that a total of \$254,459.31 collected for sale of the Laws by the Attorney General's Office, was credited to Sale of Forms and Publication 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 difference of \$232,995.81 which remained to be adjusted for the Sale of Laws at the end of the financial year, as shown in Table 1.32.



Table 1.32

Year	Amount Credited \$
2011	222,264.06
2012	10,731.75
2013	21,463.50
Sub - Total	254,459.31
Less adjustment in 2014	21,463.50
Balance to be adjusted	\$232,995.81

Other Advances **\$6,737,220.64**

3.127

The statement has shown a net balance of \$6,737,220.64 at December 31, 2015. The balance when compared to 2014 decreased by \$620,740.27. Six (6) of the thirteen (13) accounts showed no activity, while the largest balances of \$1,258,000.96 and \$1,183,450.81 were reflected under Toronto Consulate and the SVG UN Mission Advance Accounts, respectively.

3.128

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 need to be strengthened to ensure that advances are promptly cleared in keeping with the requirements of the accounting policies.
- 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 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 points 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 hereunder: -

MINISTRY OF NATIONAL SECURITY

COAST GUARD BASE

4.2

The deviations highlighted at the Coast Guard Base in 2012 to 2014 still prevailed in 2015.

4.3

A synopsis of the deviations is as follows:

- The dietary records were not adequately maintained. All dietary items purchased in bulk were taken on charge in the Food Ledger; however, the total stocks received were issued to the person in charge of the kitchen. This does not augur well for proper control over the items, since no records are maintained to



account for the usage of the items. Further, meals were prepared without the preparation of diet sheets. The lack of accountability in the management of dietary items creates opportunities for wastage and/or theft;

- Dietary items issued to the Coast Guard Sub-Bases in the Grenadines were not recorded in the Dietary Ledger;
- The Uniform Kit Ledger and Kit Issue Card records were devoid of pertinent information. A number of items recorded in the Daily Issue Log Book, as issued to Coast Guard personnel, were not accounted for in the Stores Ledger and vice versa; and
- Stores Ledger and Daily Issue Log Book were not satisfactorily maintained in keeping with the Store Rules. In addition, the unit of measurement for some items purchased, differed in SmartStream and the Stores Ledger, making it difficult to ascertain whether the correct quantity was accounted for in the Stores Ledger.

ET JOSHUA AIRPORT

- 4.4** An examination of the records at the E.T Joshua Airport revealed the need for improvement in the maintenance of the wages records, Vehicle Log Books, Vote Books and Equipment Ledger. Also, the need for robust recovery efforts was identified. There was an aggregate amount of two hundred and thirty-seven thousand, one hundred and



thirty-five dollars (\$237,135.00) which remained outstanding for display of advertisement poster and electronic signs at the end of the year.

POLICE GENERAL ADMINISTRATION

4.5

The issues highlighted in the previous Annual Audit Reports continued for the period under review.

4.6

The poor management of vacation leave and the non-application of regulation 166 of the Police Regulations, Chapter 391, resulted in the continuance of several discrepancies which is of grave concern. The discrepancies included the authorisation of sick leave in excess of 28 days, contrary to by the regulation. In addition, the following areas required improvement:

- maintenance of Vehicle Log Books and a Plant Register to determine the status and to allow for measurement of the efficient use of the one hundred and sixty three (163) vehicles which were registered under the Police Department;
- administration of the reward fund in keeping with the Reward Fund Act; and
- issuing and record keeping of stores, as is required by the Store Rules.

**PRISONS****4.7**

The records maintained at the Her Majesty's Prison continued to be of serious concern for 2015, since there was no improvement to confirm that the accounting practices at the Prisons were, in all material respect, in compliance with the Finance Administration Regulations 2009 and Store Rules, for the year under review.

4.8

Although in excess of \$5.0 million dollars are spent annually to finance expenditure under the Prisons, record management continued to be deficient. The deficiencies were reported in several management letters and Annual Audit Reports.

4.9

A summary of the deficiencies are highlighted as follows:

- several items purchased via SmartStream were not recorded in the Stores Ledger contrary to the Store Rules;
- some items entered as receipts in the Store Ledger were not accounted for in SmartStream. The Auditors were informed by the Officer responsible for maintaining the records that, these items were credited from various business without the mandatory Purchase Orders via SmartStream. This is not in keeping with Accounting Division's accounting practices. In addition, EC\$22,134.20 was outstanding to the business places for the year 2015 at the time of the audit;
- several items were shown as received on Requisition Issue Vouchers for 2015; however, these were not recorded as issued, in the Stores Ledger;



- items procured for Belle Isle Correctional Facility were not taken on charge in the Stores Ledger.
- receipts in the Dietary Ledger were recorded in pencil;
- the quantities for items procured via SmartStream, differed from the quantities taken on charge in the Dietary Ledger;
- dietary supplies that were procured and issued to the Belle Isle Correctional Facility were not accounted for in the Dietary Ledger;
- all of the items issued from Her Majesty's Prison, Kingstown were not recorded in the Belle Isle Stores Ledger and items recorded as received in the Belle Isle Stores Ledger were not recorded as issued in the Kingstown Stores Ledger, contrary to the Store Rules;
- the Belle Isle Correctional Facility did not maintain a Dietary Ledger, which is essential to account for all dietary items received from Her Majesty's Prison, Kingstown and issued to the kitchen;
- there was also an absence of accepted accounting practices to account for the farm operations; therefore, it was not possible to ascertain the inputs and outputs of the farm, issues made to Kingstown and Belle Isle Prisons kitchen, and the sales of produce. Consequently, the viability of the farm to subsidise the Prisons dietary needs and reduce its dependency on the Government's resources could not be determined; and



- Vehicle Log Books for six (6) vehicles used by the Prisons were not maintained.

GRENADINES GOVERNMENT OFFICES**SOUTHERN GRENADINES****Union Island Revenue Office**

4.10 There continued to be negligence regarding the collection of revenue in at the Union Island Revenue Office. The records showed that a total of \$298,178.77 was in arrears at the Union Island Revenue Office, an increase of \$54,553.24 over the amount for financial year 2014. The accounts receivable is summarised in Table 1.33.

Table 1.33

UNION ISLAND GOVERNMENT OFFICES	
Land and Property Tax	156,214.57
Liquor Licence and Fines	25, 635.00
Driver’s Permit	19,800.00
Motor Vehicle Licence	92,089.20
Rental of Crown Land	4,440.00
Total	298,178.77

**Immigration Office and Customs and Excise– Union Island****4.11**

There were improvements in the maintenance of the records at the Immigration and Customs and Excise Departments in Union Island for the financial year when compared to 2014.

NORTHERN GRENADINES**Bequia Revenue Office****4.12**

There appears to be continued laxity in to the collection of revenue in the Northern Grenadines. The records showed that a large percentage of revenue was in arrears at the Bequia Government Offices for the revenue items listed in Table 1.34.

Table 1.34

BEQUIA REVENUE OFFICE	
Land and Property Tax	417,561.72
Liquor Licence and Fines	30,125.00
Driver’s Permit	13,875.00
Motor Vehicle Licence	184,458.63
Total	646,020.35

4.13

The total of \$646,020.35 which remained outstanding in revenue at the Bequia Revenue Office for fiscal year 2015, increased by \$52,327.69 when compared to the arrears for financial year ended 2014.



4.14

Moreover, the ongoing non-collection of revenue at the Government Offices in the Grenadines, continues to impact the annual projections approved by Parliament. At the end of 2015, a total of \$944,199.12 remained in arrears at the Government Offices. Therefore, it is imperative that the Accounting Officer pursue the issue of outstanding arrears, in accordance with the Finance Administration Regulations, 2009, to reduce the annual accumulation of arrears.

4.15

The Accounting Officer of the Ministry of National Security should review the findings and recommendations issued in the Audit Reports, with a view of initiating implementation to ensure that the Offices improve their performance.

MINISTRY OF FOREIGN AFFAIRS, FOREIGN TRADE AND CONSUMER AFFAIRS

OVERSEAS OFFICES

4.16

The St. Vincent and the Grenadines Consulate, Toronto, St. Vincent and the Grenadines Permanent Mission to the United Nations (UN) and St. Vincent and the Grenadines Consulate, New York, were audited for the following periods during 2015:

SVG Consulate -Toronto	August 2013 – August 2015
SVG Consulate – New York	September 2013–May 2015
Permanent Mission to UN	August 2013 - July 2015

**4.17**

Based on the audit procedures, it was concluded that the activities at the St. Vincent and the Grenadines Consulate, Toronto and St. Vincent and the Grenadines Permanent Mission to the United Nations (UN), New York, were in all material respect, in compliance with the established criteria. However, the practices for accounting for expenditure in the Accounting Division's Accounting System - SmartStream by the Officers at the Ministry of Foreign Affairs, etc. and Accounting Division, were contrary to the Government's accounting procedures and the Finance Administration Act. The procedures used contributed to increase accumulative balances in the Advance Accounts, due to under and overstatement of the total expenditure credited to the Advance Accounts. Further, it was concluded that the actual expenditure reflected in the Toronto Consulate's and Permanent Mission's Advance and Expenditure Accounts were therefore inaccurate as a result of the following:

- all expenditure were not processed and charged to the relevant accounts;
- amounts in excess of the monthly expenditure submitted were charged to the accounts; and
- expenditure that were not chargeable to the Consolidated Fund were charged to expenditure accounts and cleared from the advance accounts for the SVG High Commission.

4.18

These non-compliances have resulted in large accumulative balances of \$1,185,582.82 and \$1,183,450.87 in the Advance Accounts of the St. Vincent and the Grenadines Consulate, Toronto, and Permanent Mission to the United Nations (UN), respectively.

**4.19**

The audit conducted at the St. Vincent and the Grenadines Consulate, New York, revealed the recurrence of several compliance deviations that were identified in the previous audit report. These were ascribed to the office's continued apathetic approach towards its record keeping and the time line in which the monthly statements were submitted to the Ministry of Foreign Affairs and the Accountant General's Office.

4.20

During the period reviewed, quarterly allotments were not transmitted in a timely manner, due to the non-receipt of the monthly statements; hence, the bank account incurred overdraft balances that attracted exorbitant penalty fees; as a result of the overdraft facility that was maintained by the office.

4.21

A synopsis of the deviations of the Consulate, New York, are listed hereunder:

- monthly expenditure statements and bank reconciliation statements were not prepared for the period September 2013 to October 2014;
- payment vouchers were not prepared for several debit transactions traced to the bank statement;
- no records were maintained to account for funds withdrawn and expended for petty cash;
- amount remitted in excess of salary payable, due to late notification of resignation, was not returned to the Treasury, but was utilised to meet operating expenses;



there were no payment vouchers, monthly summary of expenditure or bank reconciliation statements prepared for the passport account for the period reviewed;

- no approval was produced for the utilization of US\$58,011.94, which was withdrawn from the passport account to meet the cost of salaries, operating expenditure and to supplement the Consulate's current account during the period; and
- as at May 2015, the balance of \$587,103.70 remained on the Advance Account for the Consulate, New York.

4.22

It was recommended that the Accounting Officer made a concerted effort to effect the recommendations issued in the reports and exercise due care in the management and processing of the accounts at the offices, to improve compliance and accountability in accordance with the Finance Administration Act and Regulations, 2009 at the overseas offices to prevent recurrence of the forgoing.

4.23

These non-compliances have resulted in large accumulative balances of \$1,185,582.82 and \$1,183,450.87 in the Advance Accounts of the St. Vincent and the Grenadines Consulate, Toronto, and Permanent Mission to the United Nations (UN), respectively.

4.24

The audit conducted at the St. Vincent and the Grenadines Consulate, New York, revealed the recurrence of several compliance deviations as was highlighted in the previous audit report. These were ascribed to the office's continued apathetic approach



towards its record keeping and the time line in which the monthly statements were submitted to the Ministry of Foreign Affairs and the Accountant General's Office.

4.25

During the period reviewed, quarterly allotments were not transmitted in a timely manner, due to the none receipt of the monthly statements; hence, the bank account incurred overdraft balances that attracted exorbitant penalty fees; as a result of the overdraft facility that was maintained by the office.

4.26

A synopsis of the deviations of the Consulate, New York, are listed hereunder:

- monthly expenditure statements and bank reconciliation statements were not prepared for the period September 2013 to October 2014;
- payment vouchers were not prepared for several debit transactions traced to the bank statement;
- no records were maintained to account for funds withdrawn and expended for petty cash;
- salary remitted in excess of salary payable, due to late notification of resignation was not returned to the Treasury, but was utilised to meet operating expenses;
- there were no payment vouchers, monthly summary of expenditure or bank reconciliation statement prepared for the passport account for the period reviewed;



- no approval was produced for the utilization of US\$58,011.94, which was withdrawn from the passport account to meet the cost of salaries, operating expenditure and to supplement the Consulate's current account during the period; and
- as at May 2015, the balance of \$587,103.70 remained on the Advance Account for the Consulate, New York.

4.27

It was recommended that the Accounting Officer made a concerted effort to effect the recommendations issued in the reports and exercise due care in the management and processing of the accounts at the offices, to improve compliance and accountability in accordance with the Finance Administration Act and Regulations, 2009 at the overseas offices to prevent recurrence of the forgoing.

*Appendix I***AUDIT QUERIES**

A summary of the queries issued to Accounting Officers and Heads of Departments during the years 2011 to 2015 which remained outstanding at the end of 2015.

DEPARTMENT	2011	2012	2013	2014	2015	Queries Issued 2015
Governor General	1					
Registry		7				1
Magistracy	5		4		4	4
President, Family Court	1					
Government Printery	2	1	3	7		
Accountant General	15	30	3	16	7	47
Customs & Excise Department					2	2
Inland Revenue Department	2					
Ministry of Mobilisation	1					
Ministry of National Security					25	28
Police Department		14				
Union Island Revenue Office		7	2	6	6	6
Canouan Revenue Office					4	4
Georgetown Revenue Office					3	1
Bequia Revenue Office						3
Ministry of Agriculture	1					
Ministry of Transport and works					1	1
Legal Affairs	1					
Total	29	59	12	29	52	97



STATEMENT OF AUTHORITIES FOR EXPENDITURE 2015

The following shows a list of the authorities for expenditure for the year 2015.

ESTIMATES:	Passed in the House of Assembly on 3rd February, 2015
APPROPRIATION ACT:	Enacted as Act No. 1/2014 \$971,208,767.00
GENERAL WARRANT:	Signed by the Honourable Minister of Finance on 9th February, 2015
SPECIAL WARRANTS:	One hundred and eight (108) Special Warrants totalling \$19,706,578.58 were approved by the Minister of Finance
SUPPLEMENTARY APPROPRIATION:	No Supplementary Appropriation was approved in financial year 2015.
VIREMENT WARRANT:	A total of one hundred and ninety (190) Virement Warrants were approved to re-allocate a total of \$3,921,743.79



**EXCESS RECURRENT EXPENDITURE 2015
WHICH WERE NOT APPROVED BY SPECIAL AND VIREMENT WARRANTS**

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATE \$
AUTONOMUS					
320	Governor General Office- Allowances	62,500.00	62,500.00	76,555.31	14,055.31
320	Service Commissions-Allowances	2,242,360.00	2,952,499.00	2,990,250.65	37,751.65
320	Office of the Dir. Public. Pros. Allowances	161,815.00	161,815.00	164,785.04	2,970.04
	SUB TOTAL	2,466,675.00	3,176,814.00	3,231,591.00	54,777.00
MINISTRY OF RECONCILIATION					
320	Allowances	33,395.00	33,395.00	34,345.81	950.81
	SUB TOTAL	33,395.00	33,395.00	34,345.81	950.81
MINISTRY OF FINANCE					
377	Retiring Benefits	57,900,000.00	57,900,000.00	60,642,166.35	2,742,166.35
	SUB TOTAL	57,900,000.00	57,900,000.00	60,642,166.35	2,742,166.35
MINISTRY OF MOBILISATION					
310	Personnel Emoluments	622,058.00	622,058.00	658,601.01	36,543.01
	SUB TOTAL	622,058.00	622,058.00	658,601.01	36,543.01
MIISTRY OF EDUCATION					
320	Ass. Private Sec. Schools - Allowances	91,100.00	91,100.00	91,649.44	549.44
311	Rural Sec. Schools – Wages	355,428.00	417,708.00	422,478.54	4,770.54
	SUB TOTAL	446,528.00	508,808.00	514,127.98	5,319.98
MINISTRY OF NATIONAL SECURITY					
320	Southern Grenadines Admin	4,955.00	4,955.00	6,598.25	1,643.25
320	Maritime Admin-Allowances	8,640.00	8,640.00	9,199.00	559.00
320	Prisons	244,000.00	244,000.00	264,401.13	20,401.13
310	Energy Unit – Personnel Emoluments	211,848.00	211,848.00	242,150.50	30,302.50
	SUB TOTAL	469,443.00	469,443.00	522,348.88	52,905.88

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2015

ACCOUNT	EXCESS RECURRENT EXPENDITURE 2015				
	DESCRIPTION	ESTIMATES	REVISED	ACTUAL	MORE THAN ESTIMATE
MINISTRY OF AGRICULTURE					
320	Agriculture Gen. Admin – Personnel Emoluments	692,055.00	692,055.00	716,735.39	24,680.39
310	Agriculture Admin – Personnel Emoluments	313,020.00	313,020.00	324,751.00	11,731.00
	SUB TOTAL	1,257,967.00	1,257,967.00	1,331,800.70	73,833.70
MIISTRY OF TRANSPORT					
320	Works- General Admin. - Allowances	24,695.00	28,695.00	28,876.87	181.87
	SUB TOTAL	24,695.00	28,695.00	28,876.87	181.87
MINISTRY OF LEGAL AFFAIRS					
320	Allowances	137,720.00	137,720.00	138,183.08	463.08
	SUB TOTAL	137,720.00	137,720.00	138,183.08	463.08
MINISTRY OF FOREIGN AFFAIRS					
365	New York Mission – Local Travel	16,200.00	16,750.00	17,396.30	646.30
	SUB TOTAL	16,200.00	16,750.00	17,396.30	646.30
MINISTRY OF TOURISM					
310	Tourism Gen. Admin. – Personnel Emoluments	416,967.00	416,967.00	426,766.85	9,799.85
310	Industry -Personnel Emoluments	0.00	0.00	104,510.70	104,510.00
320	Industry- Allowances	0.00	0.00	6,036.00	6,036.00
	SUB TOTAL	416,967.00	416,967.00	537,313.55	120,346.55
	TOTAL	63,791,648.00	64,568,617.00	67,656,751.53	3,088,134.53



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