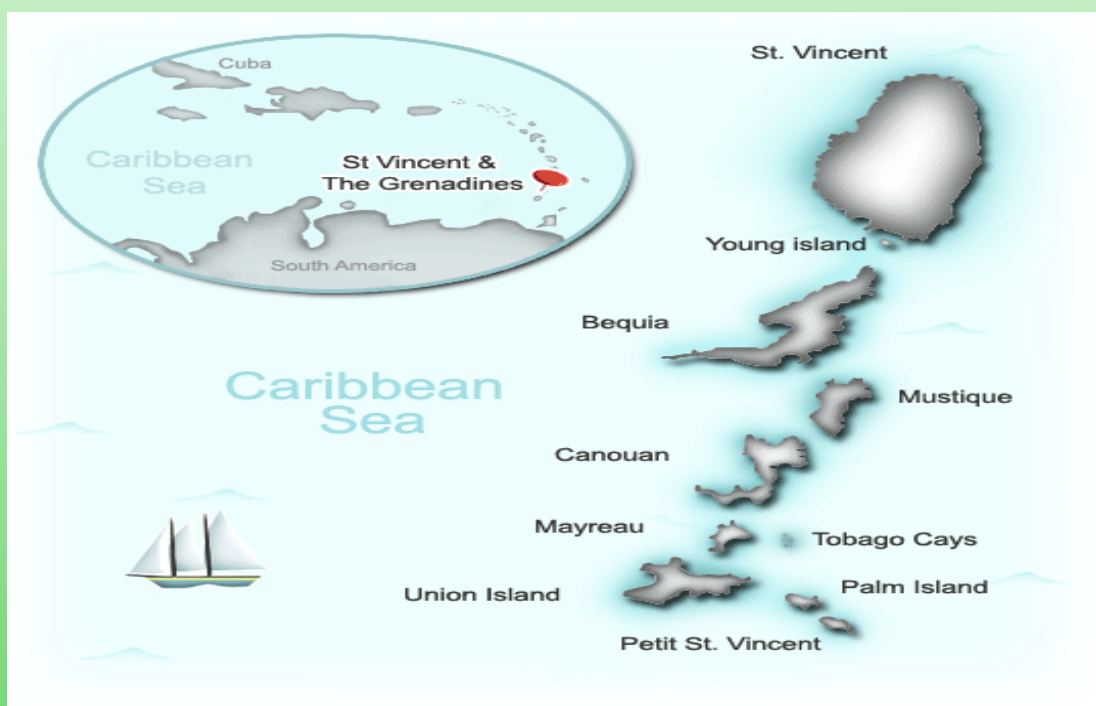


REPORT OF THE



DIRECTOR OF AUDIT



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

2019



*R*eport of the Director of Audit

On the

Public Accounts

Of

St. Vincent and the Grenadines

2019



To: The Honourable Minister of Finance

Sir,

Pursuant to section 75 (4) of the St. Vincent and the Grenadines Constitution Order 1979, Chapter 10 and section 12 (2) of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009, I have the honour to submit my report on the results of the examination of the Public Accounts of St. Vincent and the Grenadines for the financial year ended December 31, 2019, for tabling in the House of Assembly.

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

Mrs. Joan Browne

DIRECTOR OF AUDIT

29th September, 2023



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's operations.



AUDIT OPINION

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

Opinion

I have audited the Public Accounts of the Government of St. Vincent and the Grenadines, which comprise the Statement of Annual Abstract, Statements of Detailed Revenue, Statements of Detailed Expenditure, Statement of Assets and Liabilities, Statement of Contingencies Fund, Statement of General Deposits, Statement of Investments, Statement of Public Debt, Statement of Advances and Statement of Contingent Liabilities for the financial year ended December 31, 2019.

In my opinion, 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, 2019, in accordance with Cash Basis of Accounting.

Basis for Opinion

I have conducted my audit in accordance with the 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 my opinion.

Responsibilities of the Accountant General for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatements, 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 it 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.

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 determine whether the financial statements represent the underlying transactions and events.

I communicated with the Accountant General regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

Mrs. Joan Browne

DIRECTOR OF AUDIT

AUDIT OFFICE

SAINT VINCENT AND THE GRENADINES

29th September, 2023

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AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

Report of the Director of Audit on the Public Accounts of The Government of St. Vincent and the Grenadines for the Period 1st January to 31st December 2019

CHAPTER 1

INTRODUCTION

- 1.1 The Annual Report of the Director of Audit, submitted to the Parliament of St. Vincent and the Grenadines, has been presented in accordance with Chapter 10, section 75 (2) of St. Vincent and the Grenadines Constitution Order, and Chapter 245, section 11 (a) of the Audit Act of the Laws of Saint Vincent and the Grenadines, Revised Edition, 2009, which require the Director of Audit, at least once annually, to audit and report on the Public Accounts of St. Vincent and the Grenadines.
- 1.2 Section 11 (b) of the Audit Act, also requires the Director of Audit to express an opinion on the financial and other statements in the Public Accounts that have been presented by the Accountant General.
- 1.3 In addition to the statements referred to above, results of the audits of the activities of Ministries and Departments for the financial year 2019, are included in this report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

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 2019;

1.6 **Chapter 2** consists of the financial statements of the Government presented by the Accountant General;

1.7 **Chapter 3** articulates general audit observations and non-compliance issues; and

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 public 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, 2019, in accordance with section 75 (2) of St. Vincent and the Grenadines Constitution Order, Chapter 10; section 10 (1) of the Audit Act, Chapter 245; and the Finance Administration Act and Finance Administration Act –



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

1.11

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

1.12

This report was prepared for laying in the House of Assembly pursuant to section 75 (4) of St. Vincent and the Grenadines Constitution Order, Chapter 10 and section 12 of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009.

1.13

AUDIT MANDATE

The Director of Audit's mandate is derived from the Constitution and Audit Act. Section 75 (2) of St. Vincent and the Grenadines Constitution Order, requires the Director of Audit, at least once annually, to audit and report on the Public Accounts of St. Vincent and the Grenadines, the accounts of all courts of law in St. Vincent and the Grenadines, the accounts of every commission and the accounts of the Clerk of the House of Assembly. The mandate of the Office is further outlined under sections 10 to 12 of the Audit Act, Chapter 245.

1.14

The Director of Audit is authorised to have access to all books, records, returns, reports and other documents, which, in *her* opinion, relate to any of the accounts referred to in section 75 (2) of St. Vincent and the Grenadines Constitution Order, and section 10 (1) and (2) of the Audit Act. The Director of Audit is the independent auditor of Government, acting on behalf of the taxpayer, through Parliament, and it is on *her* investigation that



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

Parliament has to rely for assurance about the fairness and regularity of the Public Accounts.

1.15

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

RESPONSIBILITY OF THE PUBLIC ACCOUNTS COMMITTEE

1.16

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

1.17

The Public Accounts Committee is responsible for considering all the accounts that the Director of Audit is mandated to audit in conjunction with [her] report on the public accounts, and report to the House on:

- i. the reasons for any excess of 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 of Assembly may periodically direct.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

1.18

The Public Accounts Committee was appointed on the 7th February, 2019, for the financial year 2019.

AUDIT OFFICE'S ACTIVITIES 2019

1.19

In October 2018, Miss. Dahalia Sealey, former Director of Audit demitted Office and I was appointed Director of Audit. In addition, I assumed the role of Chairman of the Organisation of Eastern Caribbean States (OECS) Audit Committee, due to the appointment of the Honourable Prime Minister of St. Vincent and the Grenadines as the Chairman of the OECS Authority, for the period July 2018 to June 2019.

1.20

The year 2019 presented many challenges for the Office, as it functioned without the key position of Deputy Director of Audit, which became vacant with effect from October, 2018. The Deputy Director has the major responsibilities to coordinate, supervise, monitor, provide guidance to the Audit Managers, review audit plans, audit programmes, working papers and reports, for the audit operations of Compliance, Financial and Performance Audits. The absence of the Deputy Director created a negative impact on the commencement and completion of audits, particularly, the completion of projected Annual Audit Reports of the Accounts of the Government within planned periods and the late implementation of Follow- up Reviews, which was one (1) of the Office's programme objectives for 2019. The duties of the Deputy Director of Audit had to be performed by the Director of Audit, with assistance from a Senior Audit Officer II. The post was filled in November 2019.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

1.21

Further, the Office was confronted with the accumulation of outstanding Annual Audit Reports on the Public Accounts of the Government, which had to be produced and issued to Parliament. As a result of the aforementioned, four (4) additional posts, which included a Deputy Director of Audit (Professional) were requested, to bolster the Financial, Compliance and Performance Audit Units; and for the creation of a report team to update and continuously produce the Office of the Director of Audit's Reports on the Public Accounts of the Government of St. Vincent and the Grenadines.

1.22

In 2009, the new Audit Act No. 29 of 2005 was enacted. The enactment provided a broader mandate for the Office to conduct financial audits of Statutory Bodies; ensure that public entities use resources with due regards to economy, efficiency and effectiveness; and for the application of international standards in the execution of our audits. This necessitated additional resources and innovative ways of conducting our work.

1.23

Since the introduction of the Act, some of our responsive initiatives involved the provision of training in Financial and Performance Audits to two (2) core groups of auditors and the adoption and implementation of International Organisation of Supreme Audit Institutions (INTOSAI) Standards, in our work, to achieve greater efficiency. The development of the auditors in these areas of auditing, affirms the Office's commitment to fulfill its mandate.

1.24

The Office of the Director of Audit has made fundamental changes to its operations in order to function effectively as a Supreme Audit Institution (SAI) and meet stakeholders' expectations in accordance with the audit mandate, as laid out in the Audit Act No. 29 of 2005. Prior to 2017, the Office predominantly conducted Compliance Audits; however,



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

since the development of our staff competencies in the areas of Financial and Performance Audits in 2017 and 2018, Officers trained in these areas have been engaged in the requisite audits. In 2019, changes were made to the organisational structure of the Audit Operations to include Financial Audit Unit, Performance Audit Unit and Pensions and Salaries Unit.

1.25

As a result of the Performance and Financial Audit training, the Office conducted and submitted a Performance Audit Report of the School Feeding Programme for the financial years 2016 to 2018. The report was laid in the House of Assembly on the 29th January, 2019.

1.26

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

1.27

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



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

1.28

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

1.29

The Director of Audit and one (1) Senior Audit Officer attended the XI Congress of the Caribbean Organisation of Supreme Audit Institutions (CAROSAI) in Georgetown, Guyana, during the period 23rd to 27th June, 2019. The Congress comprised of several technical sessions on various auditing and management topics which were delivered by subject area experts. The Congress also made decisions pertaining to the training and development of Audit Officers in the region.

1.30

To further enhance our audit products, Follow-up review, which is the final component of the audit cycle and a requirement of the International Auditing Standards, was introduced in 2019. Follow-up review is critical to determine the timeliness, adequacy and effectiveness of actions taken by management to implement recommendations that were issued to correct reported deviations at the audited entities. It is worthy to note, that the implementation of audit recommendations helps management to improve the performance and accountability of these entities.

1.31

The audit of pension and gratuity payments, is the only pre-audit that is undertaken by the Office. During the financial year, one hundred and seventy-one (171) pension and gratuity files were verified by the Office. A large percentage of the pension and gratuity files contained errors which could have resulted in excess or short payments to public



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

officers. However, these errors were corrected before the payments were made to the officers.

1.32

In addition to the foregoing, the Office of the Director of Audit verified leave eligibility and salaries payments for public officers. Also, Surprise Cash Surveys were conducted at Government Offices throughout St. Vincent and the Grenadines. Reports, which included recommendations, were issued to the respective Accounting Officers and Heads of Departments. The results of the audits conducted at the Departments and Overseas Offices during the fiscal year, were analysed and are included in chapter 4 of the report.

ACKNOWLEDGEMENT

1.33

I wish to express thanks to the Accountant General, Accounting Officers and Heads of Departments 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 invaluable contribution and support.



CHAPTER 2

ANALYSIS OF GOVERNMENT'S FINANCIAL STATEMENTS

2.1

This section of the report provides an analysis of the financial statements of the Government, as presented by the Accountant General, for the financial year ended December 31, 2019, in addition to an analysis of the Appropriation and Supplementary Appropriation Acts prepared and submitted to Parliament within the financial year.

2.2

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

2.3

The financial statements for the financial year ended December 31, 2019, were submitted by the Accountant General, on the 5th May, 2020.

2.4

There are no notes to the financial statements and as such, the statements do not provide adequate information for the proper interpretation of the accounts. The financial statements submitted and audited are included at Appendix III of this Report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

SCOPE OF THE AUDIT

2.5

The financial statements for the year ended 2019, that were presented by the Accountant General and examined by my Office, are as follows:

- Statement of Annual Abstract
- Statement of Revenue Under Detailed Accounts (Recurrent)
- Statement of Revenue Under Detailed Accounts (Capital)
- Statement of Detailed Recurrent Expenditure
- Statement of Detailed Capital Expenditure
- Statement of Assets and Liabilities
- Contingencies Fund
- Statement of General Deposits
- Statement of Investments
- Statement of Public Debt
- Statement of Advances
- Statement of Contingent Liabilities of the Government

2.6

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

- Statement of Arrears of Revenue by Detailed Object Code



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

2.7

METHODOLOGY

An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the statements. The audit was not designed to disclose every error in the accounts but to ascertain whether the accounts were kept using acceptable systems, were punctually and properly posted, checks against irregularities and fraud were adequate and effective, and to give reasonable assurance that the financial statements are free of material misstatements. Therefore, the Audit Report covers only matters which have been examined by the Audit Office. It does not draw conclusions upon matters not examined.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

ANALYSIS OF THE APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS AND FINANCIAL STATEMENTS

2.8

My analysis and observations related to the examination of the Appropriation and Supplementary Appropriation Acts and Financial Statements are detailed as follows:

APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS

2.9

The Appropriation Act No. 2 of 2019 was passed in the House of Assembly on 7th February, 2019, authorising total expenditure of \$1,067,157,410.00; an increase by \$73,804,776.00 or 7.4 percent of the budget for 2018. The total expenditure appropriated by Parliament comprised Recurrent Expenditure of \$844,577,830.00 and Capital Expenditure of \$222,579,580.00.

2.10

In 2019, seventy - six (76) Special Warrants totalling \$53,454,023.73 were approved by the Minister of Finance to supplement the Budgetary Estimates; however, the Supplementary Estimates were not submitted for the approval of the House of Assembly; therefore, the amount remained unappropriated at the end of financial year 2019.

2.11

The total of \$53,454,023.73 approved by Special Warrants, exceeded the sum of \$25,000,000.00, by \$28,454,023.73, which was the aggregate amount that may be authorised by Special Warrants in the financial year, pursuant to section 28 (1) of the Finance Administration Act, approved by Resolution of the House of Assembly on 29th April, 2010.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

2.12

Additionally, Supplementary Estimates for Special Warrants approved by the Minister of Finance for financial years 2014 to 2018, which were not submitted to Parliament for approval and were highlighted in the respective Reports of the Director of Audit on the Public Accounts of the Government of SVG, were submitted to Parliament in 2019 for approval.

2.13

It was noted that the amounts spent from the Special Warrants approved by the Minister of Finance were submitted for approval in the Supplementary Estimates, which resulted in differences between the Revised Estimates in the Government's financial statements and the amounts approved by the Supplementary Appropriation Acts. The differences are shown in Table 1.

2.14

Table 1 shows the differences between the Revised Estimates in the Government's financial statements and the amounts approved by the Supplementary Appropriation Acts for financial years 2014 to 2018.

Table 1

FINANCIAL YEAR a	ACT NOS. b	AMOUNT SUBMITTED AND APPROVED BY SUPPLEMENTARY APPROPRIATION c	AMOUNT APPROVED BY SPECIAL WARRANTS & ENTERED IN THE ACCOUNTS OF THE GOVERNMENT d	DIFFERENCE BETWEEN c & d
2014	Act No. 14 of 2019 Act No. 21 of 2019	19,061,040.00 7,099,105.00	29,879,743.12	3,719,598.12
2015	Act No. 15 of 2019	16,827,908.00	19,706,578.58	2,878,670.58



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

FINANCIAL YEAR a	ACT NOS. b	AMOUNT SUBMITTED AND APPROVED BY SUPPLEMENTARY APPROPRIATION c	AMOUNT APPROVED BY SPECIAL WARRANTS & ENTERED IN THE ACCOUNTS OF THE GOVERNMENT d	DIFFERENCE BETWEEN c & d
2016	Act No. 16 of 2019	22,703,177.00	35,780,992.98	13,077,815.98
2017	Act No. 17 of 2019 Act No. 18 of 2019	24,994,071.00 3,580,103.00	48,937,234.24	20,363,060.24
2018	Act No. 19 of 2019 Act No. 20 of 2019	23,954,094.00 4,834,179.00	32,318,330.82	3,530,057.82



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

STATEMENT OF ANNUAL ABSTRACT

OVERALL RECURRENT AND CAPITAL BUDGET 2019

2.15

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 \$1,067,157,410.00 which comprised of Recurrent Expenditure of \$844,577,830.00 and Capital Expenditure of \$222,579,580.00 was approved by Appropriation Act No.2 of 2019 for the fiscal year 2019. The difference of \$185,873.00 between the amount of \$844,577,830.00 approved for Recurrent Expenditure by the Appropriation Act and the amount of \$844,763,703.00 reflected as estimates in the Estimates of Revenue and Expenditure and the financial statements for 2019, is attributable to the Governor General's Emoluments and allowances which is provided for by the Governor General's Emoluments and Pension Act, CAP 269 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009.

2.16

The financial statements have shown that the estimates for Recurrent and Capital Expenditure were revised by \$12,859,558.57 and \$69,421,655.16, respectively. The revision in the estimates is attributable to amounts approved by Special Warrants and a Supplementary Appropriation Act passed in the House of Assembly.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

OVERALL RECURRENT AND CAPITAL BUDGET OUT-TURN 2019

2.17

An examination and analysis of actual revenue and expenditure revealed that actual Capital Revenue and Capital Expenditure were understated by \$1,466,125.00. This was due to the following improper accounting in SmartStream:

2.18

An amount of \$1,466,125.00 was recorded in SmartStream, as additional loan under Account 20 63241 6611 - OPEC Fund for Int'l Dev. (OPID). However, receipts for this additional loan could not be traced under the Capital Revenue – External Loan Receipts Account. This resulted in an understatement of Capital Revenue and Capital Expenditure by \$1,466,125.00

2.19

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

ANNUAL ABSTRACT STATEMENTS OF RECURRENT AND CAPITAL REVENUE \$980,294,036.00

2.20

The actual revenue of \$980,294,036.00 (*which was understated by \$1,466,125.00 as outlined at paragraphs 2.17 and 2.18*) which comprised of Recurrent Revenue of \$601,719,336.69 and Capital Revenue of \$378,574,699.31 was collected to finance expenditure for the financial year ended 2019. The total revenue fell short of its Estimates of \$1,067,343,281.00 by \$87,049,245.00 and increased by \$193,295,040.20 or 24.6 percent, when compared to the revenue of \$786,998,995.80 collected in financial year 2018. Capital Receipts contributed 97.2 percent of the increased revenue in the financial year 2019 when compared to financial year 2018.



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2.21

Table 1.1 shows actual revenue versus estimated revenue for 2019 and actual revenue for 2019 as compared to 2018.

Table 1.1

Item a	Estimate 2019(\$) b	Actual Revenue 2019 (\$) c	Actual Revenue 2018(\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Revenue	656,599,775.00	601,719,336.69	596,402,693.07	5,316,643.62
Capital Revenue	410,743,506.00	378,574,699.31	190,596,302.73	187,978,396.58
Total	1,067,343,281.00	980,294,036.00	786,998,995.80	193,295,040.20

ANNUAL ABSTRACT STATEMENTS OF RECURRENT AND CAPITAL EXPENDITURE \$944,951,112.11

2.22

Actual expenditure of \$944,951,112.11 (*which was understated by \$1,466,125.00 as outlined at paragraphs 2.17 and 2.18*) which comprised of Recurrent Expenditure of \$785,394,110.48 and Capital Expenditure of \$159,557,001.63 was expended for the financial year 2019. The actual expenditure fell short of its Revised Estimates of \$1,149,624,494.73 by \$204,673,382.62. This was primarily due to \$132,444,235 or 45 percent of the Revised Capital Expenditure being unexpended. However, total expenditure increased by \$120,369,467.15 when compared to the actual expenditure of \$824,581,644.96 for 2018.



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RECURRENT BUDGET OUT-TURN 2019

2.23

The Estimates of Revenue and Expenditure projected a deficit of \$188,163,926.00 on the Recurrent Budget. The actual deficit of \$183,674,773.79 over the actual Recurrent Revenue of \$601,719,336.69 and Recurrent Expenditure of \$785,394,110.48, was realised on the Recurrent Budget for 2019, as depicted in Table 1.2.

2.24

Table 1.2 depicts the Actual Out-turn of the Recurrent Budget for 2019.

Table 1.2

ITEM	ORIGINAL ESTIMATE (\$)	ACTUAL (\$)
Recurrent Revenue	656,599,775.00	601,719,336.69
Less Recurrent Expenditure	844,763,701.00	785,394,110.48
(Deficit)	(188,163,926.00)	(183,674,773.79)

CAPITAL BUDGET OUT-TURN 2019

2.25

The financial statement showed that the initial Capital Expenditure budget of \$222,579,580.00 was revised by \$69,421,655.16 or 31.1 percent to \$292,001,235.16. However, \$40,500,805.16 of the revised amount was not approved via Supplementary Appropriation in financial year 2019.

2.26

A surplus of \$219,017,697.68 over the actual Capital Revenue of \$378,574,699.31 and actual Capital Expenditure of \$159,557,001.63 was realised for the financial year 2019,

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2.27

\$30,853,771.68 more than the original projected surplus of \$188,163,926.00, as depicted in Table 1.3.

Table 1.3 depicts the Actual Out-Turn of Capital Budget for 2019.

Table 1.3

ITEM	ORIGINAL PROJECTIONS (\$)	ACTUAL (\$)	VARIANCE (\$)
Capital Revenue	410,743,506.00	378,574,699.31	(32,168,806.69)
Less Capital Expenditure	222,579,580.00	159,557,001.63	63,022,578.37
Surplus	188,163,926.00	219,017,697.68	30,853,771.68

2.28

OVERALL BUDGET OUT-TURN**ACTUAL NET SURPLUS - \$35,342,923.89**

Actual revenue of \$980,294,036.00 exceeded actual expenditure of \$944,951,112.11, resulting in a surplus of \$35,342,923.89 of the budget for the financial year 2019. The movement from a deficit of \$37,582,649.16 in 2018 to a net surplus of \$35,342,923.89 in 2019, was due to the disproportionate increase in revenue of 24.6 percent and expenditure of 14.6 percent, when compared to 2018. Capital Revenue, which increased by 98.6 percent was the main contributor to this increased revenue in 2019. The overall net surplus comprised recurrent deficit of \$183,674,773.79 and capital surplus of \$219,017,697.68, as shown in Tables 1.2 and 1.3.



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2.29

A summary of the Government's financial position over the five (5) year period 2015 to 2019 has shown that 2019 realised the largest surplus.

2.30

Table 1.4 and Figure 1 depict Government's Financial Position over the five (5) year period 2015 to 2019.

Table 1.4

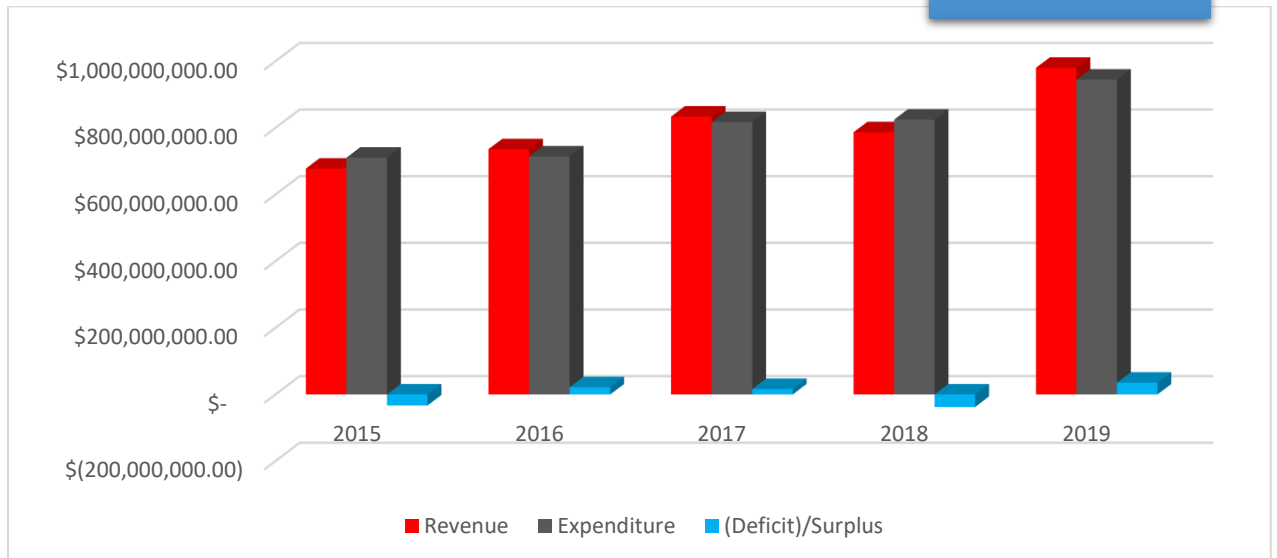
Year	2015	2016	2017	2018	2019
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	677,777,475.50	736,047,983.85	833,947,134.62	786,998,995.80	980,294,036.00
Expenditure	710,640,512.66	714,263,816.24	817,554,652.41	824,581,644.96	944,951,112.11
(Deficit)/Surplus	(32,863,037.16)	21,784,167.61	\$16,392,482.21	(37,582,649.16)	35,342,923.89



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Figure 1



2.31

The actual budget out-turn for 2019, with comparison of the original estimates and actual revenue for 2018 are displayed in the Tables 1.5 and 1.6.

2.32

Table 1.5 shows the actual budget out-turn for the year as compared to the original estimates for 2019.

Table 1.5

ITEM	ORIGINAL ESTIMATES 2019 (\$)	ACTUAL 2019 (\$)
Recurrent Revenue	656,599,775.00	601,719,336.69
Recurrent Expenditure	844,763,701.00	785,394,110.48
(Deficit)	(188,163,926.00)	(183,674,773.79)
Capital Revenue	410,743,506.00	378,574,699.31
Capital Financing	222,579,580.00	194,899,925.52
Capital Expenditure	222,579,580.00	159,557,001.63
Surplus	-	35,342,923.89



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2.33

Table 1.6 shows a comparison of the budget out-turn for 2019 and 2018.

Table 1.6

ITEM	ACTUAL 2019 (\$)	ACTUAL 2018 (\$)
Recurrent Revenue	601,719,336.69	596,402,693.07
Less Recurrent Expenditure	785,394,110.48	725,689,916.26
(Deficit)	(183,674,773.79)	(129,287,223.19)
Capital Revenue	378,574,699.31	190,596,302.73
Capital Financing	194,899,925.52	61,309,079.54
Less Capital Expenditure	159,557,001.63	98,891,728.70
Surplus/(Deficit)	35,342,923.89	(37,582,649.16)



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Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

STATEMENT OF DETAILED REVENUE

DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN

REVENUE (RECURRENT AND CAPITAL) OUT-TURN 2019 **\$980,294,036.00**

2.34

The introduction of the new Chart of Accounts in 2016, categorised Recurrent Revenue into three (3) headings: - Taxes, Social Contributions and Other Revenue, with new and additional sub-headings. Capital Revenue comprised of Domestic Receipts: - Capital Receipts and Other Capital Receipts, Local Loans; and External Receipts: - External Grants and Loans.

2.35

The total estimated revenue for 2019 was \$1,067,343,281.00. Recurrent Revenue was expected to yield \$656,599,775.00 or 61.5 percent and Capital Revenue \$410,743,506.00 or 38.5 percent.

2.36

The overall revenue for the year totalled \$980,294,036.00. This amount represented 91.8 percent of the estimated revenue of \$1,067,343,281, thus, resulting in a short fall of \$87,049,245.00. Although the estimated revenue of \$1,067,343,281 was not realised, the Government was closer to achieving its revenue projections when compared to 2018, when revenue collection was 79.2% of the estimated revenue of \$993,535,459.00. The actual Recurrent Revenue realised was \$601,719,336.69 or 61.4 percent and Capital Revenue totalled \$378,574,699.31 or 38.6 percent of the actual revenue.

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2.37

Table 1.7 shows the Actual Revenue vs the Original Estimates for 2019.

Table 1.7

DETAILS OF REVENUE	ESTIMATES 2019 \$	ACTUAL 2019 \$	EXCESS/(SHORTFALL) \$
RECURRENT REVENUE			
<i>Taxes:</i>			
Taxes on Income, Profits & Capital Gains	158,612,000.00	140,292,040.13	(18,319,959.87)
Taxes on Property	48,403,800.00	27,109,556.42	(21,294,243.58)
Taxes on Goods and Services/Licenses	185,901,000.00	186,494,056.71	593,056.71
Taxes on International Trade and Transactions	170,805,000.00	160,095,947.14	(10,709,052.86)
Other Taxes	4,720,100.00	3,761,041.02	(959,058.98)
Sub Total	568,441,900.00	517,752,641.42	(50,689,258.58)
<i>Social Contributions</i>			
Social Security Contributions	18,000.00	34,347.43	16,347.43
Sub Total	18,000.00	34,347.43	16,347.43
<i>Other Revenue</i>			
Property Income	9,299,600.00	8,994,946.44	(304,653.56)
Sale of Goods and Services	71,091,175.00	65,695,415.05	(5,395,759.95)
Fines, Penalties and Forfeits	1,469,100.00	1,910,392.19	441,292.19
Transfers (not Elsewhere Classified)	2,780,000.00	3,730,087.79	950,087.79
Other Revenue (not Elsewhere Classified)	3,500,000.00	3,601,506.37	101,506.37
Sub Total	88,139,875.00	83,932,347.84	(4,207,527.16)
Total Recurrent Revenue	656,599,775.00	601,719,336.69	(54,880,438.31)

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Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

Table 1.7 Cont'd

DETAILS OF REVENUE	ESTIMATES 2019 \$	ACTUAL 2019 \$	EXCESS/(SHORTFALL) \$
CAPITAL REVENUE			
<i>Domestic Receipts</i>			
Sale of Land	3,000,000.00	1,099, 982.32	(1,900,017.68)
Capital Receipts	198,163,916.00	3,112,045.27	(195,051,870.73)
Domestic Loan Receipt	72,169,780.00	37,499,950.00	(34,669,830.00)
Domestic Bond Transaction Receipt	0	149,368,809.00	149,368,809.00
Sub Total- Domestic Receipts	273,333,696.00	191,080,786.59	(82,252,909.41)
<i>External Receipts</i>			
Grants	47,894,800.00	74,086,831.27	26,192,031.27
External Loans	89,515,010.00	113,407,081.45	23,892,071.45
Sub Total-External Receipts	137,409,810.00	187,493,912.72	50,084,102.72
Total Capital Revenue	410,743,506.00	378,574,699.31	32,168,806.69
Total Revenue	1,067,343,281.00	980,294,036.00	(87,049,245.00)

2.38

The actual revenue increased by \$193,295,040.20 or 24.6 percent, when compared to financial year 2018. This was ascribed to Capital financing almost being doubled in 2019 when compared to 2018, as shown in Table 1.8 and Figure 1.1. This was due to increases in Grants, Domestic loans and External loans.

2.39

Table 1.8 and Figure 1.1 show revenue collected for the financial year 2019 with comparative figures for the financial year 2018.



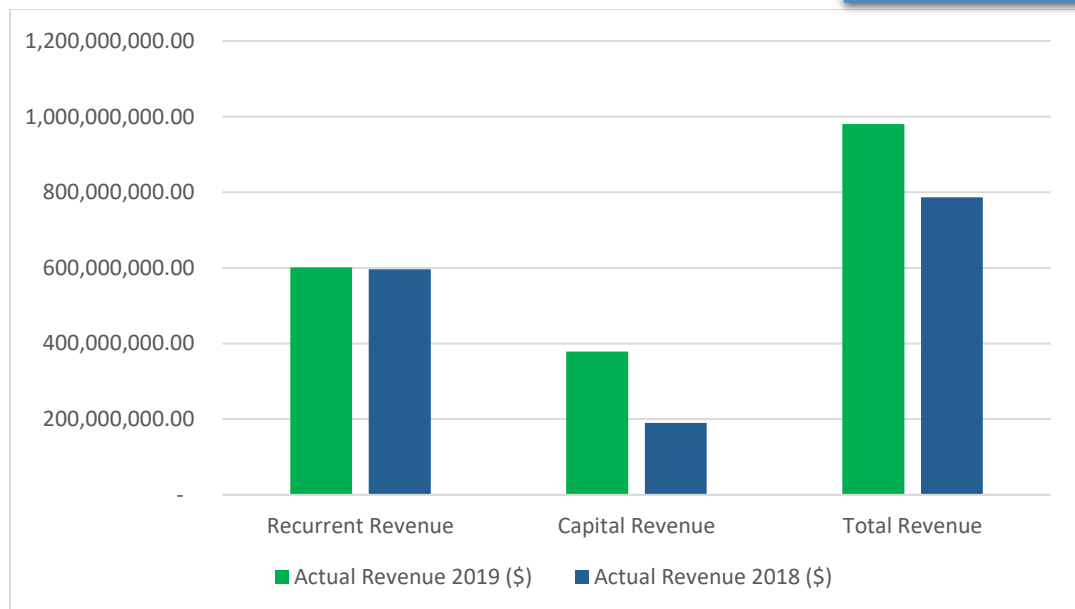
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Table 1.8

Details of Revenue	Actual Revenue 2019 \$	Actual Revenue 2018 \$	Increase \$
Recurrent Revenue	601,719,336.69	596,402,693.07	5,316,643.62
Capital Revenue	378,574,699.31	190,596,302.73	187,978,396.58
Total Revenue	980,294,036.00	786,998,995.80	193,295,040.20

Figure 1.1



2.40

A comparison of estimates and actual revenue for the years 2015-2019, is depicted in Table 1.9 and Figure 1.2 with financial years 2015 and 2019 showing the lowest and highest revenue outturn, respectively.



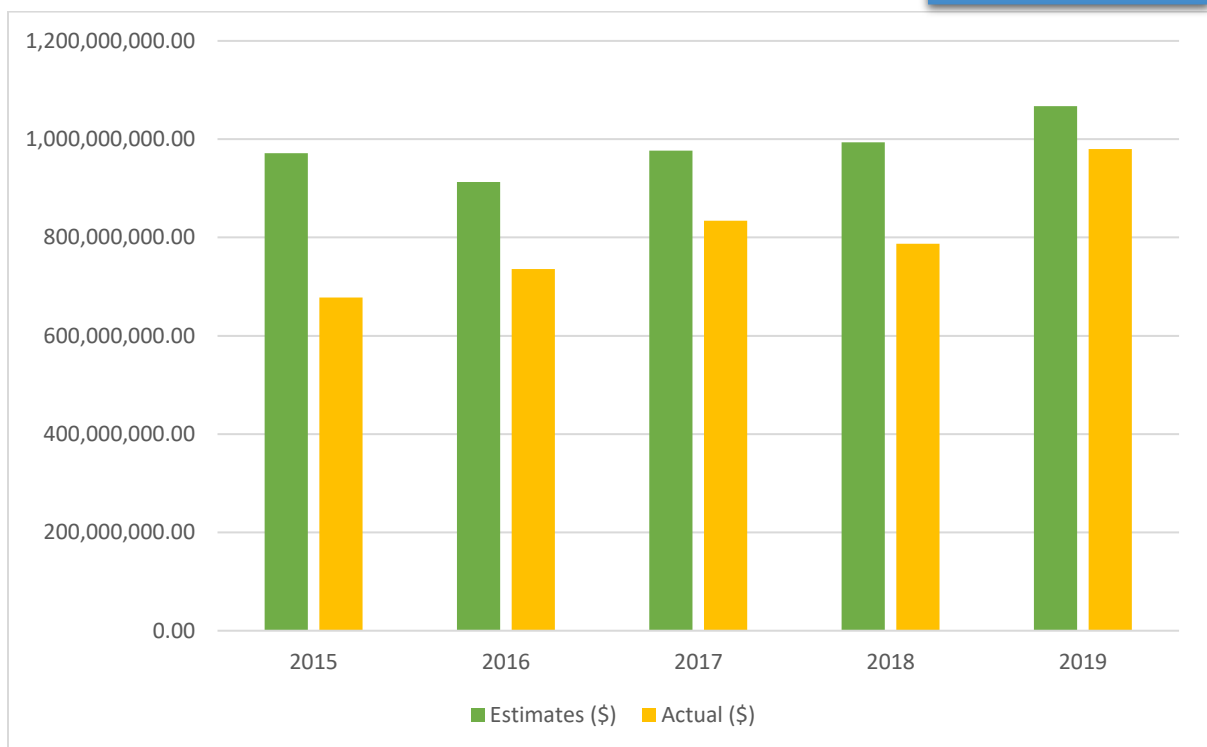
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Table 1.9

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
2015	971,367,582.00	677,777,475.50	293,590,106.50
2016	912,897,311.00	736,047,983.82	176,849,327.18
2017	976,943,437.00	833,947,134.62	142,996,302.38
2018	993,535,459.00	786,998,995.80	206,536,463.20
2019	1,067,343,281.00	980,294,036.00	87,049,245.00

Figure 1.2





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STATEMENT OF DETAILED RECURRENT REVENUE

RECURRENT REVENUE 2019 **\$601,719,336.69**

2.41

Recurrent Revenue is comprised of three (3) categories: - Taxes, Social Contributions and Other Revenue. Taxes is comprised of five (5) items, Social Contributions has one (1) item, while Other Revenue consists of five (5) items. The total Recurrent Revenue collected was \$601,719,336.69. This was a deficit of \$54,880,438.31 or 8.4 percent of the estimated Recurrent Revenue. The figure is comprised of Taxes of \$517,752,641.42, Social Contributions of \$34,347.43 and Other Revenue of \$83,932,347.84 as shown in Table 1.7. The Recurrent Revenue grew by 0.9 percent of the amount of \$596,402,693.07 collected during 2018.

TAXES **\$517,752,641.42**

2.42

Taxes is the main Recurrent Revenue stream of the Government. Taxes revenue fell short of its projection of \$568,441,900.00 by \$50,689,258.58. All the categories of Taxes fell short of their projections with the exception of Taxes on Goods and Services/Licenses which realised a surplus of \$593,056.71. The composition of Taxes collected in 2019, is shown in Table 1.10 and Figure 1.3.



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2.43

The estimates and actual revenue collected for Taxes in 2019, is shown in Table 1.10, Figures 1.3.

Table 1.10

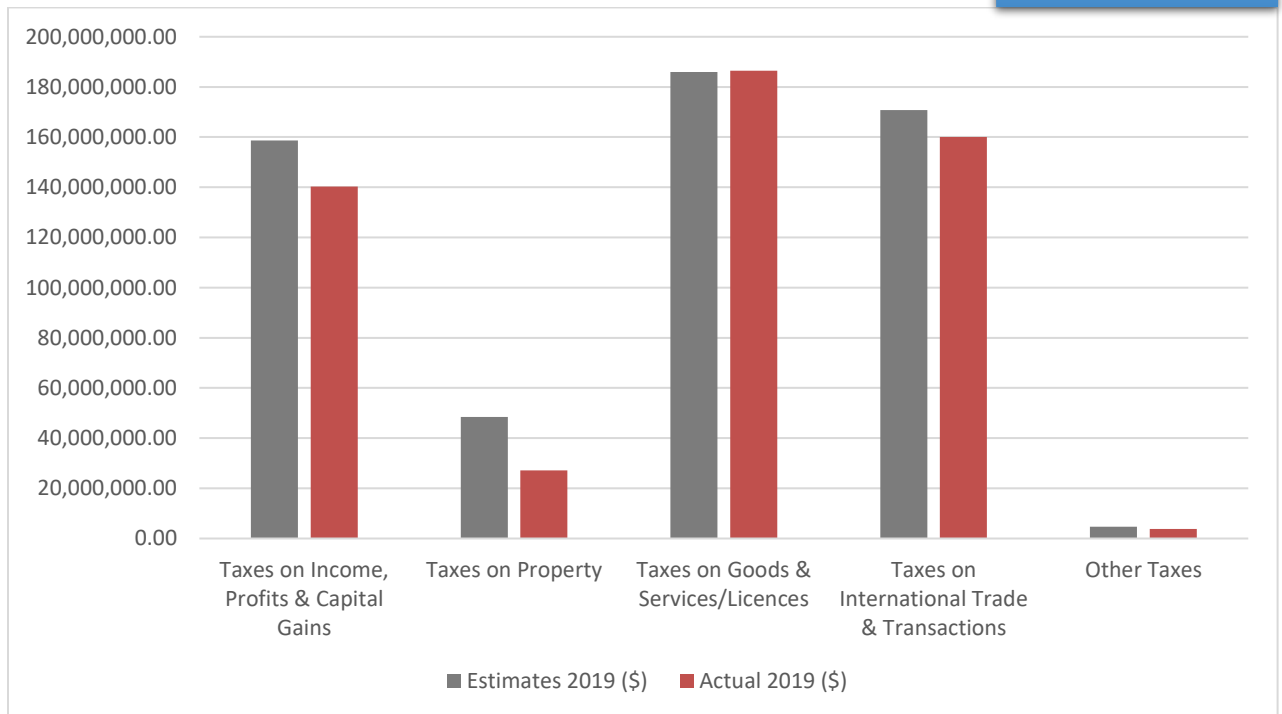
DETAILS OF REVENUE	ESTIMATES 2019 (\$)	ACTUAL 2019 (\$)	Surplus/(Shortfall) (\$)
Taxes on Income, Profits & Capital Gains	158,612,000.00	140,292,040.13	(18,319,959.87)
Taxes on Property	48,403,800.00	27,109,556.42	(21,294,243.58)
Taxes on Goods & Services/Licences	185,901,000.00	186,494,056.71	593,056.71
Taxes on International Trade & Transactions	170,805,000.00	160,095,947.14	(10,709,052.86)
Other Taxes	4,720,100.00	3,761,041.02	(959,058.98)
TOTAL	568,441,900.00	517,752,641.42	(50,689,258.58)



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Figure 1.3



COMPOSTION OF TAXES REVENUE 2019

Taxes on Income, Profits and Capital Gains

\$140,292,040.13

The revenue of \$140,292,040.13 collected for Taxes on Income, Profits and Capital Gains fell short of the estimated amount of \$158,612,000.00 by \$18,319,959.87. Taxes from all three sources within this category fell short of their projections. Income Tax from Companies, recorded the largest deficit, falling \$16,071,713.75 or 26.8 percent short of



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its projection. The total revenue recorded in 2019, when compared to the collection for 2018, realised a net decrease of \$7,512,763.31.

2.45

Over the last two years, Corporate Tax has declined and fallen short of its projections. In 2017, \$56,065,019.94 was collected, \$54,294,792.32 in 2018 and \$43,928,286.25 in 2019. The reduction in the standard rate of company taxes from 32.5 percent to 30 percent and the income tax rate for hotels, from 30 percent to 29 percent, which was implemented in 2018, may have contributed to this decline.

2.46

A comparison of collections of Taxes on Income on Profits and Capital Gains for 2019 and 2018 shows that there was a shortfall of \$7,512,763.31 in revenue for 2019, as shown in Table 1.11 and Figure 1.4.

Table 1.11

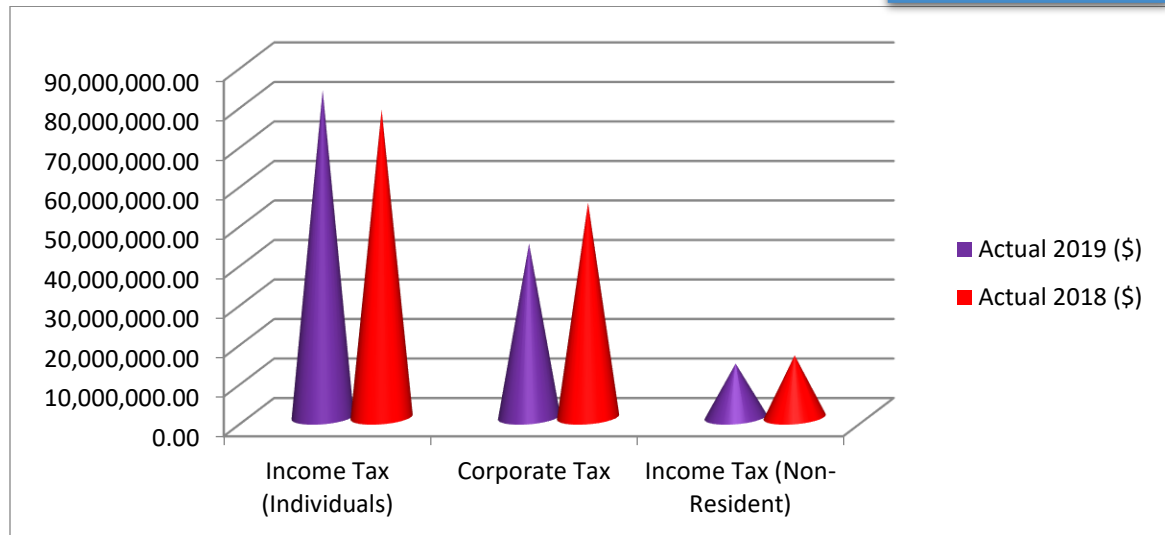
ITEM	ACTUAL 2019 (\$)	ACTUAL 2018 (\$)	EXCESS/(SHORTFALL) (\$)
Taxes on Income, Profits and Capital Gains			
Income Tax (Individuals)	82,816,453.21	77,878,529.28	4,937,923.93
Corporate Tax	43,928,286.25	54,294,792.32	(10,366,506.07)
Income Tax (Non-Resident)	13,547,300.67	15,631,481.84	(2,084,181.17)
Total	140,292,040.13	147,804,803.44	(7,512,763.31)



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Figure 1.4



Taxes on Property

\$27,109,556.42

2.47

The actual revenue of \$27,109,556.42 in Taxes on Property was 56 percent of the estimated revenue of \$48,403,800.00, thus resulting in a shortfall of \$21,294,243.58. Of the four items in this category, only Estate and Succession Duty exceeded its projection and the amount collected in financial year 2018. The revenue was reduced by \$10,322,830.19, when compared to the total collection of \$37,432,386.61 for 2018. This was due to reductions in revenue collected under Aliens Land Holding Licence and Stamp Duty on Property for the financial year. Sixty-four (64) percent or \$31,053,800.00 of the estimated revenue, was projected to be derived from Stamp Duty on Property. However, actual collection was \$18,254,662.56, a shortfall of \$12,799,137.44, which was the largest deficit in this revenue category. Further, although actual revenue for Estate and Succession Duty exceeded its estimates by 173.7 percent and increased by 262 percent



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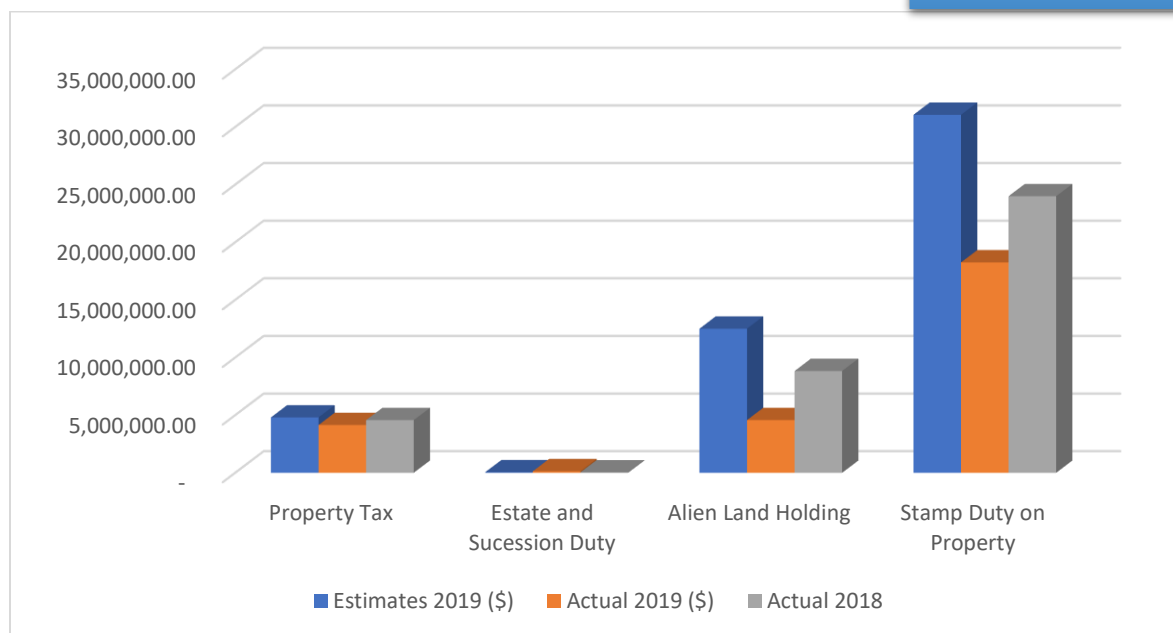
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when compared to 2018, its impact on actual revenue collected in this category was minimal since it was 0.5 percent of actual revenue.

2.48

A comparison of estimates and actual revenue collected in 2019 and actual revenue collected in 2018, for Taxes on property is shown in Figure 1.5.

Figure 1.5



Taxes on Goods and Services/Licences

\$186,494,056.71

2.49

Taxes on Goods and Services/Licences of \$186,494,056.71 collected, was \$593,056.71 more than its estimated projection of \$185,901,000.00. Nine (9) items under this category exceeded their estimated projections for the financial year 2019. Value Added Tax generated \$96,080,024.69, the highest revenue within this category and exceeded its



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estimates by \$12,080,024.69. The actual revenue collection increased by \$22,577,324.79 or 13.8 percent, when compared to the amount of \$163,916,731.92 collected in 2018.

Taxes on International Trade and Transactions **160,095,947.14**

2.50

Revenue from International Trade and Transactions totalled \$160,095,947.14; \$10,709,052.86 less than the estimates of \$170,805,000.00. One of the five (5) items under this category exceeded the projections for the fiscal year 2019. Actual revenue decreased by \$2,042,219.70 when compared to 2018, indicating a reduction in importation of goods.

Other Taxes **\$3,761,041.02**

2.51

Other Taxes comprise of Stamp Duty – Other and Climate Resilience Levy. The Revenue of \$3,761,041.02 collected was \$959,058.98 less than the estimates of \$4,720,100.00. However, it exceeded the revenue collected in 2018 by \$823,947.33. This resulted from an increase in Climate Resilience Levy collections in 2019, as the Climate Resilience Levy Act came into force in June 2018 and the amount recorded in 2018 for Climate Resilience Levy, represented two (2) months collection.

COMPOSITION OF SOCIAL CONTRIBUTIONS 2019

Social Security Contributions **\$34,347.43**

2.52

The Statement has shown only one (1) item under Social Contributions – Pension Contributions. The actual revenue collection of \$34,347.43 exceeded its estimates by \$16,347.43 or 90.8 per cent, and the revenue collected in 2018 by \$16,801.91 or 96



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percent. This was primarily due to Pension Contributions received for employees who were transferred from Central Government to the Medicinal Cannabis Authority.

COMPOSITION OF OTHER REVENUE 2019

2.53

Property Income \$8,994,946.44

Revenue derived from Property Income was \$8,994,946.44, \$304,653.56 less than its estimates of \$9,299,600.00. Three (3) of the eleven (11) items recorded revenue in excess of their estimates, while three (3) items recorded revenue in excess of amounts collected in 2018.

2.54

Sale of Goods and Services \$65,695,415.05

Sale of Goods and Services fell short of its budgetary allocation of \$71,091,175.00 by \$5,395,759.95 and actual revenue collected in 2018 by \$1,240,796.59. Customs Service Charge, which accounted for 61.1 percent of revenue collections in this category, had the largest shortfall of its estimates of \$2,890,315.74.

2.55

Fines, Penalties and Forfeits \$1,910,392.19

Revenue of \$1,469,100.00 was projected for the financial year 2019. The revenue of \$1,910,392.19 collected exceeded its projection and revenue collected in 2018 by \$441,292.19 and \$479,971.11, respectively. Only one (1) of the four (4) items under this category fell short of its budgetary projection.



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Transfers (not Elsewhere Classified)

\$3,730,087.79

2.56

There were two (2) items under Non - Tax Revenue; Reimbursements and Repayment of Loans. The actual revenue of \$3,730,087.79 collected under these items was \$950,087.79 more than the estimated amount of \$2,780,000.00. This was an increase of \$1,095,178.95 or 41.6 percent of the 2018 revenue.

Other Revenue (not elsewhere Classified)

\$3,601,503.37

2.57

A total of \$3,601,503.37 was collected under this category. The revenue item exceeded its budgetary projection of \$3,500,000.00 by \$101,506.37.



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STATEMENT OF DETAILED CAPITAL REVENUE

DETAILED CAPITAL REVENUE 2019

\$378,574,699.31

2.58

Capital Revenue of \$410,743,506.00 was projected for the financial year, to be derived from Domestic Receipts of \$273,333,696.00 and External Receipts of \$137,409,810.00. A total of \$378,574,699.31 was recorded as Capital Revenue for 2019. Domestic and External Receipts contributed \$191,080,786.59 and \$187,493,912.72, respectively, which resulted in a net variance of \$32,168,806.69, as depicted in the Table 1.12.

2.59

The Statement of Capital Revenue has shown that Domestic Bond Transactions of \$149,368,809.00, although not approved at the beginning of the financial year, was the highest contributor to Domestic Receipts and Public Sector Investment financing that increased by 88.9 percent when compared to financial year 2018. It represented 78.2 percent and 39.5 percent of Domestic Receipts and Public Sector Investment financing for the year, respectively.

2.60

External Loan of \$90,241,841.74, from International Development Agency, was the second highest contributor to Public Sector Investment financing; contributing 23.8 percent. This source of revenue exceeded its budgetary projections of \$19,700,000.00 by \$70,541,841.74. The additional funds were secured to finance Caribbean Regional



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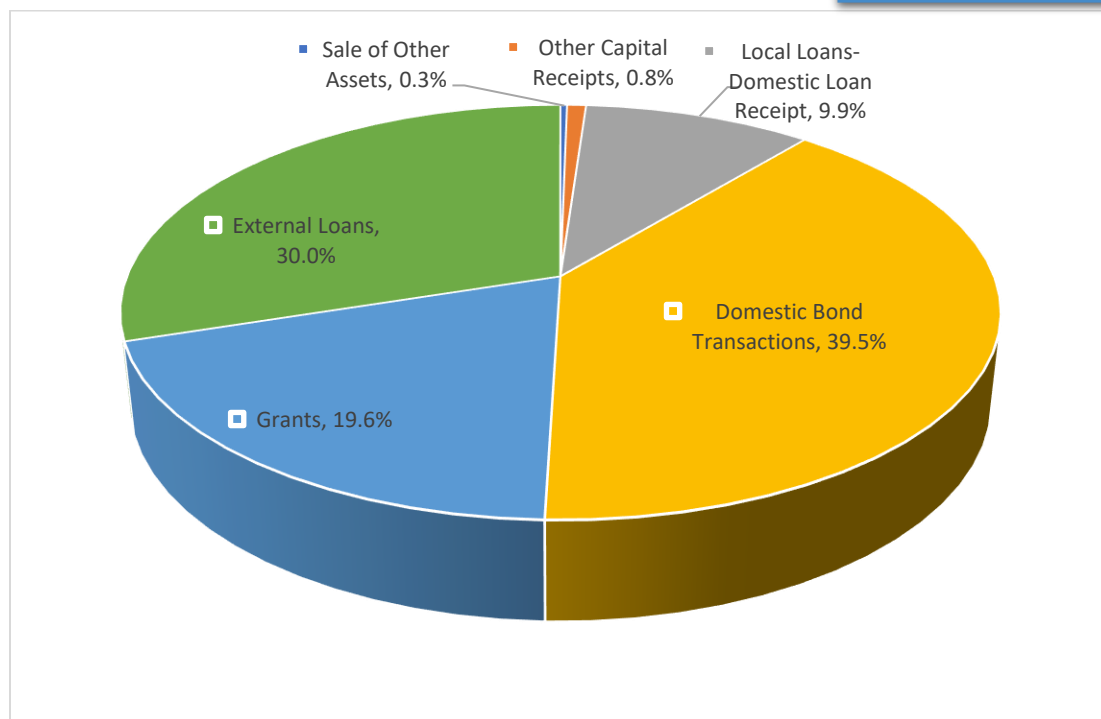
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Communications Infrastructure Program (CARCIP) and Regional Disaster Vulnerability Reduction Project (RDVRP) programs.

2.61

Figure 1.6 shows the composition of Capital Revenue for financial year 2019

Figure 1.6



2.62

The actual collections from external sources for Capital Revenue exceeded the budgeted allocations for the fiscal year by \$50,084,102.72 as depicted in Table 1.12.

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2.63

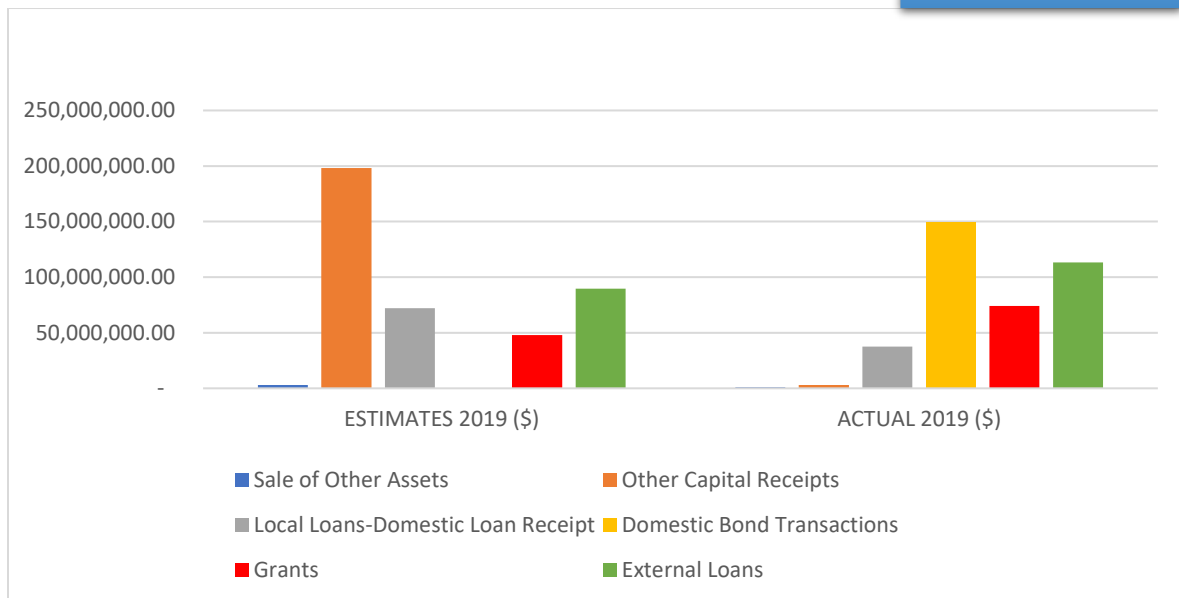
Table 1.12 and Figure 1.7 show a comparison of estimated Capital Revenue with actual revenue for the sources of capital financing.

Table 1.12

TYPES OF FUNDS	ESTIMATES 2019 (\$)	ACTUAL 2019 (\$)	VARIANCE Increase/(shortfall) (\$)
<u>Domestic Receipts</u>			
Sale of Other Assets	3,000,000.00	1,099,982.32	(1,900,017.68)
Other Capital Receipts	198,163,916.00	3,112,045.27	(195,051,870.73)
Local Loans - Domestic Loan Receipt	72,169,780.00	37,499,950.00	(34,669,830)
Domestic Bond Transactions	0.00	149,368,809.00	149,368,809.00
Sub total	273,333,696.00	191,080,786.59	(82,252,909.41)
<u>External Receipts</u>			
Grants	47,894,800.00	74,086,831.27	26,192,031.27
External Loans	89,515,010.00	113,407,081.45	23,892,071.45)
Sub total	137,409,810.00	187,493,912.72	50,084,102.72
Total	410,743,506.00	378,574,699.31	(32,168,806.69)

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Figure 1.7

2.64

In addition, \$183,541,450.23 or 48.5 percent of the total financing was received under six (6) sources of Capital Revenue, which were not approved in the Estimates for the financial year, as shown in Table 1.13.

Table 1.13

Account	Description	Actual \$
33141 3303	Domestic Bond Transactions Receipt	149,368,809.00
13221 1505	Climate Investment Fund - CIF	21,698,255.52
13221 1527	Department for International Development	11,813,480.24
13221 1599	Other Grants	110,948.41
33241 2144	Caribbean Development Bank	67,251.06

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Table 1.13 Cont'd

Account	Description	Actual \$
33241 3594	Kuwait Fund for Arab Economic Development	482,706.00
TOTAL		183,541,450.23

Further, there were sixteen (16) sources from which no revenue was recorded during the financial year. Table 1.14 shows the sources from which no revenue was recorded and their estimated projections.

Table 1.14

Account	Details/Source	Description	Projection \$
13121	1303	Republic of Mexico	200,000.00
13121	1307	Government of Japan	1,012,500.00
13121	1314	India	1,000,000.00
13121	1315	Morocco	297,000.00
13121	1316	United Amorites	4,500,000.00
13121	1527	Department for International Development	3,236,000.00
13221	1513	Kuwait Fund for Arab Economic Development	2,370,000.00
13221	1529	UN Environmental Programme	223,000.00
13221	1530	United States Agency for International Development	53,400.00
13221	1531	Global Fund	81,000.00
33241	3277	Republic of China/Taiwan	5,960,000.00

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Table 1.14 Cont'd

Account	Details/Source	Description	Projection \$
33241	2206	Climate Investment Fund	3,000,000.00
33241	3556	OPEC Fund for International Development	4,100,000.00
33241	3666	European Investment Bank	420,000.00
33241	3876	ABU Dhabi Fund for Development	3,000,000.00
33241	4046	CDB/CTF	10,000,000.00
TOTAL			39,452,900.00



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STATEMENT OF DETAILED EXPENDITURE

DETAILS OF TOTAL EXPENDITURE 2019 \$944,951,112.11

2.66 The analysis made hereunder is based on comparison of revised estimates with actual expenditure on the Statement of Detailed Expenditure for 2019.

2.67 Total expenditure of \$944,951,112.11 was realised from the revised projections of \$1,149,624,494.73; a shortfall of \$204,673,382.62, for the fiscal year.

DETAILS OF RECURRENT EXPENDITURE 2019 \$785,394,110.48

2.68 The Statement has shown that actual Recurrent Expenditure was recorded as \$785,394,110.48, with the Autonomous Departments and Ministries spending a total of \$72,229,149.09 less than the revised estimates of \$857,623,259.57, as depicted in the Statement at Appendix III, Table 1.15 and Figure 1.8.

Table 1.15

Ministry/Department	Revised Estimates of Expenditure 2019 (\$)	Actual Expenditure 2019 (\$)	Difference (\$)
Autonomous Departments	37,865,102.79	32,883,743.22	4,981,359.57
Office of the Prime Minister	10,560,131.00	9,746,339.92	813,791.08
Ministry of Finance, etc	376,753,946.55	357,033,475.48	19,720,471.07
Ministry of National Mobilisation, etc.	27,523,963.00	25,042,563.22	2,481,399.78



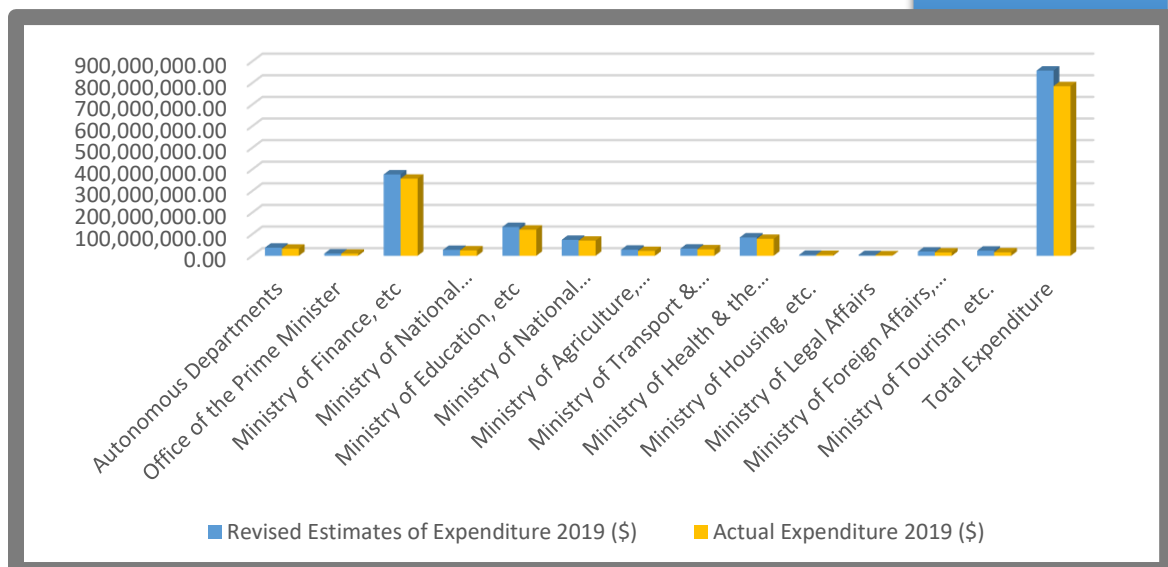
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Table 1.15 Cont'd

Ministry/Department	Revised Estimates of Expenditure 2019 (\$)	Actual Expenditure 2019 (\$)	Difference (\$)
Ministry of Education, etc	133,314,286.40	121,180,279.61	12,134,006.79
Ministry of National Security, etc.	73,780,849.00	70,268,952.68	3,481,896.32
Ministry of Agriculture, etc.	28,149,402.00	22,467,950.04	5,681,451.96
Ministry of Transport, Works, etc.	33,291,509.00	29,869,501.54	3,422,007.46
Ministry of Health, etc.	84,958,558.00	78,611,456.73	6,347,101.27
Ministry of Housing, etc.	4,445,338.00	4,113,303.02	332,034.98
Ministry of Legal Affairs	3,398,720.00	2,378,001.62	1,020,718.38
Ministry of Foreign Affairs, etc.	19,703,689.83	15,583,949.10	4,119,740.73
Ministry of Tourism, etc.	23,907,764.00	16,214,594.30	7,693,169.70
TOTAL	857,623,259.57	785,394,110.48	72,229,149.09

Figure 1.8





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RECURRENT EXPENDITURE 2019 VS 2018

2.69

The actual Recurrent Expenditure recorded for 2019 indicated an increase in recurrent spending by \$59,704,194.22 over the expenditure of \$725,689,916.26 for the financial year 2018. The Ministry of Finance and the Ministry of Tourism recorded the largest increase and decrease of \$42,613,597.90 and \$985,044.84, respectively, in spending for the financial year, when compared to 2018, as shown in Table 1.16.

2.70

Table 1.16 shows comparative figures of actual Recurrent Expenditure for 2019 and 2018.

Table 1.16

Ministry/Department	Actual 2019 (\$)	Actual 2018 (\$)	Increase /(Decrease) (\$)
Autonomous Departments	32,883,743.22	32,538,783.67	344,959.55
Office of the Prime Minister	9,746,339.92	9,007,187.99	739,151.93
Ministry of Finance, Economic Planning, etc.	357,033,475.48	314,419,877.58	42,613,597.90
Ministry of National Mobilisation, etc.	25,042,563.22	24,221,926.23	820,636.99
Ministry of Education, etc.	121,180,279.61	121,703,967.06	(523,687.45)
Ministry of National Security, etc.	70,268,952.68	65,482,728.49	4,786,224.19
Ministry of Agriculture, etc.	22,467,950.04	22,376,158.80	91,791.24
Ministry of Transport, Works, etc.	29,869,501.54	26,367,806.84	3,501,694.7
Ministry of Health, etc.	78,611,456.73	72,229,127.11	6,382,329.62

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Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

Table 1.16 Cont'd

Ministry/Department	Actual 2019 (\$)	Actual 2018 (\$)	Increase /(Decrease) (\$)
Ministry of Housing, etc.	4,113,303.02	3,922,957.29	190,345.73
Ministry of Legal Affairs	2,378,001.62	3,233,637.37	(855,635.75)
Ministry of Foreign Affairs, etc	15,583,949.10	12,986,118.69	2,597,830.41
Ministry of Tourism, Sports and Culture	16,214,594.30	17,199,639.14	(985,044.84)
TOTAL	785,394,110.48	725,689,916.26	59,704,194.22

**EXCESS EXPENDITURE UNDER RECURRENT EXPENDITURE ACCOUNTS FOR 2019,
WITHOUT APPROPRIATE AUTHORITY**

2.71

It was noted that various Recurrent Expenditure Accounts exceeded their budgetary provisions without the approval of the requisite Special Warrants; resulting in a total of \$1,616,077.73, over expended under the accounts in 2019, a contravention of sections 28 and 30 of the Finance Administration Act, CAP 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. The amount over expended is shown at Appendix II.

2.72

THE STATEMENT OF DETAILS OF CAPITAL EXPENDITURE 2019 \$159,557,001.63

The Statement of Detailed Capital Expenditure has shown that Capital Expenditure for 2019, was recorded as \$159,557,001.63, an increase of \$60,665,272.93 or 61 percent when compared to the expenditure of \$98,891,728.70 for 2018. The actual Capital Expenditure of \$159,557,001.63 for Public Sector Investment Programmes did not exceed its original projections of \$222,579,580.00, although the original estimates were revised by \$69,421,655.16. In addition, only 71 percent of the capital projects incurred



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expenditure, although actual capital financing exceeded Capital Expenditure by \$218,978,396.58 in 2019.

2.73

The highest Capital Expenditure of \$52,374,062.63 was realised under the Ministry of Finance, etc., with \$21,734,201.77 of the amount spent for the Regional Disaster Vulnerability Reduction Project (RDVRP) in 2019.

2.74

It was noted that Capital Expenditure estimates were revised by a total of \$69,421,655.16 under the Office of the Prime Minister and eight (8) Ministries. However, only the Ministry of Finance, etc., Ministry of Education, etc. and the Ministry of Health, etc. spent \$973,262.63, \$459,304.38 and \$1,888,223.37 of the amounts by which the Estimates were revised, respectively. The Office of the Prime Minister and eight (8) Ministries did not exceed their original projections, although their Estimates were revised, as shown in Table 1.17 and Figure 1.9.

2.75

Table 1.17 and Figure 1.9 show a comparison of the Capital Estimates, Revised Estimates and Actual Capital Expenditure for 2019.



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Table 1.17

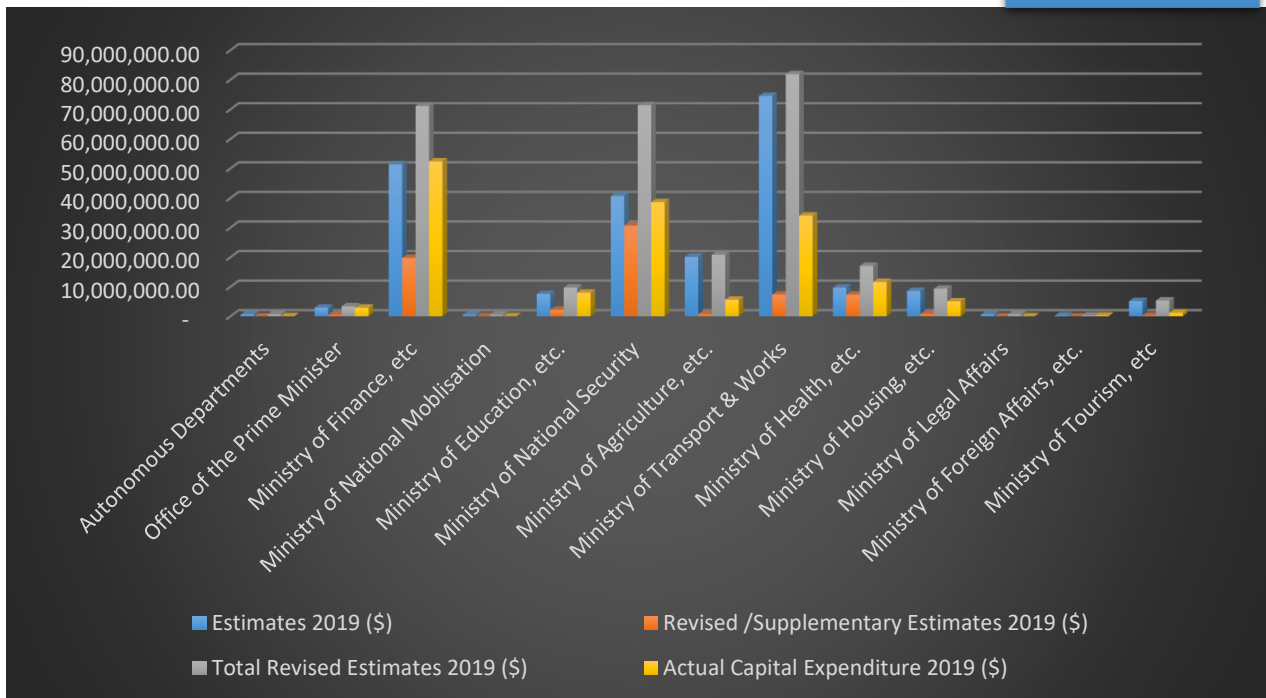
Ministry	Description	Estimates 2019 (\$) A	Revised /Supplementary Estimates 2019 B	Total Revised Estimates 2019 (\$) A + B	Actual Capital Expenditure 2019 (\$)
1	Autonomous Departments	630,600.00	-	630,600.00	30,600.00
10	Office of the Prime Minister	2,915,000.00	435,000.00	3,350,000.00	2,887,751.41
20	Ministry of Finance, etc	51,400,800.00	19,741,445.19	71,142,245.19	52,374,062.63
30	Ministry of National Mobilisations	491,420.00	-	491,420.00	0.00
35	Ministry of Education, etc.	7,534,010.00	2,171,599.64	9,705,609.64	7,993,314.38
40	Ministry of National Security, etc.	40,681,310.00	30,675,536.00	71,356,846.00	38,595,877.86
45	Ministry of Agriculture, etc.	20,094,600.00	708,000.00	20,802,600.00	5,601,069.14
55	Ministry of Transport, etc.	74,539,710.00	7,357,976.55	81,897,686.55	34,044,311.36
65	Ministry of Health, etc.	9,702,500.00	7,332,835.97	17,035,335.97	11,590,723.37
70	Ministry of Housing, etc.	8,535,000.00	776,869.81	9,311,869.81	5,035,032.92
75	Ministry of Legal Affairs	656,000.00	-	656,000.00	0.00
85	Ministry of Foreign Affairs, etc.	280,300.00	-	280,300.00	221,826.33
90	Ministry of Tourism, etc	5,118,330.00	222,392.00	5,340,722.00	1,182,432.23
TOTAL		222,579,580.00	69,421,655.16	292,001,235.16	159,557,001.63



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Figure 1.9



A comparison of financial year 2019 with 2018 Capital Expenditure showed an increase of \$60,665,272.93 for the year 2019, as depicted in Table 1.18.

Table 1.18

Item	Actual 2019(\$)	Actual 2018 (\$)	Increase / (Decrease) (\$)
Capital Expenditure	159,557,001.63	98,891,728.70	60,665,272.93

An analysis of revised Capital Expenditure with the actual Capital Expenditure for the five (5) year period 2015 to 2019, has revealed that less than 40 percent of the revised



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estimates has been expended in Public Sector Investment Programmes for financial years 2015 and 2016. However, Capital Expenditure has shown a slight increase in 2017 to 2018 over the two (2) previous years, while expenditure for 2019 increased by 12 percent over 2018, as shown in Table 1.19

2.78

Table 1.19 shows a comparison of Revised Estimates and Actual Capital Expenditure for the financial years 2015-2019.

Table 1.19

YEAR	REVISED ESTIMATES A (\$)	ACTUAL CAPITAL EXPENDITURE B (\$)	VARIANCE A-B (\$)	PERCENT SPENT
2015	302,705,105.19	99,228,731.27	203,476,373.92	32.8%
2016	224,761,004.97	78,161,749.13	146,599,255.84	34.7 %
2017	298,129,529.44	122,562,818.55	175,566,710.89	41.1 %
2018	233,250,682.71	98,891,728.70	134,358,954.01	42.4%
2019	292,001,235.16	159,557,001.63	132,444,233.53	54.6%



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STATEMENT OF ASSETS AND LIABILITIES

2.79

The Finance Administration Act, CAP 252 and Regulations, of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009 are the basis for the preparation of the financial statements. The Laws and Regulations do not consider the international reporting requirements.

NOTES TO THE FINANCIAL STATEMENTS

2.80

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, in order 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. Therefore, the lack of adequate disclosures results in users not having a complete picture of the accounts.

2.81

In 2015, technical assistance was provided to the Accountant General's Department in the preparation of the financial statements, in accordance with the International Public Sector Accounting Standards (IPSAS). To date, the Standards have not been implemented by the Ministry of Finance and the Accountant General's Office.



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2.82

The Statement of Assets and Liabilities did not include Government's Fixed Assets

LIABILITIES

Overdraft Current Account (\$22,549,058.36)

2.83

The Statement of Assets and Liabilities has shown a bank overdraft of (\$22,549,058.36) on the Current Account, whereas the Certificate of Balances issued by the Bank of St. Vincent and the Grenadines (BOSVG), as at December 31, 2019, reflected an overdraft balance of (\$30,225,536.78), a difference of (\$7,676,478.42). In the absence of a bank reconciliation statement, it could not be determined what contributed to the difference. The approved overdraft limit for the year ended 31st December, 2019, was \$50,000,000.00.

2.84

Unreconciled Cash - Current and Development Accounts (\$33,303,349.98)

The Unreconciled Cash Accounts were established in 2010, to account for the value of cheques printed but not yet cleared at the Bank. As at December 31, 2019, the balances on the Unreconciled Cash - Current and Development Accounts were \$25,863,611.65 and \$7,439,738.33, respectively. These accounts should be reconciled to ensure that the balances presented for the Current and Development Accounts are accurate.



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2.85

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. This balance was brought forward from financial year 2012.

2.86

Crown Agent

(\$500,346.82)

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

2.87

Loans

(\$1,364,114,642.36)

The total loans of \$1,364,114,642.36, which is inclusive of Treasury Bills of \$84,000,000.00, increased by \$112,270,124.25 or 8.9 percent over the previous year's loan balance of \$1,251,844,518.11. More details of the loans are highlighted under the Public Debt section of the report.

2.88

Accounts Payable/Invoice Clearing Account

(\$42,135,328.73)

Accounts payable presented on the Statement of Assets and Liabilities, represents cheques that were recorded in SmartStream, for invoices payable by the Government, that have not been issued. The balance on the Accounts Payable Account was reflected as \$42,135,328.73 for the financial year, a decrease of \$7,056,389.64 over the balance of \$49,191,718.37 for 2018.



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Balancing Accounts

(\$68,294,544.38)

2.89

The Balancing Accounts showed a total credit balance of \$68,294,544.38. These accounts were established in 2009 to account for unreconciled balances between the Current Account in SmartStream and the Bank Accounts. The balance showed a slight decrease of \$1,030.70 when compared to the year 2018.

Salary Clearing

(\$30,460.26)

2.90

Salary Clearing Account should reflect zero balances, once the salaries are processed and the adjusting entries are made to Personal Emoluments and the Current Account. The statement showed a balance of \$30,460.26 at the end of 2019.

2.91

RECOMMENDATIONS

- Bank Reconciliations Statements should be prepared for the Current Account to determine the reason/s for the difference between the balance presented on the Financial Statements and the balance stated on the Certificate of Balances issued by the BOSVG and to ensure reconciling items are properly followed up and cleared, on a timely basis.
- Union Island Sub - Treasury Account should be analysed to determine the reason for the large credit balance on the account and the balance adjusted to reflect the Treasury accounting policy;
- The Accountant General should conduct thorough analysis and reconciliations on the Unreconciled Cash, Accounts Payable and Balancing Accounts to reduce the balance on these accounts.



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- The Accountant General should take the action to review the Salary Clearing Account and make the necessary adjustments; and
- Conduct an analysis on the Crown Agent Account which remained inactive.

ASSETS

Cash at Bank **\$1,327,776.95**

The Statement showed four (4) Cash Bank Accounts with balances totalling \$1,327,776.95 which are held at the BOSVG. However, the Certificate of Balances from BOSVG has shown a balance of \$904,776.98 on these accounts, a difference of \$422,999.97. The variance pertains to the Modern Medical Bank Account.

Accountant General's Response:

The Bank omitted the Modern Medical Bank account from the listing provided. This was because the account is currently dormant. We will make the necessary arrangement to have the account closed and the balance transferred to the Accountant General Development Account.

Disaster Relief Fund **\$117,830.34**

A Disaster Relief Fund Account, with amount of \$117,830.34, was shown on the Certificate of Balances from the BOSVG, a reduction of \$1,168,963.09 when compared to 2018. However, the amount and account were not reflected in SmartStream.



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Accountant General's Response:

The Disaster Relief Fund Bank Account is not in SmartStream. We will ensure that it is reflected in the 2022 Accounts.

Development Account

\$1,119,690.54

2.94

The Statement showed a balance of \$1,119,690.54 under the Development Account; however, confirmation from the BOSVG has indicated a balance of \$2,995,571.45, a difference of \$1,875,880.91.

ECCB Accounts

2.95

The Statement has shown two (2) Accounts; namely ECCB Fiscal Reserve and Operating Account -ECCB, with balances of \$196,939.36 and \$29,466,900.00, respectively. I was unable to confirm these balances.

Loan Accounts

\$58,566,717.00

2.96

Three (3) loan accounts showing balances of \$12,152,170.62, \$36,739,058.89 and \$9,675,487.49; totalling \$58,566,717.00, were shown on the Certificate of Balances from BOSVG.

Sub -Treasuries

\$508,830.60

2.97

The balance of \$508,830.60 on the Statement represented cash held by five (5) Sub-Treasuries namely, Kingstown, Georgetown, Bequia, Barrouallie and Canouan at the end of the financial year. However, there were significant differences between the balances recorded in the cash book and those in the Treasury Accounts for Bequia and Canouan



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Sub-Treasuries at the end of the financial year 2019. Table 1.20 below shows the comparative year-end balances on the five (5) Sub-Treasuries accounts.

2.98

Table 1.20 shows the comparative year-end balances on the five (5) Sub-Treasuries accounts.

Table 1.20

Account	Sub Treasury	Cash Book (\$)	Financial Statement (\$)	Variance (\$)
62123 6060	Kingstown	1,500.00	1,500.00	-
62123 6061	Georgetown	300.00	300.00	-
62123 6062	Bequia	-	76,950.95	76,950.95
62123 6064	Barrouallie	300.00	300.05	.05
62123 6066	Canouan	8,019.07	429,779.60	421,760.53
Total		10,119.07	508,830.60	498,711.53

2.99

The high variance of \$498,711.53 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.

Cash-Short Term Deposits

\$792,120.49

2.100

The sum of \$792,120.49 represented the net balance of two (2) Cash-Short Term Deposit Accounts recorded in the Treasury Accounts at the end of 2019. This was a net increase of \$700,786.03, when compared to the balance of \$91,334.46 reported for the year ended December 31, 2018. Confirmation from the BOSVG has shown agreement with the total reported on the Financial Statement and Certificate.



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Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2019

2.101

Public Debt Investment Account

\$1,276,797,286.29

The Public Debt Investment Account has shown a balance of \$1,276,797,286.29, an increase of \$112,270,124.25 over the balance of \$1,164,527,162.04 shown for 2018. This account reflects the receipts and repayments of Public Debt.

2.102

Receivables

\$496,980.78

The Dishonoured Cheques balance recorded as \$496,980.78, decreased by \$11,165.08 when compared to the balance of \$508,145.86 at the end of 2018. This infers that the various dishonoured cheques that made up the balance in the account were recovered during the financial year 2019.

2.103

CONSOLIDATED FUND

(\$261,709,807.24)

The statement showed that the opening balance on the Consolidated Fund Account, was a deficit of \$296,976,605.66, as at 1st January, 2019. The surplus of \$35,342,923.89 on the budget out-turns for the financial year 2019, was transferred to the Consolidated Fund and adjustments relating to prior years increased the Fund balance by \$76,125.47, resulting in a reduced deficit balance of \$261,709,807.24 on the Consolidated Fund at the end of 2019.

2.104

In comparison to 2018, the Consolidated Fund deficit balance decreased by \$35,266,798.42.



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2.105

RECOMMENDATIONS

The Accountant General should:

- conduct reconciliation on the Cash at Bank and Development Account to ascertain the reason/s for differences between the balances on the Statement and Certificate of Balances from BOSVG, as at 31st December, 2019 and make the necessary adjustments for reconciling the items identified.
- analyse the balances on the Sub -Treasuries accounts and the appropriate postings or adjustments be effected in the accounts; and
- assess the recoverability of the Accounts Receivable/Dishonoured Cheque balance and adjust the balance if necessary.



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STATEMENT OF CONTINGENCIES FUND

ESTABLISHMENT OF THE CONTINGENCIES FUND

2.106

The Contingencies Fund was established by section 29 of the Finance Administration Act 2004, CAP 252 of the Laws of St. Vincent and the Grenadines, Revised, 2009, to finance urgent and unforeseen expenditures for which no other provision or no other sufficient provision exists.

SOURCE OF FUNDS

2.107

Section 8A of the Value Added Tax Act, Chapter 445 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, provides for the appropriation of one percent (1%) of the VAT chargeable on a taxable supply or taxable import, to the Contingencies Fund, with effect from 1st May, 2017. Additionally, Act No. 9 of 2018, which came into force on 1st June, 2018, makes provisions for the imposition and collection of a Climate Resilience Levy to be paid into the Contingencies Fund. This levy is collected from all transient visitors in visitor accommodation premises at a rate of eight (8) dollars per night on each room.

CONTINGENCIES FUND BALANCE 2019

\$29,422,863.48

2.108

An examination of the Government's Accounting System – SmartStream revealed that, for the period January to December 2019, \$94,020,382.21 and \$96,080,024.69, were



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collected in VAT under Customs and Excise and Inland Revenue Departments, respectively, resulting in a total collection of \$190,100,406.90. Further, \$941,895.37 was collected in Climate Resilience Levy for the financial year 2019.

2.109

In accordance with the VAT Act, \$11,881,275.43 of the VAT receipts should have been deposited into the Contingencies Fund for the financial year 2019. Additionally, short deposits relating to VAT receipts, of \$1,821,156.28 and \$3,144,983.38, totalling \$4,966,139.66, for the financial years 2017 and 2018, respectively, remained outstanding at the beginning of the financial year 2019. Consequently, a total of \$16,847,415.09 VAT receipts was payable to the Fund in the financial year 2019.

2.110

Further, the \$111,478.25 collected in Climate Change Levy in the financial year 2018, was not paid into the Fund. Therefore, 1,053,373.62 in Climate Resilience Levy receipts for the financial years 2018 and 2019 was payable to the Fund.

2.111

The total VAT receipts and Climate Resilience Levy payable to the Fund at the end of the fiscal year, was \$17,900,788.71.

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2.112

Table 1.21 shows VAT receipts and Climate Resilience Levy payable to the Fund for the fiscal year 2019.

Table 1.21

Receipts	Payable for Current Year (\$)	Payable for Prior Year/s (\$)	Total (\$)
VAT	11,881,275.43	4,966,139.66	16,847,415.09
Climate Resilience Levy	941,895.37	111,478.25	1,053,373.62
Total Payable to the Fund			17,900,788.71

2.113

The Contingencies Fund balance reported on the Statement of Contingencies Fund and confirmed by BOSVG was \$29,422,863.48 at December 31, 2019. The balance was inclusive of:

Balance Brought Forward	\$12,727,817.76
VAT Receipts Deposited	\$15,412,832.38
Climate Resilience Levy Receipts Deposited	\$935,633.79
Interest Earned in 2019	\$346,578.55
Balance as at December 31, 2019	<u>\$29,422,863.48</u>

2.114

Therefore, VAT receipts deposited to the Fund was \$15,412,832.38 instead of \$16,847,415.09, a short deposit of \$1,434,582.71, during the fiscal year 2019. Additionally, Climate Resilience Levy receipts deposited to the Fund was \$935,633.79 instead of \$1,053,373.62, a short deposit of \$117,739.83; resulting in a total short deposit of \$1,552,322.54 at the end of the financial year 2019.



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2.115

It was noted that 6.67 percent instead of 6.25 percent, which represents one (1) percent of the sixteen (16) percent VAT, was used to compute the VAT payable to the Fund. This has resulted in an overstatement of the amounts paid into the Fund for the financial years. Further, the Finance Administration Act was amended by Act No. 22 of 2019, by inserting Schedule 2 which shows 6.67 as the percent of Revenue received under the Value Added Tax Act, Cap 445, which should be paid into the Fund.

RECOMMENDATIONS

2.116

1. The Accountant General should:
 - I. ensure that the total VAT and Climate Resilience Levy collected for the Contingencies Fund is brought to account within the financial year based on the Government's system of Cash Basis of Accounting; and
 - II. review the rate used in the computation of VAT payable to the Contingencies Fund, initiate its amendment and adjust the amounts paid to the Fund.



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STATEMENT OF GENERAL DEPOSITS

2.117

TOTAL GENERAL DEPOSITS 2019

\$53,564,116.88

General Deposits consist of accounts that are held by the Accountant General on behalf of other Governments, Statutory Bodies, Ministries or Departments, private citizens and other Non-Governmental Organisations, pending application for payment in accordance with the purpose for which the relevant deposits were created, as outlined in the subsequent paragraphs.

2.118

The Statement of General Deposits showed that sixty- one (61) Deposit Accounts were maintained and totalled \$53,564,116.88 for the financial year 2019, an increase of \$5,296,579.21, when compared to 2018.

2.119

STATUTORY BODIES

\$11,607,812.00

The Statutory Bodies comprised the main Deposit Accounts in the Government Accounts, with deposits totalling \$11,607,812.00. This balance was an increase of \$26,443.50 over the previous year's balance of \$11,581,368.50. During the year, only one (1) account namely - Port Authority, recorded transactions. The balances on the other eight (8) accounts remained unchanged during the financial year.



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DEPOSITS - DEPARTMENTAL ACCOUNTS

\$37,560,258.40

2.120

As at December 31, 2019, there were twenty-five (25) Departmental Accounts that recorded credit balances totalling \$37,560,258.40. This was an increase of \$5,552,158.96 over the previous year's balance of \$32,008,099.44.

DEPOSITS - INDIVIDUALS

\$3,878,718.38

2.121

There were fifteen (15) Individual Deposit Accounts that totalled to a net credit of \$3,878,718.38, an increase of \$48,917.24 on the balance of \$3,829,801.14 held at the end of financial year 2018. These accounts relate to moneys collected by the Government on behalf of private citizens and other Non-Governmental Organisations. Included in this balance is an amount of \$71,557.63, which is reflected in the Statement and Treasury Account as "Individual Deposit Accounts written off".

DEPOSITS - LOCAL GOVERNMENT

\$81,301.81

2.122

The balance of \$81,301.81 on the Local Government Account has shown a decrease of \$330,940.49, when compared to the previous year's balance of \$412,242.30.

OTHER GOVERNMENTS

Net credit- \$436,026.29

2.123

The Statement has shown that eleven (11) Deposit Accounts were maintained for the financial year 2019. Six (6) accounts recorded credit balances totalling \$795,121.34, while five (5) accounts had an aggregate debit balance of \$359,095.05. A debit balance of \$359,095.05 indicates that the Accountant General paid out amounts in excess of the deposits



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held on behalf of five (5) Governments in the previous financial years. The balances on these accounts did not change over the previous financial year.

RECOMMENDATIONS

2.124

It is recommended that the Accountant General should:

- review the amount of \$71,557.63, which is reflected on the Statement and in the Treasury Accounts as “Individual Deposit Accounts written off” and make the appropriate adjustment;
- seek confirmation from the regional Governments to ascertain the correctness of the balances of the eleven (11) Deposit Accounts held for Other Governments; and
- analyse the debit balance of \$359,095.05 of the five (5) accounts reflected under Other Governments.



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STATEMENT OF INVESTMENTS

INVESTMENTS 2019 **\$33,512,235.51**

2.125

The Statement of Investment showed investments totalling \$33,512,235.51 was recorded for the financial year 2019, a reduction of \$7,014,111.98 in Investments, when compared to the balance of \$26,498,123.53 for 2018. Investment reported and Special Deposits held at ECCB, are highlighted in the ensuing paragraphs 2.129 to 2.136.

TRUST FUNDS **\$30,937.05**

2.126

The Statement showed that the Trust Funds balance as at the financial year ended December 31, 2019, was \$30,937.05, a decrease of \$2,272.03 over the previous year's balance. Three (3) Trust Funds were reflected on the Statement of Investment; however, the Certificate of Balances from the BOSVG only accounted for two (2) Funds namely Haywood X-Ray Fund and Simmons Bequest. Major Bain Gray Fund with a balance of \$1,066.84, was not reflected on the Certificate from the Bank of SVG at the end of 2019.

SINKING FUND **\$3,844.49**

2.127

The Statement of Sinking Fund showed a balance of \$8,296,104.92 at the beginning of the financial year 2019. During the financial year 2019, \$66,994,779.57 was deposited into the Sinking Fund Account and \$75,287,040.00 was withdrawn to finance matured Bonds.



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2.128

This resulted in a balance of \$3,844.49, as at the financial year end 2019, a decrease of \$8,292,260.43 when compared to the balance of \$8,296,104.92 at the end of the financial year 2018.

2.129

A comparison of the Sinking Fund transactions for the year 2019 with the Public Debt Statement, revealed that a total of \$65,287,025.00 was withdrawn from the Sinking Fund to repay the principal of two Bonds. Hence, at least 85.1 percent of the funds deposited into the Sinking Fund during the year, were expended for the repayment of loans that were due in 2019. Further, the balance of \$3,844.49 is inadequate to cover the principal of two (2) Bonds, valued at \$10,000,000.00 and \$35,000,000.00, which became due in 2020.

2.130

The General Loan Act, Chapter 253 and the General Loan and Stock Act, Chapter 254 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, make provision for the creation and application of the Sinking Fund as the mode of providing for redemption of debentures. It was noted that contributions to the Sinking Fund are not in keeping with these Acts. If this pattern of contributing to the Sinking Fund persist, the Government may encounter difficulties discharging its financial obligations as outstanding bonds reach maturity.



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2.131

In addition, the narration in the Sinking Fund Account was inadequate to enable an in-depth analysis with the transactions under the Recurrent Expenditure. As a result, the accuracy of the balance could not be determined.

SPECIAL FUNDS

\$33,281,054.61

2.132

The Special Fund was reflected with six (6) accounts totalling \$33,281,054.61. A comparison with the Certificate of Balances from the BOSVG, showed that \$30,533,213.74 was accounted for on the Certificate, while an amount of \$2,747,840.87 is reflected as the Scotia Bank (letter of credit).

SPECIAL DEPOSITS

Fiscal Reserve Account ECCB

\$196,939.36

2.133

The Investment Statement showed a total of \$196,939.36 as Special Deposit under Fiscal Reserve Account – ECCB. The total Fiscal Reserve increased by \$6,612.02 when compared to the previous year's balance of \$190,327.34.

RECOMMENDATIONS

2.134

The Accountant General should:

- account for Major Bain Gray Prize Fund with a balance of \$1,066.84, which was not reflected on the Certificate of Balances from the Bank of St. Vincent and the Grenadines at the end of 2019;



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- ensure that adequate funds are provided to service the mature Bonds in keeping with the the General Loan and Stock Act; and
- ensure that adequate narration is inserted in the Sinking Fund Account to facilitate a proper analysis of the amounts credited and debited.



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STATEMENT OF PUBLIC DEBT

PUBLIC DEBT 2019

2.135

The Statement of Public Debt for 2019, reflected the outstanding balances on existing loans. The Public Debt, as disclosed by the Accountant General on the Statement of Public Debt, stood at \$1,364,114,642.36, an increase of \$112,270,124.25 or 8.9 percent over 2018 debt of \$1,251,844,518.11.

2.136

At December 31, 2019, Domestic and External Debts were reported as \$553,251,608.08 and \$810,863,034.28, 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 clarifications:

Domestic Loans and Receipts

Authorities for Public Sector Investment Programme

2.137

It was noted that Act No. 1 of 2019 and Act No. 23 of 2019 provided for the Government to raise funds in the amounts of \$100 Million and \$50 Million, respectively, to finance Public Sector Investment Programme (PSIP). However, loans raised totalled \$152,419,000, an excess of \$2,419,000.



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Accountant General's Response:

The responsibility for raising/securing funds lies with the Debt Unit, Ministry of Finance, etc. I have spoken to the Debt Manager concerning this issue.

Domestic Bonds

Additional Bonds, totalling \$124,919,000.00 were issued during the year; however, a total of \$149,368,809.00 was credited to Domestic Bond Transaction Receipts - 20 33141 3303, a difference of \$24,449,809.00. The Bonds relating to this difference was not recorded in SmartStream; resulting in an understatement of the Public Debt for 2019 by approximately \$24,500,000.00

Accountant General's Response:

The following Bonds were issued in 2019, the receipts from the Bonds were brought to account in 2019 but the liability was brought to account in 2020.

Detail	Description	Rate of Interest	Amount
6488	FCIS 8yr. Bullet Bond	7.25%	15,000,000
6489	FCIS 10yr. Bullet Bond	7.5%	USD 3.5



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Domestic Loans

2.139

An amount of \$3,504,801.00 received in Loans from Petro Caribe in 2018 was not included as a debt in SmartStream and on the Public Debt Statement; resulting in an understatement of the Public Debt by \$3,504,801.00 at the end of 2019.

Accountant General's Response:

\$3,504,801.00 was received from Petro Caribe, no documentation concerning the loan was received; therefore, the loan was not brought to account.

2.140

External Loans Receipts and Public Debt Statement

The Public Debt Accounts in SmartStream did not contain adequate information in the comments to determine whether the amounts received were credited to the appropriate accounts. In most instances, the narrative for the amounts credited to the loan accounts were stated as "to reconcile SS balance with CDRMS balances" and "Adjustment External Loans Balances" instead of the purpose of the receipts.

2.141

A net increase of \$9,593,304.12 was shown under Loan Account 20-63241-6601 from IBRD - World Bank; however, the receipts for this increase, could not be traced to Capital Revenue – External Loan Receipts account. This resulted in an understatement of External Loan Receipts.



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2.142

Accountant General's Response:

The receipts were credited in error to Grant Funds instead of Loan Receipts. They can be found under 20 203 13221 1505.

The balance on the International Development Association Loan Account - 20 63241 6603 increased after it was adjusted by \$104,286,514.20. However, Capital Receipts of \$90,241,841.74 was journalised under International Development Agency Account, resulting in a difference of \$14,044,672.46.

Accountant General's Response:

Balances in projects US and EC Bank accounts outside of SmartStream, account for the difference between disbursement and receipt in 2019. E.g. Below are the balances of RDVRP bank accounts as at December 31, 2019. This amounts to approximately \$13,488,994.51.

Bank Accounts	Balance as at Dec 31, 2019
135155	1,048,724.99 XCD
143363	1,094,390.41 XCD
9064	1,277,955.39 USD
9016	2,942,981.78 USD

2.143

An amount of \$1,466,125.00 was recorded in SmartStream, as additional loan under Account 20 63241 6611 - OPEC Fund for Int'l Dev. (OPID). However, receipts for this additional loan could not be traced under Capital Revenue – External Loan Receipts



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Account. This resulted in an understatement of Capital Revenue and Capital Expenditure by \$1,466,125.00.

Accountant General's Response:

According to our records the Ministry of Transport and Works did not bring to account Revenue and Expenditure relating to this project and SOF for the financial year 2019.

2.144

Capital Receipts of \$15,957,936.47 was journalised under CDB account; however, adjustments of \$30,636,984.64 increased the balance on the CDB Loan Account - 20 63242 6653, a difference of \$14,679,048.17.

Accountant General's Response:

Balances in projects US and EC Bank accounts outside of Smartstream, account for the difference between disbursement and receipt. For example, as at 31st December 2019 the balance at bank for the TVET project was USD 1,999,957.00 and XCD 4,878,412.24)

2.145

Capital Receipts of \$6,724,597.24 was journalised under Kuwait account; however, adjustments of \$5,692,243.00 increased the balance on the Kuwait Loan Account -20 63243 6682, a difference of \$1,032,354.24.

Accountant General's Response:

The receipts for 2019 were greater than disbursements for the year. This could be because expenditure and receipts from 2018 were brought to account in 2019.



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2.146

Further, the Statement has shown a balance of \$11,100,618.00 on a loan owed to the Government of Trinidad and Tobago. However, it was noted that this loan is not being serviced by the Government.

COST OF SERVICING PUBLIC DEBT

\$242,495,608.10

2.147

The cost of servicing Public Debt includes amortisation, interest, charges and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$242,495,608.10 was expended for the servicing of domestic and external debt and sinking fund contributions.

2.148

Debt servicing increased by 16.7 percent from \$207,843,693.04 in the previous year to \$242,495,608.10 in 2019. This was attributable to a substantial increase of 45.8 percent in sinking fund contribution and significant increases of 14.8 percent and 18.9 percent in Amortisation for External and Domestic Debt, respectively, when compared to financial year 2018. The 77.2 percent increase in foreign charges had minimal impact on the cost of servicing Public Debt, as there was a compensating 71.5 percent decrease in local charges. The cost of servicing Public Debt as a percentage of Recurrent Revenue and Recurrent Expenditure, showed increases of 5.5 percent and 2.2 percent, respectively, for 2019, when compared to 2018, as shown in Table 1.22.

2.149

Table 1.22 shows total Public Debt, Debt Servicing, Debt Servicing to Recurrent Revenue and Expenditure for the financial year 2019, with comparative figures for the financial year 2018.



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Table 1.22

PARTICULARS	2019 \$	2018 \$	% CHANGE
Total Public Debt	1,364,114,642.36	1,251,844,518.11	8.9%
Central Government Debt Servicing	242,495,608.10	207,843,693.04	16.7%
External Debt	94,448,096.66	84,377,608.41	11.9%
<i>Amortisation</i>	73,009,452.58	63,599,028.89	14.8%
<i>Interest Payments</i>	20,515,380.24	20,257,671.63	1.3%
<i>Foreign Charges</i>	923,263.84	520,907.89	77.2%
Domestic Debt	148,047,511.44	123,466,084.63	19.9%
<i>Amortisation</i>	79,575,854.98	66,929,196.44	18.9%
<i>Interest Payments</i>	35,389,265.78	31,835,261.00	11.2%
<i>Local Charges</i>	711,724.00	2,495,857.19	-71.5%
<i>Sinking Fund Contribution</i>	32,370,666.68	22,205,770.00	45.8%
Recurrent Revenue	601,719,336.69	596,402,693.07	.9%
Recurrent Expenditure	785,394,110.48	725,689,916.26	8.2%
Debt Service/Recurrent Revenue (%)	40.3%	34.8%	5.5%
Debt Service/Recurrent Expenditure (%)	30.9%	28.6%	2.2%

PUBLIC DEBT AND DEBT SERVICING 2015-2019

2.150

Public Debt and Debt Servicing show net increases of \$205.06M or 19 percent and 99.10M or 69.2 percent, respectively, during the years 2015 to 2019, as shown in Table 1.23.

2.151

Public Debt and Debt Servicing for financial years 2015 to 2019 are shown in the Table 1.23 and Figure 1.10.



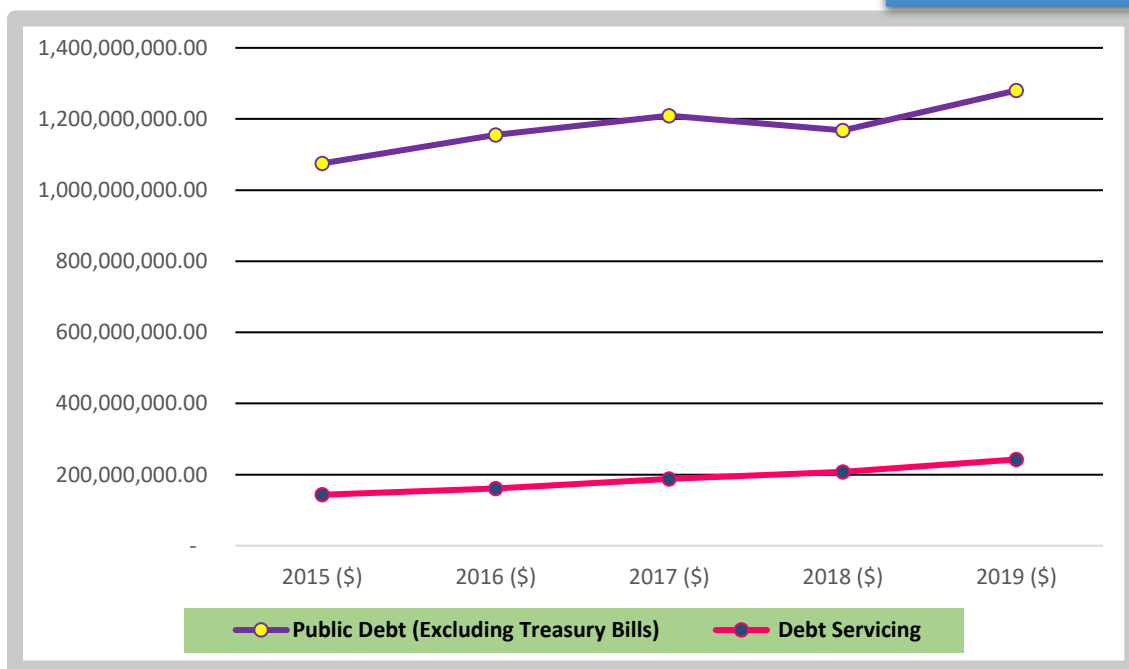
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Table 1.23

PARTICULARS	2019	2018	2017	2016	2015
Public Debt (Excluding Treasury Bills)	1,280.1M	1,167.8M	1,209.7M	1,155.1M	1,075.04M
Cumulative Increase (dollar \$)	205.06M	92.76M	134.66M	80.06M	-
Cumulative Increase (percentage %)	19	8.6	12.5	7.4	-
Debt Servicing	242.4M	207.8M	187.6M	161.1M	143.3M
Cumulative Increase (dollar \$)	99.10M	64.50M	44.3M	17.8M	-
Cumulative Increase (percentage %)	69.2	45	30.9	12.4	-

Figure 1.10





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2.152

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 Statement; 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, prior to the preparation and submission of the Public Debt Statement for auditing; and
3. The Accountant General should ensure that all public debts are included in the accounts prior to the preparation and submission of the financial statements within the statutory deadline.



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STATEMENT OF CONTINGENT LIABILITIES

CONTINGENT LIABILITIES 2019

2.153

International Public Sector Accounting Standard (IPSAS) defines a Contingent liability as:

(a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) A present obligation that arises from past events, but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

2.154

In accordance with the Standard, Contingent Liabilities are not recognised but are disclosed, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Therefore, Contingent Liabilities are not included in the Statement of Assets and Liabilities.

2.155

Although International Accounting Standards were not used in the preparation of the Financial Statements, the Statement of Contingent Liabilities was prepared in accordance with Part nine (9), Section 49 (4), of the St. Vincent and the Grenadines Finance



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Administration Act, 2004 and for disclosure purposes, since these liabilities represent the encumbrance of potentially material amounts of resources during future periods, and thus, may affect the future cash flows available to the Government.

2.156

The Statement showed a total of \$168,313,517.00 in Contingent Liabilities; \$140,071,680.00 - External and \$28,241,837.00 -Domestic, at financial year end 2019. Contingent Liability of \$109,554,015.00 pertains to PDVSVG and represents 78.2 percent of External Contingent Liabilities and 65.1 percent of total Contingent Liabilities. \$25,498,676.00 or 90.3 percent of Domestic Contingent Liabilities was reported for National Insurance Services (NIS).

2.157

Based on the supporting documentation produced by the Debt Unit, I was unable to determine the nature of the liabilities and the balances presented on the Statement, for the financial year ended 2019.



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STATEMENT OF ADVANCES

2.158

In accordance with section 32 (3) of the Finance Administration Act, 2004, an advance is recoverable within a period not exceeding twelve months after the end of the financial year in which the advance was made. It was noted that the balances on several accounts remained unaccounted for periods in excess of twenty (20) years.

2.159

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

2.160

The Detailed Statement of Advances comprised of the following categories:

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

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Total Balance of Advances**\$12,890,826.52**

2.161

The aggregate of advances not repaid showed a net increase of \$421,364.89 or 3 percent from \$12,469,461.63 in 2018 to \$12,890,826.52 in 2019. The balances on the five (5) categories of advances when compared to 2018, are shown in Table 1.24 and Figure 1.11.

2.162

The balances on the five (5) categories of advances when compared to 2018 are shown in Table 1.24 and Figure 1.11.

Table 1.24

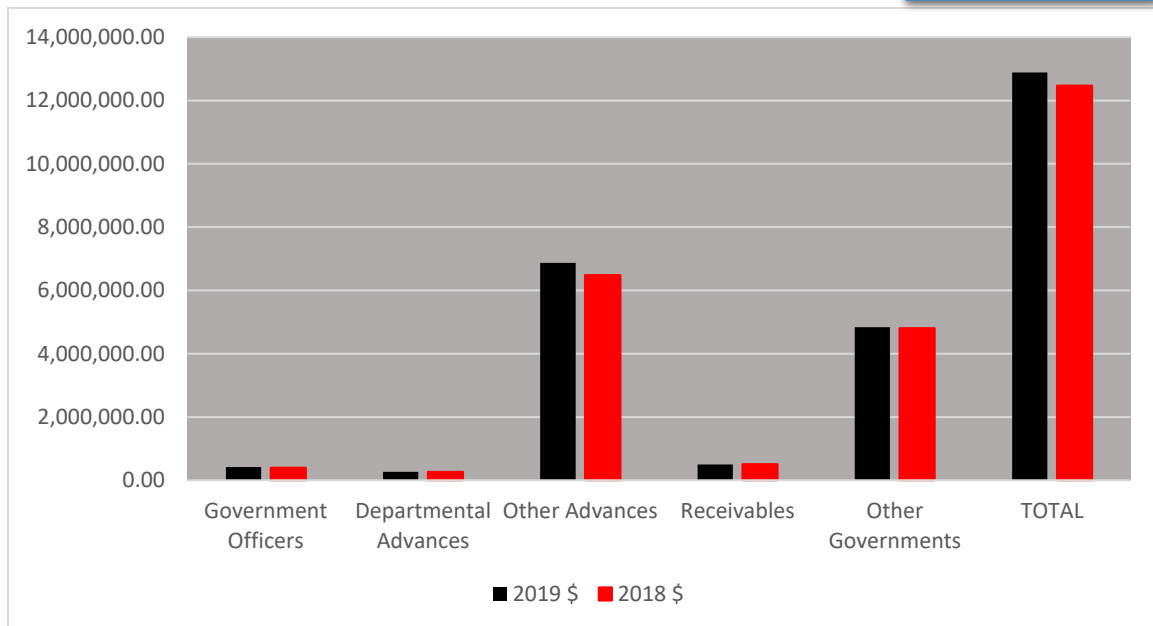
CATEGORY	2019 \$	2018 \$	INCREASE/DECREASE \$
Government Officers	418,289.06	402,164.30	16,124.76
Departmental Advances	262,044.83	262,044.83	-
Other Advances	6,873,675.08	6,489,360.69	384,314.39
Receivables	496,980.78	508,145.86	(11,165.08)
Other Governments	4,839,836.77	4,807,745.95	32,090.82
TOTAL	12,890,826.52	12,469,461.63	421,364.89



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Figure 1.11



Government Officers

\$418,289.06

2.163

The financial statement has shown a net debit balance of \$418,289.06 for Advances issued to Government Officers, as at December 31, 2019, \$16,124.76 more than the balance of \$402,164.30 for 2018. Of the total outstanding, an amount of \$179,998.12 is shown as advances to persons who are retired.

2.164

The amount of \$179,998.12 advanced to persons who retired should have been recovered from the Officers, on payment of their retirement benefits and journalised to reduce the balance under the Advance Account. Government Officers are granted one (1) month to



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account for their expenses after their return to the State. In addition, the known policy of the Government is that non - compliance should result in the amount being deducted from the Officers' salaries. The high balance on the Advance Account indicates the failure of the Accountant General's Office to implement its policy to recover the outstanding amounts from the Officers' salaries.

Departmental Advances

\$262,044.83

2.165

The Statement shows a balance of \$262,044.83, as at December 31, 2019, which is to be journalised on the Departmental Advance accounts. The amounts collected for the sale of the Revised Laws of SVG, 2009, by the Attorney General's Office were credited to Sale of Forms and Publications Account No. 75 750 18001, instead of Advance Account No. 20 55101 in 2013. No transactions were seen under this account during the financial year 2019.

Other Advances

\$6,873,675.08

2.166

The Statement shows a net balance of \$6,873,675.08 as at December 31, 2019, \$384,314.39 more than the balance of \$6,489,360.69 for the previous year. Seven (7) of the fifteen (15) accounts on the Statement showed no activity during the financial year 2019. The highest balances of \$1,395,363.37, \$1,069,811.30, \$679,399.55 and \$595,073.33 were reflected primarily under the Permanent Representative-SVG UN, Toronto Consulate, New York Consulate and Embassy SVG, Cuba, respectively, which



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indicated that expenditure incurred by the offices remained uncleared in the Government's Accounts. The high balances on these accounts were highlighted in previous audit reports issued to the Accounting Officer, requesting a detailed analysis of the balances and to effect adjustments where necessary.

Receivables **\$496,980.78**

2.167 Receivables which resulted from Dishonoured Cheques, decreased by \$11,165.08 from \$508,145.86 in 2018 to \$496,980.78 in 2019.

Other Governments **\$4,839,836.77**

2.168 The Statement shows twelve (12) accounts with debit balances totalling \$4,839,836.77 for the year ended December 31, 2019. This balance increased by \$32,090.82, when compared to the balance of \$4,807,745.95 for 2018. The Government of the British Virgin Islands was the only Government that repaid Advances totalling \$160,663.44 in 2019.

RECOMMENDATIONS

2.169

- The balances which remained outstanding for extended periods in the Advance Accounts should be investigated and the appropriate corrective action be taken to have the outstanding advances repaid and cleared or written off, in accordance with section 17 (1) of the Finance Administration Act 2004;



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- The internal controls should 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 \$262,044.83 credited to Sale of Forms and Publication Account No. 75 750 18001 instead of Advance Account No. 20 - 55101;
- Policies and procedures should be enforced, aimed at ensuring that Public Officers exercise due care when accepting cheques from businesses and individuals. In addition, reference should be made to the Dishonoured Cheque List prepared by the Accountant General; and
- The Accountant General should inform the regional Governments of their indebtedness to the State and seek confirmation of the balances, since these debts may escalate beyond manageable proportions.



CHAPTER 3

GENERAL OBSERVATIONS AND NON-COMPLIANCE ISSUES

3.1

RESPONSIBILITY OF MANAGEMENT OF THE AUDITED ENTITIES

Accounting Officers have a responsibility to ensure that adequate internal controls are in place in the Ministries and Departments to safeguard the assets and other resources against fraud and irregularities; and that the controls are functioning as intended. Also, it is critical that Accounting Officers take remedial actions to correct reported deviations to improve the performance of the entities, by implementing recommendations issued by my Office. Accordingly, an audit does not absolve Accounting Officers of their responsibilities. However, the results of the audits conducted revealed that the responsibilities herein before mentioned, were relinquished by some Accounting Officers, as several discrepancies were identified.

3.2

GENERAL OBSERVATIONS AND NON - COMPLIANCE

Compliance Audits were carried out at various Government Offices in the Grenadines, Police Services, Kingstown Town Board, SVG Permanent Mission to the United Nations and Consulate, New York. 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.



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3.3

I noted with grave concern that despite the issuance of recommendations to enhance the performance of the audited entities, Accounting Officers have continued to exhibit passivity; since some of the recommendations issued to improve operations were not implemented and enforced. Generally, recommendations are derived from the requirements of the Finance Administration Act and Regulations of 2009, Store Rules, established policies and procedures, as well as other legislative authorities, which provide for the performance of the Government's entities. Although I expect the recommendations to be implemented, my primary concern is whether the Accounting Officers and Heads of Departments select the best course of action to address the issues identified in a timely manner.

3.4

I must reiterate that the most significant function of public auditing is to advance accountability and transparency in the 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 Departments to take remedial actions to implement recommendations issued in audit reports to correct identified deficiencies and improve the operations of the entities.

3.5

The audits continue to reveal that Public Officers within the Ministries and Departments are not exercising due care and diligence in the execution of their duties. Hence, greater attention must be placed on compliance with requisite legislations and established accounting policies and guidelines, in efforts to improve the internal controls and operations of the entities. There is need for continuous training of staff in the Ministries and Departments in accounting regulations and procedures, with the view of enhancing



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

3.6

ARREARS OF REVENUE RETURNS

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

3.7

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.

3.8

RETURN OF RECEIPT BOOKS

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



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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.

SURPRISE CASH SURVEYS

3.9

Surprise Cash Surveys were conducted quarterly at the Government's Offices throughout St. Vincent and the Grenadines, to ascertain whether all cash collected were accounted for in accordance with the Finance Administration Regulations, 2009. There were no major deficiencies identified at the entities during the fiscal year.

IMPRESTS WARRANTS

3.10

A total of \$8,426.85 remained outstanding on the Imprest Accounts, at the end of 2019, although, section 33 (2) of the Finance Administration Act, 2004, states *that " Any officer to whom an imprest has been issued.....shall retire that imprest not later than the end of the financial year in which the imprest was issued or, if some earlier date is specified in the Imprest Warrant or by the Accountant General, not later than that earlier date."*

3.11

The failure of the Accounting Officers to comply with the requirements of the Act resulted in the under reporting of expenditure by the defaulting Ministries.



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VIREMENT WARRANTS

3.12

Virement Warrants are used to vary budgetary resources assigned to any programme within an expenditure vote under a Ministry or Department, due to savings arising from an item in the expenditure vote. The request for a virement is submitted by an Accounting Officer to the Minister of Finance for approval.

3.13

One hundred and eighty (180) Virement Warrants totalling \$7,974,856.64 were approved in respect of the year ended December 31, 2019; resulting in an increase of \$3,027,747.18 of the amounts varied, when compared to the sum of \$4,947,109.46 in 2018.

3.14

It was noted that the amounts on one (1) Virement Warrant were posted incorrectly in the Government's Accounts – SmartStream as follows:

3.15

Virement Warrant #107/2019 was approved to transfer \$25,230.00 from Account 40 412 22221; \$20,000 from Account No. 40 412 22111; \$20,000 from Account No. 40 412 22311; \$50,000 from Account No. 40 430 22212 and \$20,000 from Account No. 40 430 22111, a total of \$135,230.00, to Account No. 40 410 22212. However, a total of \$83,972.38 was vired from the respective accounts as Account No. 40 430 22212 was credited with \$18,742.38 instead of \$50,000 and Account No. 40 430 22111 was not credited with \$20,000.00.

3.16

Further, although a total of \$83,972.38 was vired from the respective accounts, Account No. 40 410 22212 was debited with \$103,972.38. This resulted in an overstatement of



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\$31,257.62 and \$20,000 in the Revised Estimates under Account Nos. 40 430 22212 and 40 430 22111, respectively and an understatement of \$31,257.62 in the Revised Estimates under Account No. 40 410 22212.

3.17

SPECIAL WARRANTS

In accordance with section 28 of the Finance Administration Act 2004, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, the Minister of Finance may, after the Appropriation Act for the financial year has come into force, approve special warrants authorising the issue from the Consolidated Fund, such sums which may be required to defray unforeseen expenditure not provided for or not sufficiently provided for in anticipation of approval of the expenditure in a Supplementary Appropriation Act.

3.18

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

3.19

Seventy-six (76) Special Warrants totalling \$53,454,023.73 were approved by the Minister of Finance, during the financial year 2019, an increase of \$21,135,692.91 when compared to the amount of \$32,318,330.82 approved for 2018.



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3.20

AUDIT QUERIES

Responses to Audit Queries by the Ministries and Departments remained unsatisfactory. A total of thirty (30) queries were issued to Heads of Departments and Accounting Officers in 2019. However, these queries remained outstanding at the end of the financial year.



CHAPTER 4

AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

4.1

This section summarises the salient observations arising from the audits conducted at the St. Vincent and the Grenadines (SVG) Permanent Mission to the United Nations and SVG Consulate, New York, for the period under review. More detailed comments on the issues mentioned, as well as recommendations conveying the corrective measures considered necessary, were communicated to the Accounting Officer, and Ambassador by way of audit queries, report and memoranda. The significant findings are outlined hereunder: -

MINISTRY OF FOREIGN AFFAIRS, INTERNATIONAL TRADE AND REGIONAL INTEGRATION

ST. VINCENT AND THE GRENADINES (SVG) PERMANENT MISSION TO THE UNITED NATIONS

4.2

A compliance audit was conducted at the St. Vincent and the Grenadines (SVG) Permanent Mission to the United Nations (hereinafter referred to as the “Permanent Mission / Mission”), New York.

4.3

The major findings of the audit for the period January 2018 to October 2019, are outlined on the following page:



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Receipts and Expenditure – India Capacity Building Programme

4.4

The Permanent Mission's operating account was used to procure goods and services for the India Capacity Building Programme pending reimbursements from India. The Capacity Building Programme was established via verbal agreement between the Governments of SVG and India. Separate records were not maintained to account for the expenses and receipts; therefore, it was not possible to determine whether the total expense was reimbursed by the Government of India; since, there was no documented system to account for the expenditure, amounts to be reimbursed, amounts reimbursed and the balance outstanding or balance on hand.

4.5

In addition, the receipts and expenses for the Capacity Building Programme were not brought to account in the Consolidated Fund; which is a contravention of the St. Vincent and the Grenadines Constitution 1979, section 68 which states that "All revenues or other monies raised or received by SVG (not being revenues or other monies that are payable, by or under any law for the time being in force in St. Vincent and the Grenadines, into some other fund established for a specific purpose) shall be paid into and form a Consolidated Fund."

Preparation of Monthly Financial Statement

4.6

The monthly financial statement prepared by the Mission showed all transactions processed at the bank, receipts and all unrepresented cheques at the end of the month. For instance, we noted that cheques issued for travel allowances, salaries and allowances for April 2019, were included on the expenditure statement ending May 2019. Therefore, a monthly statement was not prepared to account for the actual expenditure for the month



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in sequence of the date of occurrence, the cheque payments in ascending order of their serial numbers and the direct debit payments. As a result, it was very difficult to account for the total monthly operating expenses of the Mission which had to be computed by the Auditors.

4.7

In addition to the foregoing, the following shortcomings were noted:

- ❖ the officers' signature as requester, approved and entered by officer/s were not inserted on the payment vouchers. The names were typed instead of signed by the relevant Officer;
- ❖ invoices were not attached to some vouchers and the narrative was insufficient in some instances;
- ❖ there were instances when the expenditure accounts were incorrectly classified on the voucher; however, these were correctly classified on the statement;
- ❖ Invoice for rental of assets includes internet, international and local telephone charges etc.; however, the full amount was charged to Rental of Asset Account. In addition, travelling allowance was classified as foreign service allowance while car insurance was presented as property insurance on the payment vouchers;
- ❖ there were no invoices attached to several vouchers; therefore, it was not possible to verify the amounts paid;
- ❖ the particulars (name, amounts and narration) on the original checks/cheques were not entered on some of the counterfoils, contrary to Regulation 154 of the Finance Administration Regulations 2009;



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- ❖ refunds to persons who made purchases on behalf of the Mission, were not supported by indemnity forms, in accordance with the documented policies of the Ministry of Foreign Affairs and the Treasury; and
- ❖ expenses were incurred for non-employees of the Permanent Mission without the requisite approval.

Utilisation of the Missions Funds Pending Reimbursement

4.8

We found that funds were utilised from the Operating Account to finance expenditure for goods and services, pending reimbursement to the Mission's current account. However, it was not possible to ascertain whether all of the moneys were reimbursed due to the inadequacy of pertinent information, such as name of person/entity, cheque No. and date and month of the payment, which were not recorded on the monthly statement to enable the cross referencing of the payments and reimbursements.

Incorrect Rates Used to Compute Overtime

4.9

It was noted that the incorrect rates were used to compute overtime for the driver, as a result of an increase in salary. The rate payable for overtime changes as a result of increase in salary, since the annual salary is used in the computation of the overtime rates.



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Non-Accounting for Petty Cash Transactions

4.10

A Petty Cash Book was not maintained to account for the petty cash transactions neither were the petty cash transactions included in the monthly expenditure statements; and as a result, the expenses were not processed in the Treasury Accounts, for the period under review.

4.11

As at 31st December, 2019: (a) a total of EC\$300,499.69 was not processed in the Accounting Division's (Treasury's) Accounts; and (b) EC\$65,185.95 was cleared in excess of the monthly expenses for the period audited; and as at 30th November, 2019, a huge balance of EC\$1,676,559.11 remained in the Advance Account.

The Audit Office recommended that:

4.12

- *The Ambassador should:*
 - i. *ensure that there is a documented and signed Agreement between the Governments of India and St. Vincent and the Grenadines for the Capacity Building Programme; and*
 - ii. *prepare monthly statement showing amounts charged and reimbursed to the Mission's account for the Capacity Building Programme and other expenditure, to enable reconciliation and to ascertain whether all amounts were refunded to the operating account;*



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- *The amounts donated to and expended from the Capacity Building Programme and Fund, respectively, and all other moneys received by or donated to the Permanent Mission should be brought to account in the Consolidated Fund;*
- *Monthly expenses should be processed timely in the account by the Ministry of Foreign Affairs, International Trade and Regional Integration;*
- *A detailed analysis should be done on the monthly expenditure statements and vouchers to ascertain why the huge balance of **EC\$1,676,559.11** remains unaccounted for in the Advance Account and effect adjustments where necessary;*
- *A copy of the monthly Journals should be sent to the Mission to aid the office in reconciling its monthly accounts and to address any errors occurring therein;*
- *The Accountant General's office should carefully review the transactions inputted by the Ministry of Foreign Affairs, International Trade and Regional Integration to prevent the recurrence of the aforementioned shortcomings;*
- *The Ministry should consider reviewing the monthly statements prepared by the Permanent Mission and implement a statement or statements to account for:*
 - i. *expenditure that were incurred in the month of reporting for the operation of the Mission;*
 - ii. *expenditure for the month in sequence of the date of occurrence, the cheque payments in ascending order of their serial numbers and the direct debit payments; and*
 - iii. *the transactions in sequential order of the expenditure accounts.*
- *The monthly statement prepared for submission to the Accountant General should not include amounts to be refunded as these should be shown separately with*



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adequate narration to trace and account for all amounts reimbursed on the bank statements;

- *The Ministry should review the overtime rates paid to the driver based on his annual salary (exclusive of uniform allowance) in order to determine the overtime rate payable;*
- *The requisite approval should be sought prior to making payments on behalf of non-employees;*
- *The total reimbursed for expenses incurred on behalf of non-employees should be reversed in the Permanent Mission's Advance and Expense Accounts at the Treasury. In addition, the Mission should provide corroborating information for the additional two (2) months' reimbursement for medical insurance to enable verification;*
- *a Petty Cash Book should be maintained to account for the receipts, expenditure and balances of the petty cash;*
- *due diligence should be exercised in the maintenance of the petty cash records; and*
- *the total amount spent for goods and services should be brought to account in the Treasury Accounting System.*

MINISTRY OF FOREIGN AFFAIRS MANAGEMENT'S RESPONSES

Receipts and expenditure - Indian Capacity Building Programme/Utilization of Mission Funds pending re-imburement



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For the Indian Capacity Building Fund, the Mission will be requested to carry out the following actions:

- Establish separate records to account for all transactions under this funding.
- Record all transactions under this fund from the start of the Capacity Building Fund to date, to allow for re-imburement and journal entry to establish the existence of this fund in the Consolidated Fund.
- Endeavor to reconcile monies spent and reimbursed from the inception to present date.
- The Mission will collaborate with the Permanent Mission of India in September, for a projection of expected support for the period 2020/2021 and have this documented in writing.

In the meantime, the following will be done:

- (i) Embark on having a Special Warrant done for the amount spent in 2020 to bring the payments to the Consolidated Fund.
- (ii) The projection for 2021 will be included in the Advance Proposals

The Ministry will ensure that separate accounting records for all expenditures related to the Indian Capacity-Building Fund be set up. This will facilitate efficient tracking of disbursements made in anticipation of refund through the Capacity Building Facility and allow for better accounting of funds to be posted to the Consolidated Fund.



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Remittance to Finance Expenditure and Accounting for Operating Expenses

Due care will be taken to make the necessary adjustments in collaboration with the Ministry of Foreign Affairs and the Mission, with respect to the huge accumulated balance in the Advance Accounts.

The Ministry will collaborate with the Treasury to look at the accounts over the last six years to current (2013-2020, the current Ambassador's tenure) and make the requisite adjustments to the Advance Accounts on an ongoing basis. Further, efforts will be made for the necessary adjustments for the other periods.

Preparation of Monthly Financial Statements

The Mission through the Ministry of Foreign Affairs, etc. has committed to ensuring that the officer responsible for the preparation of the accounts pay due attention to the issues raised regarding the preparation of the Monthly Financial Statements with corrective measures being implemented immediately.

One such measure implemented for the accounting period beginning January 1st, 2020, is a chronological Cheque Disbursement Spreadsheet with a corresponding file which holds, in matching chronological order, all authorized Cheque Disbursement Vouchers to which any and all supporting documents/invoices will be attached. Additionally, a Monthly Cash Receipt Summary will be prepared and a file holding supporting documents for receipts, credits and reimbursements. A Monthly Bank Reconciliation file will also be implemented.



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Incorrect Rates Used to Compute Overtime

The Ministry will advise the Mission on the correct fees for Overtime with the corrections and adjustments to be made in the records, along with paying any additional amount due to the officer if needs be.

Absence of Approval to Make Payments for Non-employees

The issue of the outstanding reversal in the Advance and Medical Insurance accounts at the Treasury is duly noted. However, the Ministry will lodge an investigation for the period. The officer was employed from September, 4th 2018, therefore any reimbursement will cover up to August, 2018.

The Ministry will ensure that the Mission seeks approval before expending from the accounts in the future.

Petty Cash

The UN Mission will maintain the Petty Cash Book for the recording of each expenditure and update the statements to make the necessary adjustments in SmartStream. Going forward the Mission will submit a separate monthly Petty Cash statement which will be processed in the Treasury Accounts.



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ST. VINCENT AND THE GRENADINES (SVG) CONSULATE, NEW YORK

4.13

A Compliance Audit was conducted at the St. Vincent and the Grenadines (SVG), Consulate, New York. The major findings of the audit for the period December 2017 to October 2019, are outlined below.

Preparation of the Monthly Financial Statements

4.14

The monthly statements and payment vouchers were previously prepared and filed to account for the actual expenditure in sequence of the date of occurrence, the cheque payments in ascending order of their serial numbers and the direct debit payments. However, during the period under review, the vouchers and statements showed the order of transactions by accounts. This method of accounting is facilitated by the Treasury and Ministry of Foreign Affairs etc.; however, it has increased the timeframe in which an audit should be conducted, since the auditors had to search the statements for cheque and voucher numbers that were placed out of order, to ensure that all transactions were accounted for and to facilitate verification of the Bank Reconciliation Statements.

4.15

It was not possible to verify the bank reconciliation statements since the cheques that were cashed were not printed for the entire period of the audit review. This matter was brought to the attention of the Consul General who agreed to print the cheques for subsequent months.

4.16

In addition to the foregoing, the following shortcomings were noted:



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- ❖ In 2018, the voucher numbers, signature for request and entered by officer/s were not inserted on the vouchers. However, in 2019, the voucher number, name of request and entered by officer/s were inserted. Notwithstanding this, the names were typed and not signed by the relevant Officer;
- ❖ Invoices were not attached to some vouchers and the narrative was insufficient in some instances;
- ❖ There were instances when the expenditure accounts were incorrectly classified on the voucher but were correctly classified on the statement;
- ❖ Items such as coffee, disinfectant etc. were included on the stationary receipts and these were classified under the Stationary Account;
- ❖ There were no invoices attached to several vouchers, therefore, it was not possible to verify and justify the amounts paid;
- ❖ The amounts and narration that were recorded on the original cheques were not inserted on the counterfoils, which is a contravention of section 154 (1) of the Finance Administration Regulations 2009.

4.17

Based on the last audit report issued to the Consulate and notwithstanding the above shortcomings, there has been tremendous improvement in the maintenance of the records at the Consulate during the period 2019. The Officers are encouraged to strive for further improvement of the operations of the Office.

4.18

It was also noted that a total of EC\$8,268.58 was processed in excess of the monthly expenditure and a total of EC\$68,289.78 was unaccounted for in the Expenditure and Advance Accounts. In addition, a large balance of EC\$900,654.41 was accumulated in the Advance Account as at October 31, 2019.



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4.19

The Audit Office recommended that:

- ❖ *the monthly expenses should be processed timely in the account by the Ministry of Foreign Affairs, International Trade and Regional Integration;*
- ❖ *a copy of the monthly journals should be sent to the Consulate to aid the office in reconciling its monthly accounts and to address any errors occurring therein;*
- ❖ *the Accountant General's office should carefully review the transactions inputted by the Ministry of Foreign Affairs, International Trade and Regional Integration to prevent the recurrence of the above shortcomings;*
- ❖ *an additional monthly statement should be prepared to account for the actual expenditure in sequence of the date of occurrence, the cheque payments in ascending order of their serial numbers and the direct debit payments, to facilitate the audit process and conform to accounting/best practices; and*
- ❖ *a detailed analysis should be done on the monthly expenditure statements and vouchers to ascertain why the large balance of EC\$900,654.41 is in the Advance Account and effect adjustments where necessary.*



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MINISTRY OF FOREIGN AFFAIRS MANAGEMENT'S RESPONSES

Accounting for Expenditure

- The program to print the cheques that were cashed was not available to the office. However, a request was made to the Bank to have access to such service, and to allow for cheques to be printed on a monthly basis to facilitate the verification of the Bank Reconciliation Statements.

With regards to the shortcomings, the Consulate will take due diligence when preparing the Payment Vouchers by:

- inserting voucher numbers, the requester and entered by officer/s will be inserted and signed by the relevant Officers.
- efforts will be made to attach all invoices/receipts to the relevant vouchers,
- classify the expenditure correctly on the voucher to correspond with that on the statement,
- insert the amounts and narratives recorded on the original cheques to the counterfoils as well.

The Ministry pledged to investigate the differences in the Advance Account for this audited period to bring to account the unprocessed amount of EC\$68,289.78 and the excess amount of EC\$8,268.58. However, in order to investigate the overall balance of EC\$900,654.41 accumulated in the Advance Account, the Ministry will refer to previous Audit Reports to ascertain the unprocessed amounts.



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Most of the issues have since been addressed by the Consulate; however, the Ministry will continue to monitor to ensure that these measures are implemented according to the various regulations.

PREPARATION OF THE MONTHLY FINANCIAL STATEMENTS

Timely Processing of Monthly Expenses

The Ministry was faced with some shortcomings; hence, the statements were not posted on time. Additionally, the Ministry will continue to work along with the Accounting Staff at the Treasury Department and the New York office with the aim of further addressing this concern, i.e. getting the statements to capital on a timely basis. However, they were brought up to date and are now being processed on a month to month basis.

A copy of the monthly Journals will be sent to the New York office, which will in turn verify the information inputted by the Ministry by comparing the journals with the statements and report any error to the Ministry.

Also, an additional statement will be prepared as per your request which will seek to assist with analyzing the accounts easily.

Passport Records

The Passport records were audited for the period December 16, 2017 to December 5, 2019. The results of the examination are outlined hereunder:

- ❖ The Consulate is permitted to keep a maximum of US\$ 10,000.00 EC\$27,169.00; however, as at October, 31 2019, the bank statement reflected a balance of US\$ 30,537.41 EC\$82,967.09; and



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❖ Deposits recorded on the bank statements could not be traced to and reconciled with the cash book for specific periods as the amounts on the statement were either over or understated. Consequently, it was difficult to identify the total amounts collected in the cash book and deposited into the bank account. This method of accounting does not facilitate proper accounting practice by the Consulate, since all amounts collected for specified periods and deposited in the bank account should be identifiable and all withdrawals be accounted for via cheques. Further, the following improper accounting practices were identified:

- I. The Consulate, in instances, applied the fees for renewal of passports; however, the passports were reclassified as damaged on receipt by the Immigration Department, resulting in additional fees being charged to the applicants; and
- II. Passport fees, although itemised on the receipts, were occasionally classified with the fees for postage of passports and birth certificates and posted under the same heading in the cash book.

The Audit Office recommended that:

4.21

- ❖ the Consul General should remit US\$20,000.00 in the Passport account to the Immigration Department to be deposited into the Consolidated Fund;
- ❖ the total amount collected in the cash book for specific periods should be deposited at the bank to ensure greater accountability;



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- ❖ the Chief Immigration Officer should develop criteria to aid the Consulate in the classification of passport status at the time an application is lodged. The criteria will seek to prevent dual charges to the applicant; and
- ❖ the fees collected should be posted under the relevant headings in the cash book.

MINISTRY OF FOREIGN AFFAIRS MANAGEMENT'S RESPONSES

PASSPORT RECORDS

- *The Consulate acknowledges the balance in the passport account to be more than the amount which the Consulate is permitted to keep. Therefore, the amount of US\$20,000.00 will be remitted to the Immigration Department to be deposited into the Consolidated Fund.*
- *The total amount collected in the cash book for specific periods will be deposited at the bank to ensure greater accountability. This process is already implemented.*
- *Efforts will be made to post fees collected under the relevant headings in the cash book.*

The Ministry will write to the Chief Immigration Officer requesting a reclassification criterion, to assist with the classification of passports, in order to determine what fees should be applied when applications are lodged.

4.22

Therefore, to prevent recurrence of the foregoing, it is of utmost importance that efforts are made by the Ministry of Foreign Affairs, etc. to ensure that:



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1. accountability is in accordance with the Finance Administration Act and Regulations, 2009; and
2. the Audit's recommendations are implemented to correct the deviations identified and improve the accounting process for the SVG Permanent Mission and SVG Consulate.

MINISTRY OF NATIONAL SECURITY

POLICE SERVICES

Vacation/Sick Leave Register and Personnel Files for Non - Commissioned Officers and Constable

4.23

The Vacation/Sick Leave Register and Personnel Files for three (3) non - commissioned officers and one (1) constable were submitted to the Audit Office for examination, to determine whether leave granted, was in accordance with the Police Regulations, Chapter 391 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. It was noted that sick leave granted to the non - commissioned officers and constable was not in conformity with the requisite authorities during the period 2014 to 2019.



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4.24

OBSERVATIONS

Regulation 166 (1) of the Police Regulations, states that *“non - commissioned officers and constables who are absent on account of illness may be allowed to draw full pay for a period not exceeding twenty-eight days in any one calendar year:*

Provided that the Governor-General may grant sick leave on full pay in addition to the said period of twenty-eight days where, in the opinion of the Governor-General, any non-commissioned officer or constable is suffering from –

(a) any injury sustained when in the execution of his duties; or

(b) any illness caused by or directly attributable to the nature of his duties.”

Notwithstanding the requirements of the Police Regulations, the following were noted:

- there were instances when the non - commissioned officers were granted sick leave in excess of 28 days and were paid full salary without the requisite approval by Cabinet;
- in some instances, the Commissioner of Police sought approval from Cabinet to pay full salary to non - commissioned officers and constables for the period by which they exceeded their annual quota of sick leave, although these illnesses were unrelated to their duties, contrary to Regulation 166 (1) of the Police Regulations;
- the non- commissioned officers were paid full pay (salary and allowances) for sick leave in excess of 28 days, although the illness did not relate to injury sustained when in execution of his duties; or illness caused by or directly attributable to the nature of his duties;



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- some medical certificates were presented without the non-commissioned officer's and constable's signature; and
- several medical certificates were not produced for audit inspection;

4.25

The Vacation/Sick Leave Register purported that the non-commissioned officers proceeded on sick leave; however, there were no medical certificates on the non-commissioned officers' and constable's files to corroborate the claim for several sick leave periods. Further, three (3) of the non-commissioned officers were on continuous sick leave for a period of one (1) to two (2) years. It was noted that some periods of sick leave recorded in the register, were said to be obtained by oral submission instead of by a medical certificate. Therefore, due to the absence of supporting documentation, the authenticity of the leave could not be determined by the Audit Office.

4.26

The issue of non-compliance with Regulation 166 (1) of the Police Regulations, was communicated to the Commissioner's Office on numerous occasions and was highlighted in the last Management Letter and in previous Audit Reports. Nonetheless, the Commissioner's Office continued to contravene the law. This breach has resulted in financial loss of \$885,369.91 (\$254,881.04 + 630,488.87) to the Government, as non-commissioned officers and constables continued to receive full pay, due to the Commissioner's failure to take the corrective actions and also comply with the Law. This indicated that no guidance was sought on these issues from the Accounting Officer, Ministry of National Security, etc.



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NORTHERN GRENADINES

Bequia Revenue Office

4.27

It was noted that some Crown land owners had made final payments and collected their deeds. However, there were a few Crown land owners who were still owing for the sale of Crown lands.

4.28

The auditors could not verify whether the fees collected and outstanding balances for the sale of Crown lands were accurately calculated, since there remained the absence of guidelines from the Ministry of Housing, to assist the Administrative Officer in the application of:

- Cabinet Memoranda dated 14th July, 2008 and 10th March, 2009 on the subject “Waiver of interest on payment for sale of Crown Lands” and “standardisation of interest rate on the sale of Crown Lands”, respectively; and
- Statutory Rules and Orders #11/2010 – Crown Lands (Sale) (Amendment) Regulations 2010.

4.29

This concern was communicated by the Director of Audit in previous reports; however, as at November 2019, no remedial action was taken by the Ministry of Housing to rectify the problem.



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4.30

It was recommended that urgent effort is made by the Ministry of Housing to develop guidelines to assist the Administrative Officer in the application of the aforementioned Cabinet Memoranda and Regulation, which would have aided the Administrative Officer to calculate the outstanding balances and inform the Crown land owners of their liability.

4.31

The audit revealed that an aggregate of five hundred and ten thousand, six hundred and seven dollars and seventy-seven cents (\$510,607.77), remained outstanding in revenue at the Bequia Revenue Office for fiscal years 2017 to 2019, as shown in Table 1.25. In addition, the annual returns of arrears of revenue were not prepared in accordance with regulation 99 of the Finance Administration Regulations 2009

4.32

The ongoing non-collection of revenue, negatively impacts the annual projected revenue in the Estimates of Revenue and Expenditure. I am, in the circumstances, issuing a supplication to the relevant authorities to address the issues identified in the reports and pursue the issue of outstanding arrears, in accordance with the Finance Administration Regulations 2009.

Table 1.25

BEQUIA REVENUE OFFICE	
Land and Property Tax	363,337.27
Liquor Licence and Fines	70,850.00
Driver's Permit	38,400.00
Motor Vehicle Licence	38,020.50
Total	510,607.77



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KINGSTOWN TOWN BOARD

4.33

A compliance audit was conducted on the revenue and expenditure records maintained at the Kingstown Town Board for the period January 2016 to December 2018. The major shortcomings of the audit are highlighted as follows:

APPROVAL OF THE ESTIMATES OF REVENUE AND EXPENDITURE

4.34

The annual Estimates of Revenue and Expenditure prepared by the Kingstown Town Board for the years under review, were not approved by the Governor General (Cabinet) in accordance with the Kingstown Board Act, Chapter 336 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. It was noted that the Estimates were prepared by the Kingstown Town Board and transmitted to the Permanent Secretary, Ministry of Transport and Works, for inclusion in the Ministry's budget proposals. The Kingstown Town Board receives a quarterly subvention from the Government which is approved by the Ministry of Finance, etc.

4.35

The Audit Office recommended that the annual Estimates of Revenue and Expenditure should be approved by the relevant authority.



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MAINTENANCE OF THE GENERAL CASH BOOK

4.36

The General Cash Book was not adequately maintained and reviewed, since items on the bank statement were not recorded in the cash book on a timely basis, and in some instances, not recorded. We found that the total Subvention of \$938,433.67 and Property Taxes of \$530,690.78 received during the period 2016 - 2018, were not recorded in the General Cash Book. The non-recording of the aforementioned revenue resulted in the cash book bank balance being materially misstated. This discrepancy was brought to the attention of the Accountant who produced a list of reconciling items which were not recorded in the cash book for periods dated back to August 2016. A request was made by the auditors to the Accountant, to effect the necessary adjustments to the cash book within a specified time. However, there was non-compliance to this request.

4.37

Further, an Overdraft balance of (\$1,531,642.83) was recorded in the General Cash Book as at December 31, 2018. However, an Overdraft balance of (\$177,497.47) was reflected on the bank statement at the aforementioned date, resulting in a difference of \$1,354,145.36.

4.38

The Audit Office recommended that:

- 1. All revenue received by the Kingstown Town Board should be accounted for in the General Cash Book in a timely manner.*
- 2. Monthly bank reconciliations should be reviewed and all reconciling items should be identified; and adjustments made to the General Cash Book.*
- 3. The Accountant should make the necessary adjustments to the cash book to account for:*



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- I. the total revenue of \$1,469,124.45 received during the period 2016 – 2018, which was not recorded in the cash book; and*
- II. the difference of \$1,354,145.36 between the overdraft balance in the cash book and the bank balance.*

DEPOSITS AT THE BANK

4.39

The Kingstown Town Board commenced operations of a Car Park in July 2017 and a night deposit facility was established at the Bank of St. Vincent and the Grenadines (BOSVG) to facilitate the deposit of revenue collected at the close of daily operations of the Car Park. It was noted that during the period July 2017 to December 2017, deposits made via night deposit to the Kingstown Town Board's bank account were not brought to account promptly in the Kingstown Town Board General Cash Book. However, the total deposits made monthly during the aforementioned period, were compiled by the Kingstown Town Board and recorded in the General Cash Book on December 29, 2017.

4.40

Further, a total of \$81,778.48 was recorded in the cash book for the period July 2017 to December 2017; however, the auditors could not verify all of the deposits via the Deposit Slips since all the Deposit Slips were not presented for audit inspection. In the absence of the deposit slips, the deposits were verified against the bank statement. Commencing January 2018, revenue related to the Car Park was accounted for timely in the Kingstown Town Board Cash Book.

4.41

Despite the verification of all deposits, we could not provide assurance that the moneys deposited, accurately reflected all of the revenue collected or should have been collected since there are administrative deficiencies in the operation of the Car Park which resulted



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in the Cash Book being in-auditable by my Office. The deficiencies identified at the Car Park were communicated to Permanent Secretary and the Warden of the Kingstown Town Board in memorandum dated April 4, 2019.

4.42

Further, a follow up memorandum dated January 6, 2020, was transmitted, requesting the remedial actions instituted to address the issues identified at the Kingstown Town Board Car Park. However, to date, my Office is not in receipt of a response of the remedial actions that were taken to rectify the reported shortcomings. The failure to implement corrective actions continues to expose the operations of the Car Park to fraudulent activities.

ACCOUNTING FOR VALUE ADDED TAX (VAT)

4.43

VAT output and input worksheets were presented for audit inspection. However, no receipts were presented by the Kingstown Town Board to confirm that VAT (net output tax) was remitted to the IRD for the period under review. Upon enquiry, the auditors were informed by the Accountant that VAT payable for the period was garnished by the Inland Revenue Department (IRD) via the Accountant General's Office. External confirmation via the Treasury Department's records revealed that an amount of \$200,000.00 was garnished on November 8, 2017, \$123,538.01 of which represented payment for outstanding VAT (the difference of \$76,461.99 accounted for PAYE). The Treasury Department's records showed that an amount of \$50,455.00 was also garnished on November 28, 2018, as payment for VAT. It was noted that:



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- the receipts which evidenced the payment of VAT were not collected from the IRD by the Warden or Accountant;
- the receipt number and date were not recorded against the months (tax periods) and output tax to which the payment related, on the output tax worksheet; hence, we could not determine whether the amount paid to IRD represented VAT for the period under review;
- the total amount of \$250,455.00 which was garnished by the Accountant General and remitted to the IRD, was not accounted for as revenue and expenditure in the Kingstown Town Board General Cash Book for financial years 2017 and 2018. Consequently, the receipts and expenditure for those years were materially misstated; and
- in accordance with section 41 of the Value Added Tax Act, VAT for each tax period is payable to the Comptroller no later than fifteen calendar days after the end of the tax period. The Auditors were informed by the Accountant that the Kingstown Town Board has not remitted VAT to the Comptroller for several years.

4.44

The Audit Office recommended that the Warden should ensure that:

1. *all records used in the process to account for revenue at the Car Park should be retained to facilitate external review of the Kingstown Town Board's deposits;*
2. *VAT receipts are collected from the IRD and retained as proof of payment for accountability of the VAT;*
3. *the receipt number and date are recorded against the tax period and its output tax on the VAT output tax worksheet, to identify the periods to which payments relate;*
4. *VAT is remitted to the IRD in accordance with the VAT Act;*



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5. *the requisite adjustments are made to the Kingstown Town Board General Cash Book to account for the revenue and expenditure of \$123,538.01 and \$50,445.00 for 2017 and 2018, respectively, which was paid directly to the IRD; and*
6. *the reported deficiencies related to the car park operations are addressed to enable auditing of the car park cash book and to reduce the risks of fraudulent activities.*

ACCOUNTING FOR COMMERCIAL AGENCY TAX

4.45

In accordance with section 5 of the Kingstown Board (Imposition of Taxes) Act, every Commercial agency carrying on business within the limits of Kingstown shall pay to the Board annual tax of two hundred and forty dollars, in such manner and to such person and within such time as the Board may direct. However, a validation of this activity could not be conducted as there was absence of a register, to account for all of the Commercial Agencies, the annual tax and penalties payable for the period audited.

4.46

The Audit Office recommended that the Warden should:

1. conduct a survey of all the Commercial Agencies within the limits of Kingstown and develop a database to reflect the information;
2. maintain appropriate records to account for the annual tax paid by the Commercial Agencies; and
3. collect taxes from the Commercial Agencies.



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RENTAL OF MARKET SHOPS

4.47

Lease Agreement for rental of market shops is renewable on the completion of each contractual period. However, the audit found that Lease Agreements were not renewed for several persons for the period under review, since these Lease Agreements prepared by the Kingstown Town Board were not signed by the Warden and the tenants. Despite the absence of signed Agreements, we noted that there is continuous occupancy of shops by the said tenants. In addition, Lease Agreements were not presented for various tenants. Also, some Shop Rent Cards depicted periods for which no payments were recorded. Further, it was noted that the name recorded on some receipts differed from the name documented on the Shop Rent Cards. Upon enquiry, the Auditors were informed by personnel of the Kingstown Town Board that some shops were transferred to new tenants; however, the Shop Rent Cards were not updated to reflect transfer of tenancy.

4.48

Regarding receipts to evidence the collection of shop rent, there were several instances where receipt numbers to evidence the collection of shop rent were not traced to the cash book due to the recording of inaccurate dates on the shop rent cards.

4.49

In accordance with Lease Agreements prepared by the Kingstown Town Board, monthly shop rent is payable in advance on the first day of each month. However, as at December 31, 2018, a total of \$105,016.45 remained outstanding by one hundred and thirty (130) tenants for the period January 2016 to December 2018.



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4.50

The Audit Office recommended that:

- 1. the Warden should prepare and, where applicable, renew Lease Agreements for the rental of land and shops by tenants;*
- 2. the shop rent cards should be updated to account for the transfer of shops to new tenants;*
- 3. due care should be taken in the maintenance of shop rent cards to ensure the accuracy of information recorded thereon; and*
- 4. the Warden should institute recovery actions for the prompt collection of the arrears of \$105,016.45 which remains outstanding by one hundred and thirty (130) shop owners.*

RENTAL OF LAND

4.51

The Kingstown Town Board continues to rent land to tenants for housing buildings and mobile vehicles, subject to the boundaries established in the Kingstown Board Act. A sample of files related to tenants was selected for audit examination; however, Management did not provide rental agreements to substantiate the rates paid by tenants. A fixed rate is applied by the Kingstown Town Board for rental of lands. Based on the rate, it was noted that at June 30, 2019, thirty-six (36) tenants were in arrears of \$103,400.00 for rental of land for periods ranging from January 2016 to December 2018.



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4.52

The Audit Office recommended that:

1. *the Warden should prepare Lease Agreements for the rental of land which should be entered into between the Warden and tenants by signing; and*
2. *the total of \$103,400.00 outstanding for rental of land should be collected by the Warden.*

SALARIES

Salary Cards

4.53

The salary cards for the monthly paid staff were devoid of pertinent information namely – annual rate of salary, salary scale, date of first appointment, date of appointment to current position and incremental date. In addition, increments were not applied to salaries with effect from the date they became payable as there were payments of "Retro Increment" recorded on the cards for several months in subsequent financial years. In addition, salary cards did not accurately show the net amount payable for some periods.

Pay as You Earn (PAYE)

4.54

In accordance with section 110 (1) of the Income Tax Act, Chapter 435 of the Revised Laws of St. Vincent and the Grenadines, 2009, tax deducted from an employee's remuneration is due and payable within fifteen days after the end of the month during which the tax was deducted or deductible. It was noted that during the period January 2016 to February 2018, PAYE deducted from employees' salary was not remitted to the IRD within the stipulated period; hence, an amount of \$76,461.99 was garnished by the IRD via the Accountant General, on the 8th November, 2017. The receipt from IRD to substantiate



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payment of the aforementioned tax was not collected by the Accountant or Warden and presented for audit inspection. Moreover, we could not determine from the Kingstown Town Board's records, the period to which the payment relate, since the receipt number and date were not documented to account for the months and respective PAYE. Commencing March 2018, PAYE deductions were remitted to the IRD within the stipulated period.

4.55

The Audit Office recommended that the Warden should ensure that:

- 1. all salary cards are duly completed with the pertinent information;*
- 2. increments payable to employees are paid at the time of entitlement and;*
- 3. the requisite adjustments are made to the Kingstown Town Board General Cash Book to account for the revenue and expenditure of \$76,461.99 for 2017 which was paid directly to the IRD.*

LEAVE ELIGIBILITY

4.56

An examination of the personnel files maintained for employees revealed the following shortcomings:

- several personnel files were not updated in a timely manner to reflect current leave eligibility;
- application forms for vacation leave granted to employees were not retained on some employees' personal files;
- several employees did not proceed on vacation leave, including the compulsory leave which must be taken annually, in accordance with the Civil Service Orders



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6.10. Further, no approval was retained on the files for the deferral of the annual leave not taken; and

- a Resumption of Duty form was not documented on the personnel files for a significant number of employees following the conclusion of leave, contrary to CSO 6.47.

4.57

The Audit Office recommended that the Warden should ensure that:

- *leave schedules are updated to reflect leave earned and taken, date of resumption and current leave eligibility;*
- *approved application forms for vacation leave are documented on personal files for all employees;*
- *there is documented approval for the deferral of annual leave which was not taken by employees due to the exigencies of the Office; and*
- *a Resumption of Duty form is completed and retained on employees' personnel files following the conclusion of leave, in accordance with the CSO.*

EQUIPMENT LEDGER AND INVENTORIES

4.58

The Kingstown Town Board does not maintain an Equipment Ledger to account for the receipt of furniture and equipment. However, a fixed asset listing of furniture and equipment purchased during the period 2013 to 2018 was presented to the auditors. In addition, Inventories were not prepared in the prescribed format and kept for each



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station. A physical stock count of the equipment and inventories was conducted and all assets were accounted for at the entity.

4.59

It was concluded that the accounting practices at the Kingstown Town Board were not in compliance with the audit criteria and the established policies and procedures of the entity. Further, since the Cash Book was not adequately maintained and adjustments for reconciling items were not made, the bank balance is therefore materially misstated. The audit results revealed that the Kingstown Town Board accounts receivable for rental of land and shops stood at \$208,416,45 at December 31, 2018, for the period under review.

4.60

I wish to articulate that in accordance with regulations 96 (1) of the Finance Administration Regulations 2009, *a collector of revenue shall ensure that he collects revenue that he is responsible for collecting and all interest and penalties accruing due on it. Further, Regulations 96 (2) (b) and (c) state that a collector of revenue shall, in respect of revenue for which he is responsible, ensure that notices or demands for payment of the money owing to the Government including any interests and penalties are given to the appropriate person at the appropriate time in accordance with the Act, regulation, agreement or authority under which the money is due or, if no date is specified, then in a timely manner and appropriate reminder notices and further demands in respect of payment of the money owing to the Government including any interest and penalties are issued from time to time.*

4.61

It is imperative that the Warden and staff exercise due diligence and care in the maintenance of records and increase recovery efforts for its receivables in order to improve accountability and the operations of the Kingstown Town Board.

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*Appendix I***STATEMENT OF AUTHORITIES FOR EXPENDITURE 2019**

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

ESTIMATES OF REVENUE AND EXPENDITURE:

Passed in the House of Assembly on 29th January, 2019

APPROPRIATION ACT:

Enacted as Act No. 2/2019 on 7th February, 2019 \$1,067,157,410.00

GENERAL WARRANT:

Signed by the Honourable Minister of Finance on 8th February, 2019

SPECIAL WARRANT:

Seventy-six (76) Special Warrants totalling \$53,454,023.73 were approved for the financial year. The total remained unappropriated at the end of 2019.

SUPPLEMENTARY APPROPRIATION:

Supplementary Appropriations were approved by Parliament in 2019, for the following financial years:

2014	Act No. 14 of 2019	\$19,061,040.00
	Act No. 21 of 2019	\$ 7,099,105.00
2015	Act No. 15 of 2019	\$16,827,908.00
2016	Act No. 16 of 2019	\$22,703,177.00
2017	Act No. 17 of 2019	\$24,994,071.00
	Act No. 18 of 2019	\$ 3,580,103.00
2018	Act No. 19 of 2019	\$23,954,094.00
	Act No. 20 of 2019	\$ 4,834,179.00
2019	Act No. 27 of 2019	\$28,827,190.00

VIREMENT WARRANT:

A total of one hundred and eighty (180) Virement Warrants were approved to re-allocate \$7,974,856.64.

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*Appendix II***EXCESS EXPENDITURE WITHOUT THE APPROPRIATE AUTHORITY 2019**

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATES \$
AUTONOMOUS DEPARTMENTS					
22212	Service Commissions Department - Operating Expenses	96,330.00	93,941.00	121,293.65	27,352.65
	SUB TOTAL	96,330.00	93,941.00	121,293.65	27,352.65
MINISTRY OF FINANCE, ETC.					
21111	Policy, Planning and Administration - Personal Emoluments	1,099,871.00	1,099,871.00	1,145,562.16	45,691.16
21113	Budget, Research and Policy - Allowances	93,335.00	93,335.00	98,143.68	4,808.68
21113	Information Technology Services Division - Allowances	16,595.00	16,595.00	20,166.75	3,571.75
21111	Telecommunications, Science & Technology - Personal Emoluments	517,678.00	517,678.00	532,281.28	14,603.28
21111	Customs and Excise Services Personal Emoluments	7,334,693.00	7,334,693.00	7,515,885.79	181,192.79
	SUB TOTAL	9,062,172.00	9,062,172.00	9,312,039.66	249,867.66
MINISTRY OF EDUCATION, ETC.					
21111	Policy, Planning and Administrative Services - Personal Emoluments	5,075,945.00	5,075,945.00	5,194,013.58	118,068.58
21113	Special Education Services - Allowances	21,260.00	21,260.00	22,161.11	901.11
21111	Dept. of Libraries -Personal Emoluments	1,397,463.00	1,397,463.00	1,401,825.62	4,362.62
21113	Pre - Primary and Primary Education - Allowances	678,440.00	678,440.00	704,199.37	25,759.37
21113	Secondary Education - Allowances	679,120.00	684,540.00	700,935.04	16,395.04
	SUB TOTAL	7,852,228.00	7,857,648.00	8,023,134.72	165,486.72



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ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATES \$
MINISTRY OF NATIONAL SECURITY, ETC.					
22111	Policy, Planning and Administration - Supplies and Materials	500.00	5,000.00	5,832.19	832.19
22511	Police Services -Training	150,000.00	150,000.00	150,008.69	8.69
22212	Aviation Services - Operating Expenses	418,000.00	-308,685.37	124,952.04	433,637.41
28311	Passport and Immigration Department - Insurance Premiums	3,500.00	0.40	2,996.40	2,996.00
	SUB TOTAL	154,000.00	153,684.97	283,789.32	437,474.29
MINISTRY OF AGRICULTURE, ETC.					
21111	Animal Health and Production Services - Personal Emoluments	1,175,572.00	1,175,572.00	1,218,024.59	42,452.59
21111	Industry - Personal Emoluments	225,689.00	225,689.00	229,472.76	3,783.76
	SUB TOTAL	1,401,261.00	1,401,261.00	1,447,497.35	46,236.35
MINISTRY OF HEALTH, WELLNESS AND THE ENVIRONMENT					
21113	Hospital Services - Allowances	1,301,499.00	1,587,160.00	1,971,499.28	384,339.28
22311	Hospital Service - Local Travel and Subsistence	395,600.00	695,600.00	826,583.96	130,983.96
21113	Mental Health Services - Allowances	46,540.00	46,540.00	113,558.23	67,018.23
22311	Mental Health Services - Local Travel and Subsistence	23,000.00	23,000.00	26,419.52	3,419.52
21111	Environmental Health Services - Personal Emoluments	1,105,662.00	1,105,662.00	1,115,039.03	9,377.03
21112	Environmental Health Services - Wages	2,193,653.00	2,879,273.00	2,881,743.16	2,470.16



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ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN ESTIMATES \$
21113	Laboratory Services - Allowances	8,640.00	8,640.00	100,691.88	92,051.88
	SUB TOTAL	5,074,594.00	6,345,875.00	7,035,535.06	689,660.06
	TOTAL	23,610,585.00	24,067,212.03	26,223,289.76	1,616,077.73



AUDIT OFFICE

Halifax Street, Kingstown
ST. VINCENT AND THE GRENADINES
WEST INDIES

 Telephone: (1-784) 457-1541, 457-2563, 456-1111 Ext: 4601

 Email: office.audit@gov.vc

 <http://www.audit.gov.vc/audi>