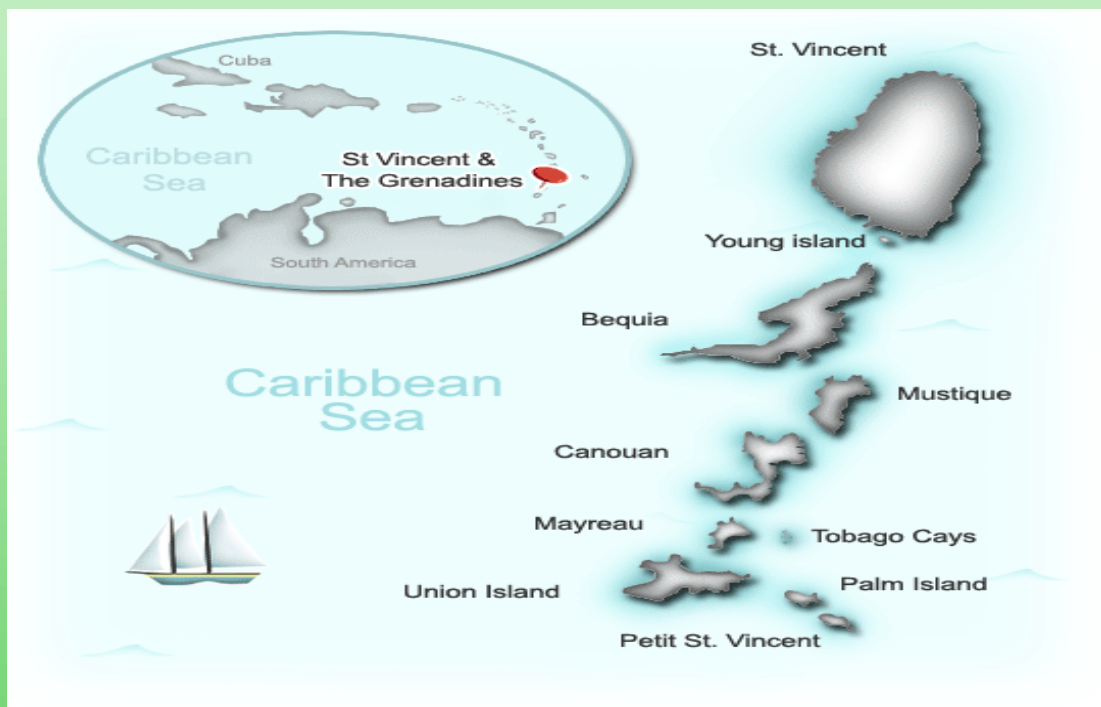


REPORT OF THE



DIRECTOR OF AUDIT



ON THE PUBLIC ACCOUNTS OF ST. VINCENT AND THE GRENADINES

2021



*R*eport of the Director of Audit

On the

Public Accounts

Of

St. Vincent and the Grenadines

2021



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 31st December, 2021, for tabling in the House of Assembly.

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

Mrs. Joan Browne

DIRECTOR OF AUDIT

31st July, 2024



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 St. Vincent and the Grenadines, which comprise the Statement of Annual Abstract, Statements of Detailed Recurrent and Capital Revenue, Statements of Detailed Recurrent and Capital Expenditure, Statement of Assets and Liabilities, Statement of Contingencies Fund, Statement of General Deposits, Statement of Investments, Statement of Special Funds, Statement of Public Debt, Statement of Advances and Statement of Contingent Liabilities for the financial year ended December 31, 2021.

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, 2021 in accordance with Cash Basis of Accounting.

Basis for Qualified Opinion

I 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

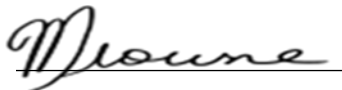
My objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 controls 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 communicate 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

31st July, 2024

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ABBREVIATIONS

BOSVG	BANK OF ST. VINCENT AND THE GRENADINES
CAROSAI	CARIBBEAN ORGANISATION OF SUPREME AUDIT INSTITUTIONS
CDB	CARIBBEAN DEVELOPMENT BANK
COVID - 19	CORONA VIRUS DISEASE 2019
ECCB	EAST CARIBBEAN CENTRAL BANK
FSA	FINANCIAL SERVICES AUTHORITY
GNC	GENERAL NURSING COUNCIL
IADC	INTERNATIONAL AIRPORT DEVELOPMENT COMPANY
IDA	INTERNATIONAL DEVELOPMENT AGENCY
IDI	INTOSAI DEVELOPMENT INITIATIVE
INTOSAI	INTERNATIONAL ORGANISATION OF SUPREME AUDIT INSTITUTIONS
IPSAS	INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS
ISSAIs	INTERNATIONAL STANDARDS OF SUPREME AUDIT INSTITUTIONS
NIS	NATIONAL INSURANCE SERVICES
PAC	PUBLIC ACCOUNTS COMMITTEE
PDVSVG	PETRO DE VENEZUELA ST. VINCENT AND THE GRENADINES
SAI	SUPREME AUDIT INSTITUTION
SDG	SUSTAINABLE DEVELOPMENT GOALS
SVG	ST. VINCENT AND THE GRENADINES
TVET	TECHNICAL AND VOCATIONAL EDUCATION TRAINING
USD	UNITED STATES DOLLAR
VAT	VALUE ADDED TAX



*Report of the Director of Audit on the Public Accounts of
St. Vincent and the Grenadines for the Period
1st January to 31st December, 2021*

CHAPTER 1

INTRODUCTION

1.1

The Annual Report of the Director of Audit, submitted to the Parliament of St. Vincent and the Grenadines, has been presented in accordance with Chapter 10, section 75 (2) of the 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 a follow-up audit and the audit of the activities of two departments and financial audits of statutory bodies for the financial year 2021, are included in this report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

1.4

This report is divided into five (5) chapters as follows:

1.5

Chapter 1 highlights the audit mandate, responsibilities of the Public Accounts Committee and Audit Office's Activities in 2021;

1.6

Chapter 2 consists of an analysis of the financial statements of the Government presented by the Accountant General;

1.7

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

1.8

Chapter 4 articulates the results of the audits of the ministries and departments for the fiscal year. The main challenges of these audits are the recurrences of deviations and the failure of the accounting officers to take corrective actions to implement the recommendations made by the Audit Office, to assist in improving the entities' performance; and

1.9

Chapter 5 consists of the audit results of a number of statutory bodies.

1.10

The main purpose of the audit was to obtain the necessary information for the issuing of an opinion on the Government's public accounts and to provide Parliament with the assurance that the funds appropriated by Parliament have been applied to the purposes intended.

1.11

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 31st December, 2021, in accordance with section 75 (2) of



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

1.12

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

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



AUDIT MANDATE

- 1.13 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 the Government, acting on behalf of the taxpayer, through Parliament, and it is on *her* investigation that Parliament relies 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.*"



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

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 (PAC) .

1.17

The PAC 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 to report to the House on:

- i. the reasons for any excess or unauthorised expenditure of public funds;
- ii. any measures it considers necessary in order to ensure that public funds are properly spent; and
- iii. such other duties related to public accounts as the House may periodically direct.

1.18

The PAC was appointed on the 4th February, 2021, for the financial year 2021.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

THE AUDIT OFFICE'S ACTIVITIES 2021

1.19

The Office of the Director of Audit continued to encounter many challenges imposed by the unprecedented COVID-19 pandemic which significantly impacted the Office's entire operations and impeded business continuity. The Office was placed on a staff rotation system in the first quarter of 2021, in promoting social distancing; as a result of the increased COVID-19 confirmed cases. The implementation of the rotation system inevitably affected the Office's Operational Plan approved for the financial year and significantly reduced productivity, as planned compliance and performance audits were postponed until 2022 and, in some cases, cancelled.

1.20

Further, in April 2021, the challenges were aggravated by the explosive eruption of the La Soufriere volcano on the 9th April, 2021, as the operations of the Office were suspended due to the closure of the Office for a period of two weeks.

These challenges continued to hamper the scheduled work on the annual audits of the public accounts, financial audits with statutory reporting deadlines and performance audits, since the Office was not fully equipped to work remotely.

1.21

The inability to deliver the foregoing aspects of the Office's Plan was ascribed to the following:

- absence of appropriate software to (I) access internal files and (II) extract data from client's data base;
- absence of laptops to conduct virtual meetings with management of audited entities and to compile audit reports;



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

- inability to access records of audited entities due to the lack of digitalisation of records;
- inability to remotely connect to the Government's computerised systems; and
- delays in the receipt of records and information from the audited entities.

1.22

In order to address the foregoing challenges, the Office participated in a global survey conducted by the International Organisation of Supreme Audit Institutions (INTOSAI) to identify challenges encountered by the Supreme Audit Institutions (SAIs) during the COVID-19 pandemic and was successful in securing donor grant funds totalling \$35,523.00 from the World Bank; through the INTOSAI Donor Grant initiative. The funds were provided to assist the Office with institutional strengthening to enhance its capacity to work remotely, to minimise the challenges identified during the COVID-19 pandemic.

1.23

In July 2021, the funds were utilised to acquire eight laptops inclusive of bags and software licences and upgrade the Office's internet and wi-fi services. The laptops enabled increased virtual participation in Webinars and Zoom meetings organised by INTOSAI and CAROSAI, in the commencement and conduct of a Co-operative Performance Audit of Sustainable Development Goals (SDGs), financial audits and IT audit during COVID-19 pandemic.

1.24

Further, the restrictions on travel also prevented the Office from conducting its planned audits at the Government's Offices in the Grenadines, St. Vincent and the Grenadines



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

Consulates and Embassies overseas and audits which were postponed from financial year 2020.

1.25

Despite of these challenges, the Audit Office completed and submitted two Annual Audit Reports on the Public Accounts for financial years ended 2015 and 2016, to the Minister of Finance, which were laid in the House of Assembly in June and October 2021, respectively.

1.26

Additionally, a Performance Audit Report on the Administration of the Value Added Tax for the period 2016 to 2018, was laid in Parliament in December 2021. Further, the Office completed approximately thirty percent of the planned audits, laid out in the Office's Corporate Plan for 2021.

1.27

During the year under review, reports, which included recommendations, were submitted to the respective accounting officers and heads of departments for their appropriate action and comments. This approach gave the opportunity for correction of any errors or misunderstandings and afforded the entities to express their views which, when provided, were included in the reports.

1.28

The results of the audits conducted during the fiscal year were analysed and are included in chapters 4 and 5 of the report.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

1.29

The Audit Office has responsibility for the verification of pensions and gratuities prior to payments being made, in accordance with section 137 of the Finance Administration Regulations, 2009. During the financial year, 144 pensions and gratuities were processed by the Office. Several of these files contained errors, which could have resulted in over or under payment of benefits to public officers. However, these errors were corrected before the payments were made. In addition, the Audit Office verified leave eligibility, salaries and allowances payable and paid to public officers.

Training Activities

1.30

Staff development was undertaken virtually through various Webinars and Zoom platforms, which were organised by the International Organisation of Supreme Audit Institutions (INTOSAI) and Caribbean Organisation of Supreme Audit Institutions (CAROSAI), during the year.

1.31

The attendance of staff at these training sessions facilitated the sharing of knowledge and experiences by practitioners and other experts in auditing, in order to build capacity and enhance the capabilities of staff and the operations of the Office, during the COVID-19 pandemic.



A CKNOWLEDGEMENT

1.32

As I prepare to demit office, I give thanks to Almighty God for His goodness, guidance and wisdom bestowed upon me, the Accountant General, accounting officers and heads of departments, Government Printer and their staff, for their co-operation and courtesies extended to my office, and I hope for continued professional relationships. I must commend my staff for their contribution and support during the unprecedented and challenging year of 2021, and those who worked assiduously on this report and; moreover, during my tenure. I could not have accomplished, without your support.



CHAPTER 2

ANALYSIS OF THE 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 31st December, 2021, 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 the accounts of all ministries and departments and; therefore, 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 31st December, 2021, were submitted by the Accountant General, on the 11th May, 2022.

2.4

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



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

SCOPE OF THE AUDIT

2.5

The financial statements for the year ended 2021, 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
- Statement of Contingencies Fund
- Statement of General Deposits
- Statement of Investments
- Statement of Special Fund
- 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 2021

ANALYSIS OF THE APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS AND FINANCIAL STATEMENTS

2.7 My analysis and observations related to the examination of the Appropriation Act, Supplementary Appropriation Acts and financial statements are detailed as follows.

APPROPRIATION AND SUPPLEMENTARY APPROPRIATION ACTS

2.8 The Appropriation Act No.1 of 2021 was passed in the House of Assembly on 4th February, 2021, authorising total expenditure of \$1,212,413,212.00; an increase by \$26,244,875.00 or 2.2 percent of the budget for 2020. The total expenditure appropriated by Parliament comprised recurrent expenditure of \$895,010,962.00 and capital expenditure of \$317,402,250.00

2.9 Consequent to the eruption of La Soufriere volcano, Supplementary Appropriation Act No. 6 of 2021 was approved in the House of Assembly, authorising expenditure of \$117,895,000.00, for financial year 2021. This comprised capital expenditure of \$92,370,000.00 and recurrent expenditure of \$25,525,000.00.

2.10 In financial year 2021, Supplementary Estimates for special warrants approved by the Minister of Finance for financial years 2019 to 2020, 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 SVG, were submitted to Parliament for approval. However, special warrant No. 77 of 2019, in the amount of \$5,931,406.14 was not



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

included in the Supplementary Estimates for financial year 2019, thus the amount remained unappropriated.

2.11

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.

2.12

Table 1 shows the differences between the amounts approved by special warrants and entered in the public accounts and the amounts approved by the Supplementary Appropriation Acts for financial years 2019 to 2020.

Table 1

FINANCIAL YEAR	ACT NOS.	AMOUNT APPROVED BY SPECIAL WARRANTS & ENTERED IN THE PUBLIC ACCOUNTS	AMOUNT SUBMITTED AND APPROVED BY SUPPLEMENTARY APPROPRIATION ACTS	DIFFERENCE BETWEEN c & d
a	B	c	d	
		\$	\$	\$
2019	Act No. 20 of 2021 Act No. 21 of 2021	53,360,363.73	22,397,076.00 <u>11,849,296.00</u> 34,246,372.00	19,113,991.73
2020	Act No. 22 of 2021 Act No. 23 of 2021	60,984,544.17	31,000,083.00 <u>12,661,575.00</u> 43,661,658.00	17,322,886.17



STATEMENT OF ANNUAL ABSTRACT

OVERALL RECURRENT AND CAPITAL BUDGET 2021

2.13 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 \$1,212,413,212.00 which comprised of recurrent expenditure of \$895,010,962.00 and capital expenditure of \$317,402,250.00 was approved by Appropriation Act No.1 of 2021 for the fiscal year 2021.

2.14 The difference of \$188,366.00 between the amount of \$895,010,962.00 approved for recurrent expenditure by Appropriation Act and the amount of \$895,199,328.00 reflected as estimates in the Estimates of Revenue and Expenditure for 2021, 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.

2.15 The financial statement has shown that the estimates for recurrent and capital expenditure were revised by \$75,120,322.80 and \$125,411,097.77, respectively. The revision in the estimates is attributable to amounts approved by special warrants and Supplementary Appropriation Act No. 6 of 2021. However, the revised estimates of recurrent expenditure are understated by \$375,783.67, due to discrepancies in the amounts posted for three special warrants and the amounts by which the estimates were revised, as highlighted at paragraphs 3.18.



2.16

OVERALL RECURRENT AND CAPITAL BUDGET OUT-TURN 2021

An examination and analysis of actual revenue and expenditure revealed that actual capital revenue was understated by \$8,719,188.49. Accordingly, the surplus was understated by \$8,719,188.49. This was due to the following improper accounting in SmartStream:

1. An amount of \$1,042,000.00 was credited to Government Bond 2028-F Account No. 20 63143 6486 to account for the difference in the bond value; however, the corresponding receipts were not traced to Domestic Bond Transaction Receipt Account No. 20 33141 3303. This resulted in the understatement of Capital Revenue by \$1,042,000.00.

Accountant General's Comments:

Gov't Bonds 2028-F valued at \$1,042,000.00 was issued in 2020, this portion of the bond was recorded in 2021, the receipts from this portion of the bond was received in our operating account at ECCB on 5th August. The funds are still in our operating account at ECCB and was not brought to account in SmartStream.

2. Capital receipts of \$35,103,065.51 were credited to CDB account; however, additional loans of \$42,780,254.00 were journalised under CDB Loan Account No. 20 63242 6653, which resulted in a difference of \$7,677,188.49. The difference pertains to the loan receipts that were disbursed in 2021, and was not accounted for in SmartStream. This resulted in the understatement of Capital Revenue by \$7,677,188.49.



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Accountant General's Comments:

Disbursement of \$2,999,981.48 USD received in the TVET Project US account on the 30th December 2021 accounts for the difference between disbursement and receipt. This US account is not in SmartStream.

2.17

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

ANNUAL ABSTRACT- RECURRENT AND CAPITAL REVENUE **\$1,159,051,229.19**

2.18

The actual revenue of \$1,159,051,229.19, (*understated by \$8,719,188.49 as outlined at paragraph 2.16*) which comprised of recurrent revenue of \$681,393,445.15 and capital revenue of \$477,657,784.04, was collected to finance expenditure for the financial year ended 31st December, 2021. The total revenue fell short of its estimates of \$1,212,601,578.00 by \$53,550,348.81 and increased by \$196,996,055.82 or 20.5 percent, over the revenue of \$962,055,173.37 collected in financial year 2020. The significant increase in Taxes on Property and capital receipts from International Development Agency (IDA) of 146.7 percent and 215.9 percent, respectively, were the main contributors to the increased revenue in financial year 2021.



2.19

Table 1.1 shows actual revenue versus estimated revenue for 2021 and actual revenue for 2021 as compared to 2020.

Table 1.1

Item a	Estimate 2021 (\$) B	Actual Revenue 2021 (\$) c	Actual Revenue 2020 (\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Revenue	647,386,000.00	681,393,445.15	606,266,639.64	75,126,805.51
Capital Revenue	565,215,578.00	477,657,784.04	355,788,533.73	121,869,250.31
Total	1,212,601,578.00	1,159,051,229.19	962,055,173.37	196,996,055.82

ANNUAL ABSTRACT - RECURRENT AND CAPITAL EXPENDITURE **\$1,102,172,044.03**

2.20

Actual expenditure of \$1,102,172,044.03 for the financial year 2021, which comprised of recurrent expenditure of \$870,611,724.98 and capital expenditure of \$231,560,319.05, increased by \$78,791,483.39 or 7.7 percent over the actual expenditure of \$1,023,380,560.64 for 2020. The actual expenditure fell short of its revised estimates of \$1,413,133,005.57 by \$310,960,961.54. This was primarily due to \$211,253,028.72 or 47.7 percent of the revised capital expenditure being unexpended.



2.21

Table 1.2 shows actual expenditure versus estimated expenditure for 2021 and actual expenditure for 2021 as compared to 2020.

Table 1.2

Item a	Revised Estimates 2021 (\$) b	Actual Expenditure 2021 (\$) c	Actual Expenditure 2020 (\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Expenditure	970,319,657.80	870,611,724.98	812,202,270.67	58,409,454.31
Capital Expenditure	442,813,347.77	231,560,319.05	211,178,289.97	20,382,029.08
Total	1,413,133,005.57	1,102,172,044.03	1,023,380,560.64	78,791,483.39

RECURRENT BUDGET OUT-TURN 2021

2.22

The Estimates of Revenue and Expenditure projected a deficit of \$247,813,328.00 on the Recurrent Budget. The actual deficit of \$189,218,279.83 over the actual recurrent revenue of \$681,393,445.15 and recurrent expenditure of \$870,611,724.98, was realised on the Recurrent Budget for 2021, as depicted in Table 1.3.

2.23

Table 1.3 depicts the Actual Out-turn of the Recurrent Budget for 2021.



Table 1.3

ITEM A	ORIGINAL ESTIMATE (\$) b	ACTUAL (\$) c	VARIANCE b-c
Recurrent Revenue	647,386,000.00	681,393,445.15	34,007,445.15
Less: Recurrent Expenditure	(895,199,328.00)	(870,611,724.98)	24,587,603.02
(Deficit)	(247,813,328.00)	(189,218,279.83)	58,595,048.17

CAPITAL BUDGET OUT-TURN 2021

2.24 A surplus of \$246,097,464.99 over the actual capital revenue of \$477,657,784.04 and actual capital expenditure of \$231,560,319.05 was realised for the financial year 2021, \$1,715,863.01 less than the original projected surplus of \$247,813,328.00, as depicted in Table 1.4.

2.25 Table 1.4 depicts the Actual Out-Turn of Capital Budget for 2021.



Table 1.4

ITEM	ORIGINAL PROJECTIONS	ACTUAL	VARIANCE
a	($\$$) b	($\$$) c	($\$$) b-c
Capital Revenue	565,215,578.00	477,657,784.04	87,557,793.96
Less: Capital Expenditure	(317,402,250.00)	(231,560,319.05)	(85,841,930.95)
Surplus	247,813,328.00	246,097,464.99	1,715,863.01

OVERALL BUDGET OUT-TURN

ACTUAL NET SURPLUS - \$56,879,185.16

2.26

Actual revenue of \$1,159,051,229.19 exceeded actual expenditure of \$1,102,172,044.03; resulting in a surplus of \$56,879,185.16 of the budget for the financial year 2021. The surplus was understated by \$8,719,188.49 due to omissions highlighted at paragraph 2.16. A comparison of the Government’s performance in financial year 2021 with financial year 2020 showed that revenue increased by 20.5 percent, whereas expenditure increased by 7.7 percent. This resulted in a shift from a position of deficit in 2020 to a surplus in 2021. Capital revenue which increased by \$121,869,250.31 or 34.3 percent, was the main contributor to the increased revenue. The overall net surplus of \$56,879,185.16 comprised recurrent deficit of \$189,218,279.83 and capital surplus of \$246,097,464.99, as shown in Tables 1.3 and 1.4.

2.27

A summary of Government’s financial position over the five (5) year period 2017 to 2021 has shown that financial years 2020 and 2021 realised the largest deficit and surplus, respectively.



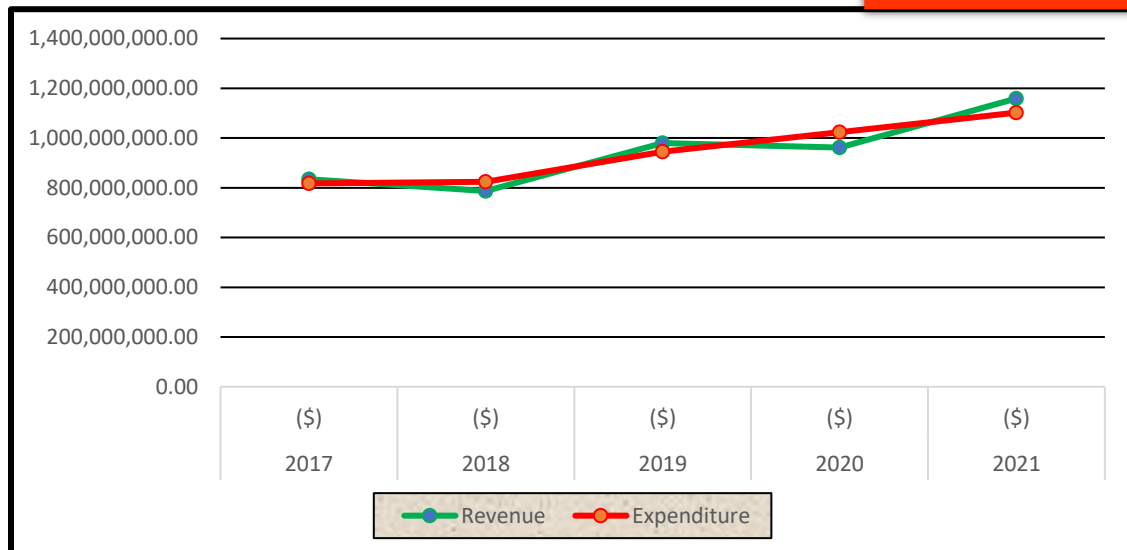
2.28

Table 1.5 and Figure 1 depict Government’s Financial Position over the five (5) year period 2017 to 2021.

Table 1.5

Year	2017	2018	2019	2020	2021
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	833,947,134.62	786,998,995.80	980,294,036.00	962,055,173.37	1,159,051,229.19
Expenditure	817,554,652.41	824,581,644.96	944,951,112.11	1,023,380,560.64	1,102,172,044.03
(Deficit)/Surplus	\$16,392,482.21	(37,582,649.16)	35,342,923.89	(61,325,387.27)	56,879,185.16

Figure 1



2.29

The actual budget out-turn for 2021, with comparison of the original estimates and actual budget out-turn for 2021 with comparison of actual budget out-turn for 2020 are displayed in the Tables 1.6 and 1.7.



2.30

Table 1.6 shows the actual budget out-turn for the year as compared to the original estimates for 2021.

Table 1.6

ITEM	ORIGINAL ESTIMATES 2021 (\$)	ACTUAL 2021 (\$)
Recurrent Revenue	647,386,000.00	681,393,445.15
Less Recurrent Expenditure	(895,199,328.00)	870,611,724.98
(Deficit)	(247,813,328.00)	(189,218,279.83)
Capital Revenue	565,215,578.00	477,657,784.04
Capital Financing	247,813,328.00	288,439,504.21
Less Capital Expenditure	(317,402,250.00)	(231,560,319.05)
Surplus	-	56,879,185.16

2.31

Table 1.7 shows a comparison of the budget out-turn for 2021 and 2020.

Table 1.7

ITEM	ACTUAL 2021 (\$)	ACTUAL 2020 (\$)
Recurrent Revenue	681,393,445.15	606,266,639.64
Less Recurrent Expenditure	870,611,724.98	812,202,270.67
(Deficit)	(189,218,279.83)	(205,935,631.03)
Capital Revenue	477,657,784.04	355,788,533.73
Capital Financing	288,439,504.21	149,852,902.70
Less Capital Expenditure	(231,560,319.05)	(211,178,289.97)
Surplus/(Deficit)	56,879,185.16	(61,325,387.27)



STATEMENT OF DETAILED REVENUE

DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN

REVENUE (RECURRENT AND CAPITAL) OUT-TURN 2021 **\$1,159,051,229.19**

2.32

The introduction of the new Chart of Accounts in 2016, categorised recurrent revenue into three 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.

2.33

The total estimated revenue for 2021 was \$1,212,601,578.00. Recurrent revenue was expected to yield \$647,386,000.00 or 53.4 percent and Capital Revenue \$565,215,578.00 or 46.6 percent.

2.34

The overall revenue for the year totalled \$1,159,051,229.19. This amount represented 95.6 percent of the estimated revenue of \$1,212,601,578.00, thus, resulting in a shortfall of \$53,550,348.81. The Government's performance in achieving its revenue projections, when compared to 2020, improved, as revenue collection of \$962,055,173.37 in 2020 was 81.1 percent of the estimated revenue of \$1,186,351,151.00. The actual recurrent

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revenue realised was \$681,393,445.15 or 58.8 percent and capital revenue totalled \$477,657,784.04 or 41.2 percent of the total actual revenue for 2021.

2.35

Table 1.8 shows the Actual Revenue vs the Original Estimates for 2021.

Table 1.8			
DETAILS OF REVENUE	ESTIMATES 2021	ACTUAL 2021	EXCESS/(SHORTFALL)
	\$	\$	\$
RECURRENT REVENUE			
Taxes:			
Taxes on Income, Profits & Capital Gains	155,000,000.00	143,658,160.45	(11,341,839.55)
Taxes on Property	45,127,000.00	100,734,275.73	55,607,275.73
Taxes on Goods and Services/Licenses	187,948,000.00	179,016,870.80	(8,931,129.20)
Taxes on International Trade and Transactions	162,606,000.00	160,914,973.14	(1,691,026.86)
Other Taxes	3,318,000.00	6,961,965.29	3,643,965.29
Sub Total	553,999,000.00	591,286,245.41	37,287,245.41
Social Contributions:			
Social Security Contributions	20,000.00	19,963.26	(36.74)
Sub Total	20,000.00	19,963.26	(36.74)
Other Revenue			
Property Income	9,748,000.00	5,091,994.21	(4,656,005.79)
Sale of Goods and Services	74,965,000.00	71,850,268.51	(3,114,731.49)
Fines, Penalties and Forfeits	1,262,000.00	1,577,821.37	315,821.37
Transfers (Not Elsewhere Classified)	2,642,000.00	6,939,821.88	4,297,821.88
Receipts (Not Elsewhere Classified)	-	1,337,302.62	1,337,302.62
Other Revenue (Not Elsewhere Classified)	4,750,000.00	3,290,027.89	(1,459,972.11)
Sub Total	93,367,000.00	90,087,236.48	(3,279,763.52)
TOTAL RECURRENT REVENUE	647,386,000.00	681,393,445.15	34,007,445.15



Table 1.8 Cont'd

DETAILS OF REVENUE	ESTIMATES 2021 \$	ACTUAL 2021 \$	EXCESS/(SHORTFALL) \$
CAPITAL REVENUE			
<i>Domestic Receipts</i>			
Sale of Land	3,000,000.00	1,550,356.49	(1,449,643.51)
Capital Receipts	258,053,328.00	19,815,275.84	(238,238,052.16)
Domestic Loan Receipt	105,454,820.00	20,000,000.00	(85,454,820.00)
Domestic Bond Transaction Receipt	-	85,488,978.94	85,488,978.94
Sub Total-Domestic Receipts	366,508,148.00	126,854,611.27	(239,653,536.73)
<i>External Receipts</i>			
Grants	55,900,310.00	37,668,899.78	(18,231,410.22)
External Loans	142,807,120.00	313,134,272.99	170,327,152.99
Sub Total-External Receipts	198,707,430.00	350,803,172.77	152,095,742.77
TOTAL CAPITAL REVENUE	565,215,578.00	477,657,784.04	(87,557,793.69)
TOTAL REVENUE	1,212,601,578.00	1,159,051,229.19	(53,550,348.81)

2.36

The actual revenue increased by \$196,996,055.82 or 20.5 percent, when compared to financial year 2020. This was due to an increase of \$75,126,805.51 in recurrent revenue and an increase in capital financing by \$121,869,250.31 in 2021, as shown in Table 1.9 and Figure 2. The increase in actual revenue is mainly attributable to increased receipts from Taxes on Property and External Loans.

2.37

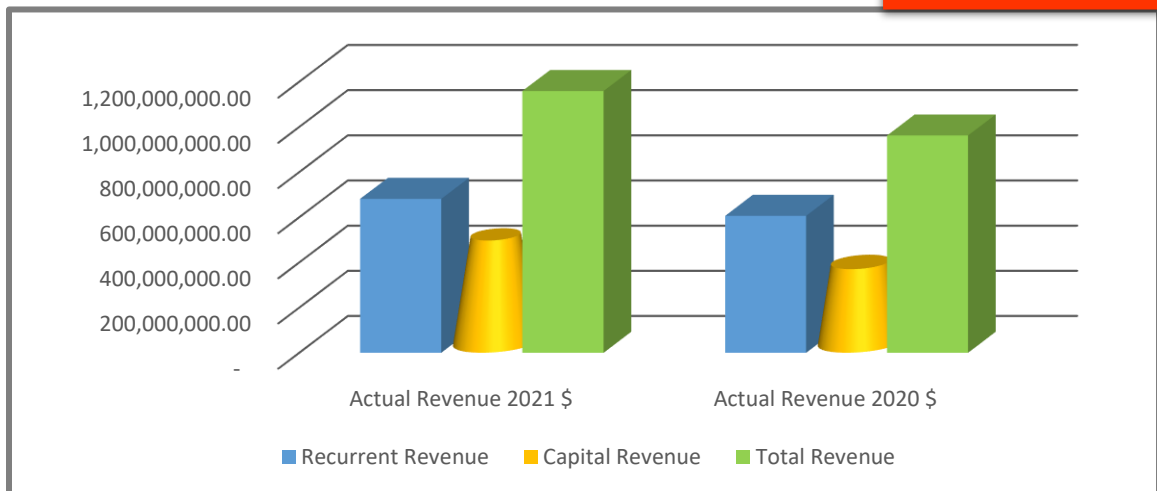
Table 1.9 and Figure 2 show revenue collected for the financial year 2021 with comparative figures for the financial year 2020.



Table 1.9

Details of Revenue	Actual Revenue 2021 \$	Actual Revenue 2020 \$	Increase /(Decrease) \$
Recurrent Revenue	681,393,445.15	606,266,639.64	75,126,805.51
Capital Revenue	477,657,784.04	355,788,533.73	121,869,250.31
Total Revenue	1,159,051,229.19	962,055,173.37	196,996,055.82

Figure 2



2.38

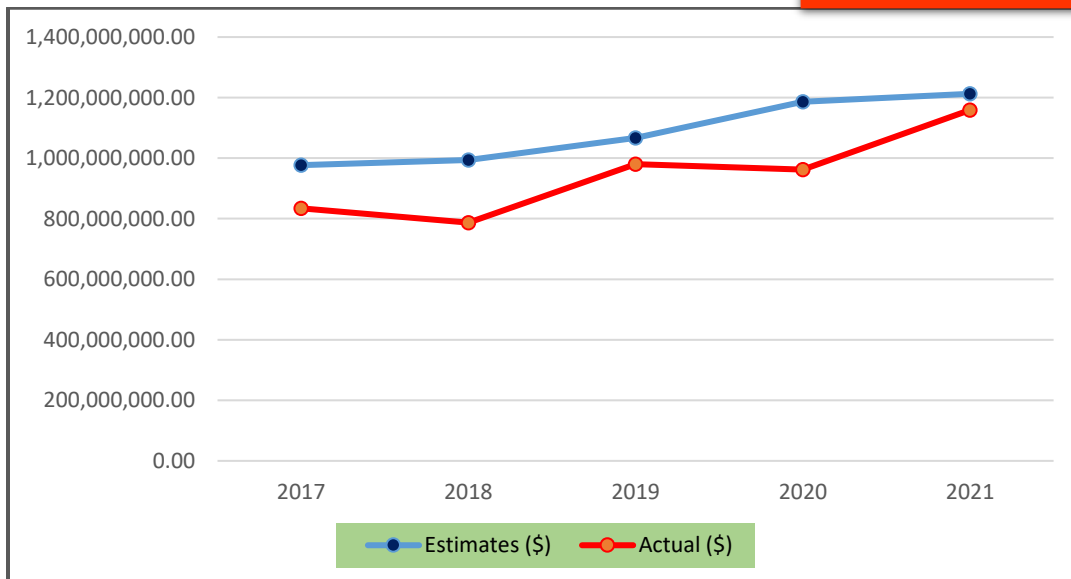
A comparison of estimates and actual revenue for the years 2017-2021, is depicted in Table 1.10 and Figure 3 with financial year 2021 showing the highest revenue outturn and the lowest shortfall.



Table 1.10

YEAR	ESTIMATES (\$)	ACTUAL (\$)	VARIANCE (\$)
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
2020	1,186,351,151.00	962,055,173.37	224,295,977.63
2021	1,212,601,578.00	1,159,051,229.19	53,550,348.81

Figure 3





STATEMENT OF DETAILED RECURRENT REVENUE

RECURRENT REVENUE 2021 **\$681,393,445.15**

2.39

Recurrent revenue is comprised of three categories: - Taxes, Social Contributions and Other Revenue. Taxes is comprised of five items, Social Contributions has one item, while Other Revenue consists of six items. Total recurrent revenue collected amounted to \$681,393,445.15, comprising of Taxes of \$591,286,245.41, Social Contributions of \$19,963.26 and Other Revenue of \$90,087,236.48, as shown in Table 1.8. This was \$34,007,445.15 or 5.3 percent more than the estimated recurrent revenue. Recurrent revenue grew by 12.4 percent over the amount of \$606,266,639.64 collected during 2020.

TAXES **\$591,286,245.41**

2.40

The main recurrent revenue stream of the Government is taxes. Taxes revenue of \$591,286,245.41 surpassed its projection of \$553,999,000.00 by \$37,287,245.41. Two categories recorded surpluses while three fell short, of their projections. The composition of Taxes collected in 2021, is shown in Table 1.11 and Figure 4.

2.41

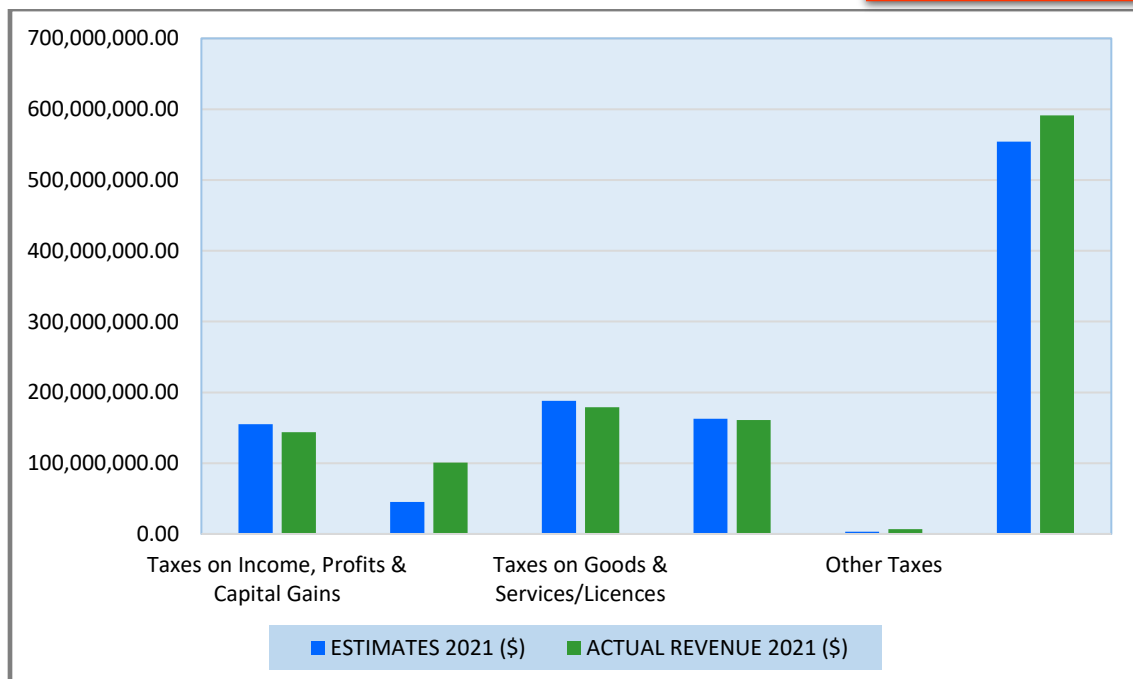
The estimates and actual revenue collected for Taxes in 2021, are shown in Table 1.11 and Figure 4.



Table 1.11

DETAILS OF REVENUE	ESTIMATES 2021 (\$)	ACTUAL 2021 (\$)	Surplus/(Shortfall) (\$)
Taxes on Income, Profits & Capital Gains	155,000,000.00	143,658,160.45	(11,341,839.55)
Taxes on Property	45,127,000.00	100,734,275.73	55,607,275.73
Taxes on Goods & Services/Licences	187,948,000.00	179,016,870.80	(8,931,129.20)
Taxes on International Trade & Transactions	162,606,000.00	160,914,973.14	(1,691,026.86)
Other Taxes	3,318,000.00	6,961,965.29	3,643,965.29
TOTAL	553,999,000.00	591,286,245.41	37,287,245.41

Figure 4





COMPOSITION OF TAXES REVENUE 2021

Taxes on Income, Profits and Capital Gains \$143,658,160.45

2.42

The revenue of \$143,658,160.45 collected for Taxes on Income, Profits and Capital Gains fell short of the estimated amount of \$155,000,000.00 by \$11,341,839.55. Taxes from all three sources within this category fell short of their projections, the identical results obtained in financial year 2020. Income Tax from Companies continued to record the largest deficit, as noted in financial years 2019 and 2020. It fell \$5,882,441.01 or 11.8 percent short of its projection. Despite this, the total revenue recorded in 2021, showed a slight increase of \$298,492.96 when compared to 2020 collections. Personal income tax revenue, which has risen steadily in the last three consecutive financial years, contributed to this increase.

2.43

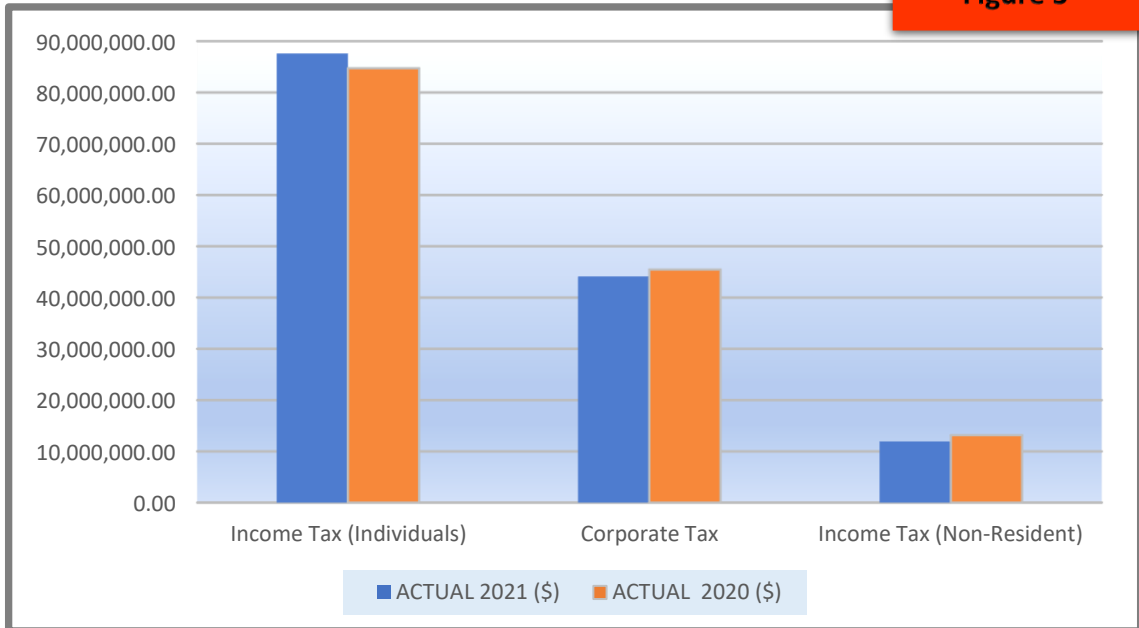
A comparison of collections of Taxes on Income, Profits and Capital Gains for 2021 and 2020 shows that there was an increase of \$298,492.96 in revenue for 2021, as shown in Table 1.12 and Figure 5.

Table 1.12

ITEM	ACTUAL 2021 (\$)	ACTUAL 2020 (\$)	INCREASE/(DECREASE) (\$)
Taxes on Income, Profits and Capital Gains			
Income Tax (Individuals)	87,606,648.66	84,730,226.69	2,876,421.97
Corporate Tax	44,117,558.99	45,470,729.19	(1,353,168.20)
Income Tax (Non-Resident)	11,933,952.80	13,158,713.61	(1,224,760.81)
Total	143,658,160.45	143,359,667.49	298,492.96



Figure 5



2.44

Taxes on Property

\$100,734,275.73

The actual revenue of \$100,734,275.73 in Taxes on Property was 223 percent of the estimated revenue of \$45,127,000.00; thus, resulting in a substantial surplus of \$55,607,275.73 of the Estimates. Property Tax, although recording increased collections when compared to financial year 2020, was the only item within this category which fell short of its projection; recording 89.6 percent of its estimates. The other three items within this category recorded significant surpluses of 85.5%, 200.3% and 110.4% over their estimates and increased considerably, when compared to financial year 2020. The revenue increased by \$59,901,432.58 or 146.7 percent when compared to the total collection of \$40,832,843.15 for financial year 2020.

2.45

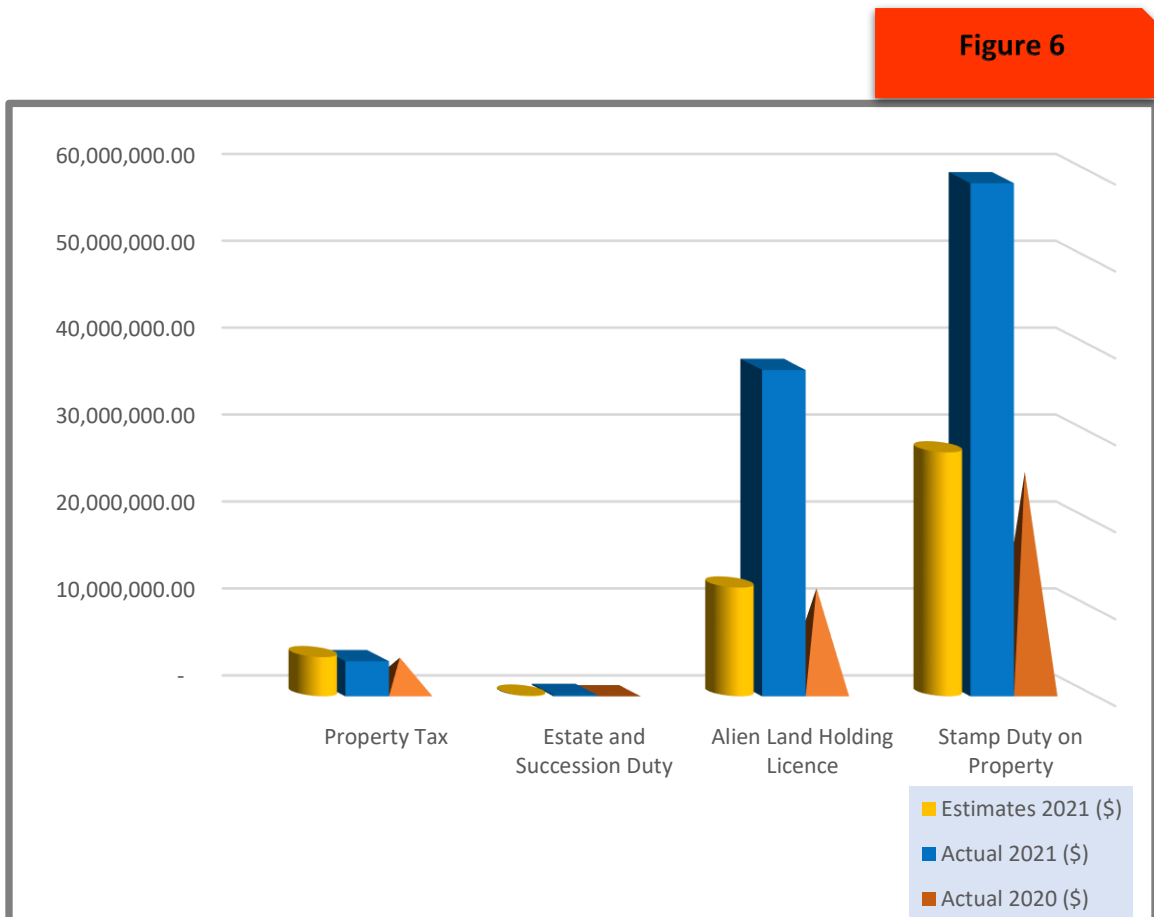
The main contributors to this increase were Alien Land Holding Licence and Stamp Duty on Property. Alien Land Holding Licence increased by \$25,735,530.00 or 218.1 percent



when compared to the \$11,799,150.00 collected in 2020. Similarly, Stamp Duty on Property recorded an increase of \$33,839,636.37 or 134.4 percent when compared to \$25,183,444.92 collected in 2020. Estate and Succession Duty, notwithstanding representing 0.1 percent of the revenue collected, also increased by \$95,933.54 or 196.6 percent when compared to \$48,801.75 collected in 2020.

2.46

A comparison of estimates and actual revenue collected in 2021 and actual revenue collected in 2020, for Taxes on Property is shown in Figure 6.





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Taxes on Goods and Services/Licences **\$179,016,870.80**

2.47 Taxes of \$179,016,870.80 on Goods and Services/Licences, was \$8,931,129.20 less than its estimated projection of \$187,948,000.00. Four items under this category exceeded their estimated projections for the financial year 2021.

2.48 Value Added Tax continued to be the main revenue generator within this category. It contributed \$87,023,247.25 or 48.6 percent of the revenue collected. However, it fell short of its projection by \$3,976,752.75 or 4.4 percent and has shown a decline in collections in financial years 2020 and 2021. Its collections fell by 8.7 percent and 0.7 percent, in 2020 and 2021, respectively. Excise Duty Customs, the second highest revenue generator, also fell short of its projections by \$1,104,432.36 or 2.7 percent and realised a decrease of \$3,915,078.19 or 8.9 percent over 2020 collections. The actual revenue collection decreased by \$6,799,562.51 or 3.7 percent, when compared to \$185,816,433.31 collected in 2020.

2.49 It is critical to note that this fiscal year was affected by the COVID-19 pandemic and the eruption of the La Soufriere volcano.

Taxes on International Trade and Transactions **\$160,914,973.14**

2.50 Revenue from International Trade and Transactions totalled \$160,914,973.14, which was \$1,691,026.86 less than the estimates of \$162,606,000.00. Only one of the six items under this category exceeded its projection and recorded a 6.3 percent increase in collections when compared to financial year 2020. Actual revenue decreased by \$7,129,343.52 when compared to 2020, indicating a reduction on importation of goods.



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Other Taxes

\$6,961,965.29

2.51

Other Taxes comprised of Stamp Duty-Other and Climate Resilience Levy. The revenue of \$6,961,965.29 collected was \$3,643,965.29 more than the estimates of \$3,318,000.00 and increased by \$3,799,002.61 or 120.1 percent when compared to financial year 2020. This is attributable to the increased collections in Stamp duty which rose by \$3,845,899.59 or 152.6 percent.

COMPOSITION OF SOCIAL CONTRIBUTIONS 2021

2.52

Social Security Contributions

\$19,963.26

The Statement has shown only one item under Social Contributions-Pension Contributions. The actual revenue collection of \$19,963.26 fell short of its estimates by \$36.74 or 0.2 per cent and the revenue collected in 2020 by \$1,637.23 or 7.6 percent. The revenue recorded represents pension contribution from one statutory corporation.

In accordance with section 6 of the Public Officers (Transfer to Undertakings) Act, Chapter 277 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, the undertaking to which an officer has been transferred or deemed to have been transferred shall be liable to contribute pension benefits of the officer from the date of the transfer. The contribution rate is 25% of employees' basic salary, as directed by the Public Service Commission.

2.53

Our audits of various statutory corporations revealed that, pension contributions on behalf of transferred pensionable officers are not being made to the Consolidated Fund, in keeping with the aforementioned Act. The findings of these audits were communicated to those charged with governance.



AUDIT OFFICE

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COMPOSITION OF OTHER REVENUE 2021

Property Income **\$5,091,994.21**

2.54

Revenue derived from Property Income was \$5,091,994.21, \$4,656,005.79 less than its estimates of \$9,748,000.00. Two of the ten items recorded revenue in excess of their estimates, while one source, which was not approved in the estimates for the financial year, recorded revenue totalling \$93,750.00. Further, the revenue decreased by \$5,324,973.93 or 51.1 percent when compared to the \$10,416,968.14 collected in financial year 2020.

Sale of Goods and Services **\$71,850,268.51**

2.55

Sale of Goods and Services fell short of its budgetary allocation of \$74,965,000.00 by \$3,114,731.49. However, actual revenue collected increased by \$10,415,876.92 or 17 percent when compared to financial year 2020. This is due mainly to an increase of \$9,453,522.76 or 25.2 percent in Customs Service Charge, which despite falling short of its estimates by \$1,014,639.85, accounted for 65.4 percent of revenue collections in this category.

Fines, Penalties and Forfeits **\$1,577,821.37**

2.56

Revenue of \$1,262,000.00 was projected for the financial year 2021. The revenue of \$1,577,821.37 collected exceeded its projection and revenue collected in 2020 by \$315,821.37 and \$336,238.15, respectively. Three items under this category fell short of their budgetary projections, while one item significantly exceeded its estimated projection by \$351,004.45 or 90 percent.



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2.57

Transfers (Not Elsewhere Classified)

\$6,939,821.88

There were two items under Non-Tax Revenue; Reimbursements and Repayment of Loans. The actual revenue of \$6,939,821.88 collected under these items was \$4,297,821.88 more than the estimated amount of \$2,642,000.00. This was an increase of \$4,748,304.54 or 216.7 percent of the 2020 revenue.

2.58

Receipts (Not Elsewhere Classified)

\$1,337,302.62

Receipts (Not Elsewhere Classified) is a new sub-heading included under Other Revenue, which was not approved in the Estimates of Expenditure and Revenue for the financial year. The statement has shown one item, Current Receipts of \$1,337,302.62, under this revenue head. The amount recorded pertain to amounts received for the purchasing of vaccines.

2.59

Other Revenue (Not Elsewhere Classified)

\$3,290,027.89

A total of \$3,290,027.89 was collected under this category. The revenue item fell short of its budgetary projection of \$4,750,000.00 by \$1,459,972.11 or 30.7 percent.



STATEMENT OF DETAILED CAPITAL REVENUE

DETAILED CAPITAL REVENUE 2021 **\$477,657,784.04**

2.60

Capital revenue of \$565,215,578.00 was projected for the financial year, to be derived from Domestic Receipts of \$366,508,148.00 and External Receipts of \$198,707,430.00. A total of \$477,657,784.04 was recorded as capital revenue for 2021. Domestic and External Receipts contributed \$126,854,611.27 and \$350,803,172.77, respectively, which resulted in a net variance of \$87,557,793.96, as depicted in the Table 1.8.

2.61

Capital receipts was expected to generate 54 percent or \$258,053,328.00 of capital revenue; however, it recorded the largest short fall of \$238,238,052.16 of its projections. The Statement of Capital Revenue has shown that Domestic Bond Transactions of \$85,488,978.94 although not approved at the beginning of the financial year, was the highest contributor to Domestic Receipts for financial year 2021. It represented 67 percent of Domestic Receipts and 18 percent of Public Sector Investment financing for the year, respectively.

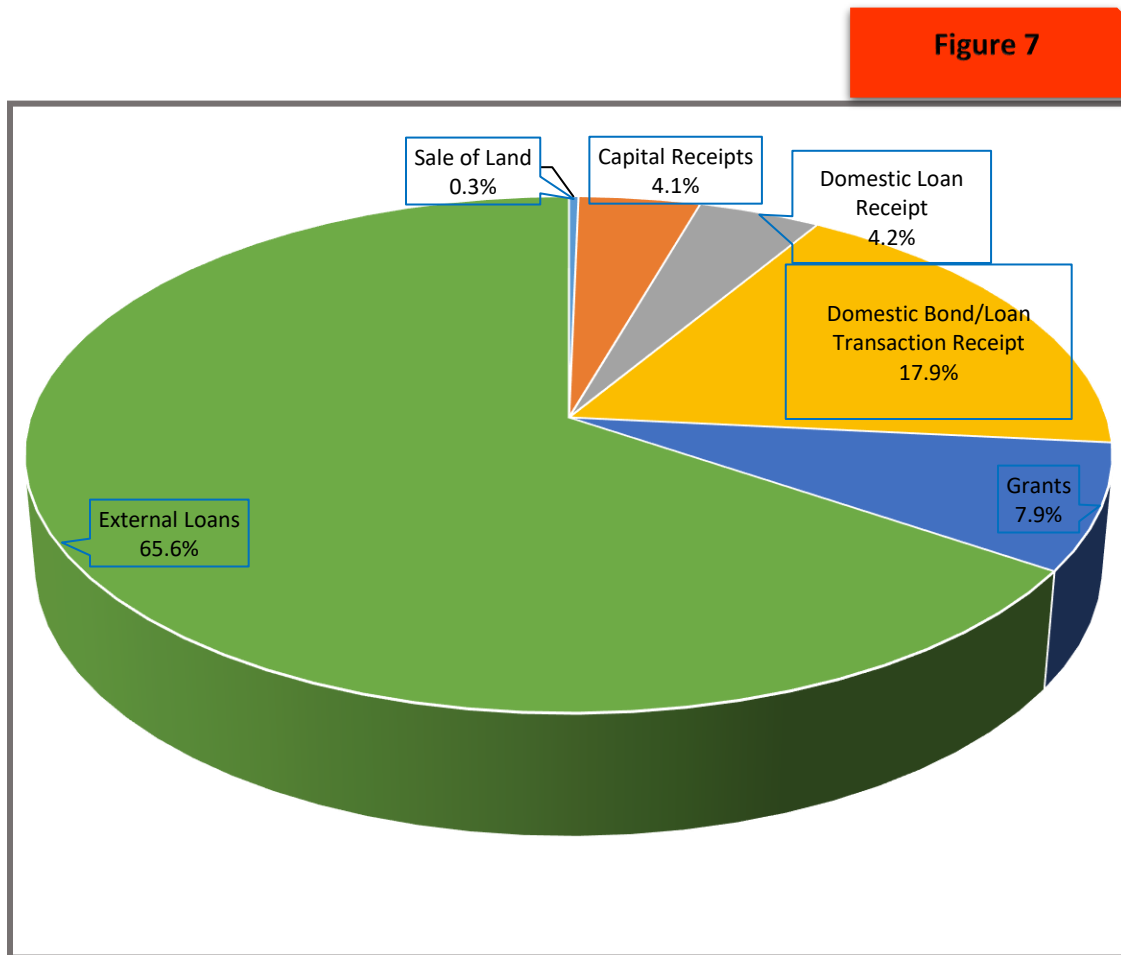
2.62

External Loan of \$236,562,714.19 from International Development Agency, was the highest contributor to Public Sector Investment financing, contributing 50 percent. This source of revenue exceeded its budgetary projections of \$53,520,000.00 by \$183,042,714.19.



2.63

Figure 7 shows the composition of capital revenue for financial year 2021



2.64

The actual collections for capital revenue fell short of its budgeted allocations for the fiscal year by \$87,557,793.96, as depicted in Table 1.13.



2.65

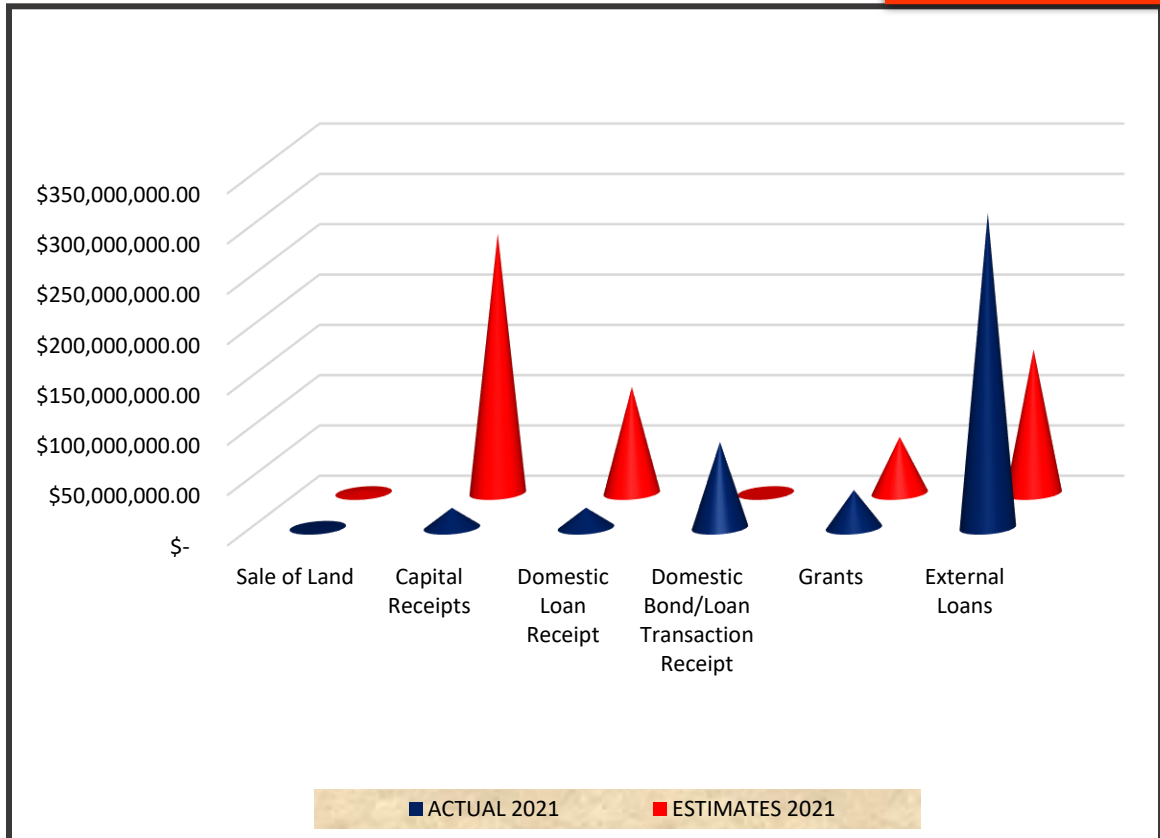
Table 1.13 and Figure 8 show a comparison of estimated capital revenue with actual revenue for the sources of capital financing.

Table 1.13

TYPES OF FUNDS	ESTIMATES 2021 (\$)	ACTUAL 2021 (\$)	VARIANCE Excess/(shortfall) (\$)
<u>Domestic Receipts</u>			
Sale of Land	3,000,000.00	1,550,356.49	(1,449,643.51)
Capital Receipts	258,053,328.00	19,815,275.84	(238,238,052.16)
Domestic Loan Receipt	105,454,820.00	20,000,000.00	(85,454,820.00)
Domestic Bond/Loan Transaction Receipt	0	85,488,978.94	85,488,978.94
Sub total	366,508,148.00	126,854,611.27	(239,653,536.73)
<u>External Receipts</u>			
Grants	55,900,310.00	37,668,899.78	(18,231,410.22)
External Loans	142,807,120.00	313,134,272.99	170,327,152.99
Sub total	198,707,430.00	350,803,172.77	152,095,742.77
Total	565,215,578.00	477,657,784.04	(87,557,793.96)



Figure 8



2.66

In addition, \$131,825,574.12 or 28 percent of the total financing was received under 17 sources of capital revenue, which were not approved in the Estimates for the financial year, as shown in Table 1.14.

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

Table 1.14

Account	Description	Actual \$
33141-3303	Domestic Bond/Loan Transaction Receipt	85,488,978.94
13121-1312	Qatar	1,344,009.68
13121-1318	Dominica	1,000,000.00
13121-1319	Belize	134,360.00
13121-1320	Bahamas	268,770.00
13121-1321	St. Kitts	1,000,000.00
13121-1322	Barbados	1,349,951.35
13121-1324	Greece	32,617.01
13121-1325	Algeria	403,130.00
13121-1326	Columbia	268,770.00
13121-1327	Turkey	53,700.56
13121-1329	Other Grants	1,020,216.77
13221-1505	Climate Investment Fund - CIF	238,644.84
13221-1535	Caribbean Catastrophe Risk Insurance Facility	5,938,163.64
13221-1536	Eastern Caribbean Central Bank-ECCB	1,000,000.00
13221-1538	Caribbean Disaster Emergency Management	931,037.64
33241-3746	International Monetary Fund	31,353,223.69
TOTAL		131,825,574.12

2.67

Further, \$62,018,330.00 or 11 percent of the projected revenue, expected to be derived from 17 sources, recorded no revenue during the financial year. Table 1.15 shows the sources from which no revenue was recorded and their estimated projections.

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

Table 1.15

Account	Details/Source	Description	Projection \$
13121	1307	Government of Japan	1,000,000.00
13121	1314	India	2,000,000.00
13121	1316	United Amorites	4,500,000.00
13121	1317	Italy	1,000,000.00
13121	1527	Department of International Development	201,000.00
13221	1514	European Union	4,486,500.00
13221	1520	Global Environmental Facility	1,200,010.00
13221	1528	Green Climate Fund	250,000.00
13221	1529	UN Environmental Program	623,000.00
13221	1531	Global Fund	41,000.00
13221	1532	EU Caribbean Investment Facility (CIF)	299,000.00
13221	1533	UK Caribbean Infrastructure Fund Program	16,087,800.00
13221	1534	Caricom Development Fund	2,000,000.00
33241	3277	Republic of China/Taiwan	25,330,010.00
33241	2246	Caribbean Development Fund	1,500,000.00
33241	3666	European Investment Bank	1,500,000.00
33241	3876	ABN Dhabi Fund for Development	10.00
TOTAL			62,018,330.00



STATEMENT OF DETAILED EXPENDITURE

DETAILS OF TOTAL EXPENDITURE 2021 **\$1,102,172,044.03**

2.68

The analysis made hereunder is based on comparison of revised estimates with actual expenditure on the Statement of Detailed Expenditure for 2021.

2.69

Total expenditure of \$1,102,172,044.03 was realised from the revised projections of \$1,413,133,005.57; a shortfall of \$310,960,961.54, for the fiscal year.

DETAILS OF RECURRENT EXPENDITURE 2021 **\$870,611,724.98**

2.70

The Statement has shown that actual recurrent expenditure, inclusive of Amortisation and Sinking Fund contributions was recorded as \$870,611,724.98. This amount was \$58,409,454.31 or 7.1 percent more than the amount spent in 2020.

2.71

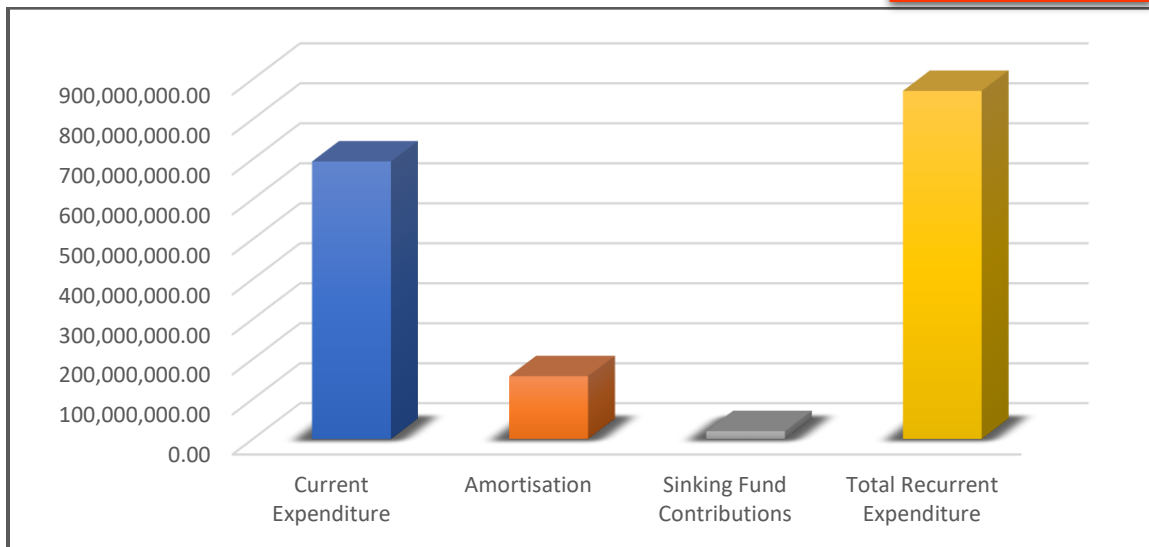
The composition of recurrent expenditure for 2021, is shown in Table 1.16 and Figure 9.

Table 1.16

TYPE	AMOUNT \$	PERCENTAGE
Current Expenditure	693,997,549.00	79.7%
Amortisation	157,072,175.98	18%
Sinking Fund Contributions	19,542,000.00	2.3%
Total Recurrent Expenditure	\$870,611,724.98	100%



Figure 9



2.72

The Autonomous Departments, Office of the Prime Minister and Ministries spent a total of \$99,707,932.82 less than the revised estimates of \$970,319,657.80, as depicted in the financial statement at Appendix IV, Table 1.17 and Figure 10.

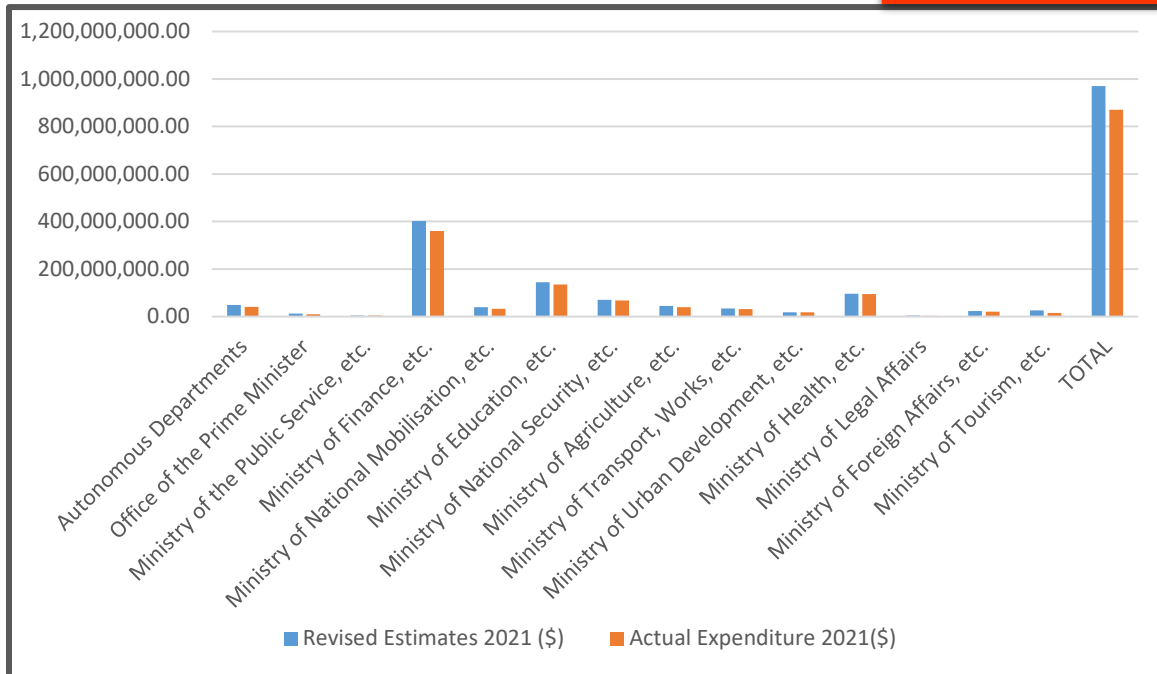


Table 1.17

Ministry/Department	Revised Estimates 2021 (\$)	Actual Expenditure 2021 (\$)	Difference (\$)
Autonomous Departments	49,042,334.00	40,459,935.13	8,582,398.87
Office of the Prime Minister	12,055,711.00	9,886,806.22	2,168,904.78
Ministry of the Public Service, etc.	4,916,985.59	4,046,043.88	870,941.71
Ministry of Finance, etc.	402,063,720.00	358,176,907.21	43,886,812.79
Ministry of National Mobilisation, etc.	39,102,535.00	32,364,085.53	6,738,449.47
Ministry of Education, etc	144,470,766.71	135,848,945.53	8,621,821.18
Ministry of National Security, etc.	70,271,114.00	67,577,621.55	2,693,492.45
Ministry of Agriculture, etc.	45,431,639.28	39,499,031.37	5,932,607.91
Ministry of Transport, Works, etc.	34,181,455.00	31,280,837.39	2,900,617.61
Ministry of Urban Development, etc.	18,582,396.00	17,911,712.03	670,683.97
Ministry of Health, etc.	96,573,991.70	94,574,857.50	1,999,134.20
Ministry of Legal Affairs	4,199,865.52	2,741,331.39	1,458,534.13
Ministry of Foreign Affairs, etc.	22,920,308.00	20,785,269.54	2,135,038.46
Ministry of Tourism, etc.	26,506,836.00	15,458,340.71	11,048,495.29
TOTAL	970,319,657.80	870,611,724.98	99,707,932.82



Figure 10



RECURRENT EXPENDITURE 2021 VS 2020

2.73

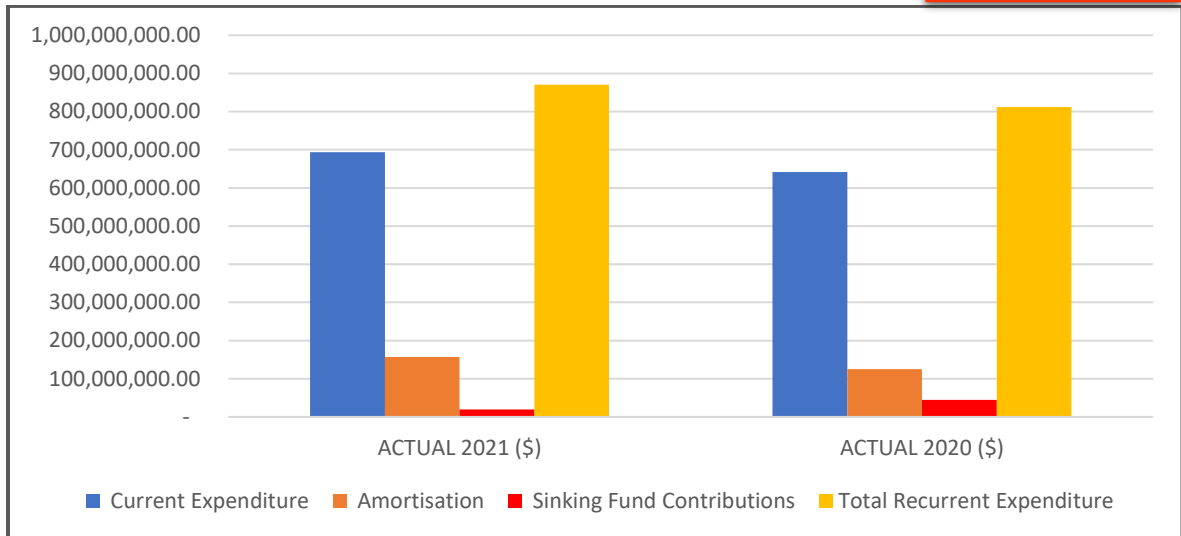
The actual recurrent expenditure recorded for 2021 indicated an increase in recurrent spending by \$58,409,454.31 over the expenditure of \$812,202,270.67 for the financial year 2020, as depicted in Table 1.18 and Figure 11.

Table 1.18

TYPE	ACTUAL 2021 \$	ACTUAL 2020 \$	INCREASE/(DECREASE) \$
Current Expenditure	693,997,549.00	641,811,866.81	52,185,682.19
Amortisation	157,072,175.98	125,390,403.86	31,681,772.12
Sinking Fund Contributions	19,542,000.00	45,000,000.00	(25,458,000)
Total Recurrent Expenditure	870,611,724.98	812,202,270.67	58,409,454.31



Figure 11



2.74

The Ministry of Finance, etc. and the Ministry of National Security, etc. recorded the largest increase and decrease of \$19,621,929.53 and \$13,433,617.58, respectively, in spending for the financial year, when compared to 2020, as shown in Table 1.19 and Figure 12.

2.75

Table 1.19 and Figure 12 show comparative figures of actual recurrent expenditure for 2021 and 2020.

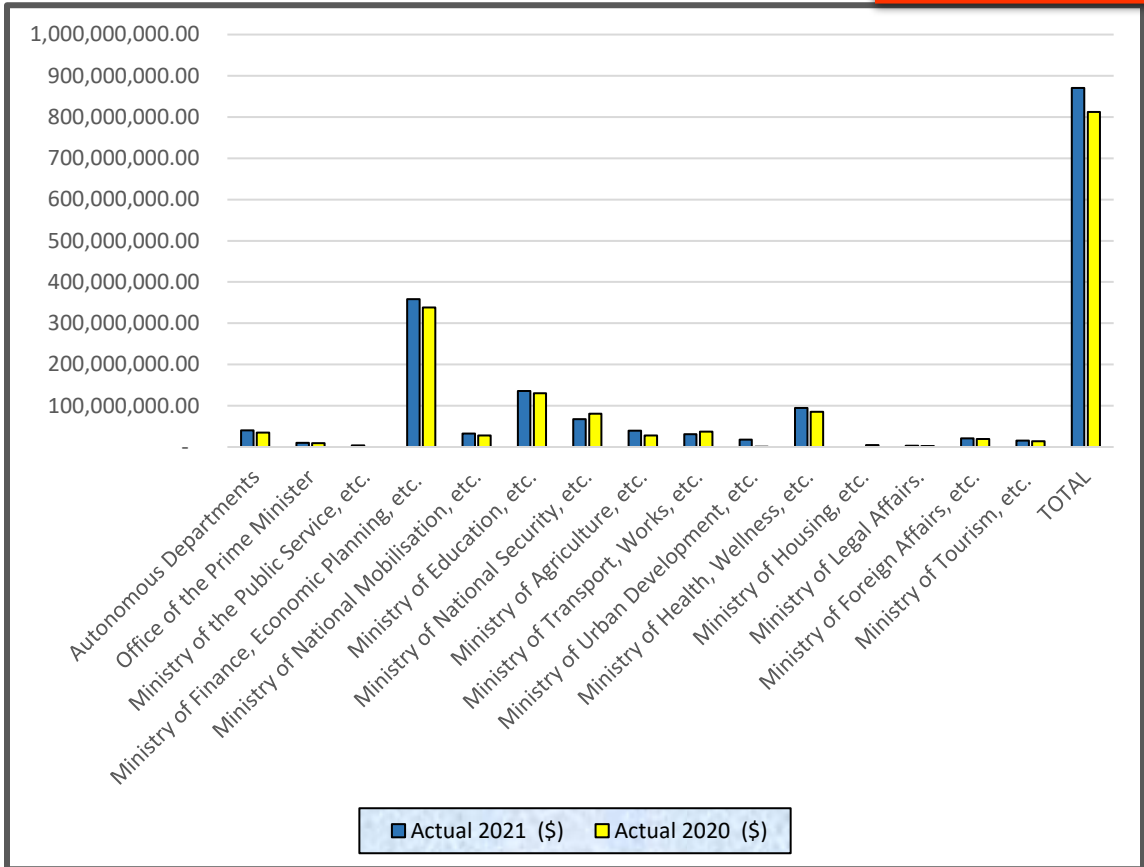


Table 1.19

Ministry/Department	Actual 2021 (\$)	Actual 2020 (\$)	Increase /(Decrease) (\$)
Autonomous Departments	40,459,935.13	34,739,034.49	5,720,900.64
Office of the Prime Minister	9,886,806.22	8,973,071.80	913,734.42
Ministry of the Public Service, etc.	4,046,043.88	-	4,046,043.88
Ministry of Finance, Economic Planning, etc.	358,176,907.21	338,554,977.68	19,621,929.53
Ministry of National Mobilisation, etc.	32,364,085.53	27,880,322.78	4,483,762.75
Ministry of Education, etc.	135,848,945.53	130,002,357.24	5,846,588.29
Ministry of National Security, etc.	67,577,621.55	81,011,239.13	(13,433,617.58)
Ministry of Agriculture, etc.	39,499,031.37	28,192,427.18	11,306,604.19
Ministry of Transport, Works, etc.	31,280,837.39	37,523,155.15	(6,242,317.76)
Ministry of Urban Development, etc.	17,911,712.03	29,122.74	17,882,589.29
Ministry of Health, Wellness, etc.	94,574,857.50	85,017,179.39	9,557,678.11
Ministry of Housing, etc.	-	4,367,618.87	(4,367,618.87)
Ministry of Legal Affairs.	2,741,331.39	2,616,764.40	124,566.99
Ministry of Foreign Affairs, etc.	20,785,269.54	19,469,671.06	1,315,598.48
Ministry of Tourism, etc.	15,458,340.71	13,825,328.76	1,633,011.95
TOTAL	870,611,724.98	812,202,270.67	58,409,454.31



Figure 12



EXCESS EXPENDITURE UNDER RECURRENT ACCOUNTS FOR 2021

2.76

It was noted that various recurrent expenditure Accounts exceeded their budgetary provisions; resulting in a total of \$3,191,510.10, being over expended under the accounts in 2021, which is a contravention of sections 28 and 30 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. The amount over expended is shown at Appendix II.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

EXCESS EXPENDITURE UNDER RECURRENT ACCOUNTS FOR 2021 DUE TO AMOUNTS VIRED IN EXCESS OF THE APPROPRIATION

2.77

Two virement warrants were approved to transfer \$100,000.00 from Account No. 45 472 22111, which was \$34,255.00 in excess of the \$65,745.00 appropriated for the expenditure account. This also is a contravention of section 30 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. It resulted in a negative Revised Estimates of -\$34,255.00, under Account No. 45 472 22111. This is shown at Appendix III.

DETAILS OF CAPITAL EXPENDITURE 2021

\$231,560,319.05

2.78

The Statement of Detailed Capital Expenditure has shown that capital expenditure for 2021, was recorded as \$231,560,319.05, resulting in an increase of \$20,382,029.08 or 9.7 percent in capital spending when compared to the expenditure of \$211,178,289.97 for 2020. The actual capital expenditure of \$231,560,319.05 for Public Sector Investment Programmes did not exceed its original projections of \$317,402,250.00 although the original estimates were revised by \$125,411,097.77. In addition, 73 percent of the original capital estimates was expended, although actual capital financing of \$477,657,784.00 exceeded capital expenditure by \$246,097,464.99 in 2021.

2.79

As in financial year 2020, the amount expended for the Regional Disaster Vulnerability Reduction Project under the Ministry of Finance, etc., was the highest capital expenditure. The expenditure incurred was \$31,389,791.77. The second highest capital expenditure was \$21,149,235.35 spent for Volcano Recovery and Reconstruction under the Ministry of Transport and Works.



2.80

It was noted that capital expenditure estimates were revised by a total of \$125,411,097.77 under Autonomous Departments, Office of the Prime Minister and ten Ministries; however, only \$25,818,051.18 or 20.6 percent of the amount by which the Estimates was revised, was spent. Of the \$25,818,051.18 spent, the Office of the Prime Minister, Ministry of National Mobilisation, etc. and the Ministry of Transport, etc. expended \$2,716,315.13, \$2,565,384.59 and \$20,536,351.46, respectively. The Autonomous Departments and eight ministries did not exceed their original projections, although their estimates were revised, as shown in Table 1.20 and Figure 13.

2.81

Table 1.20 and Figure 13 show a comparison of the Capital Estimates, Revised Estimates and Actual Capital Expenditure for 2021.

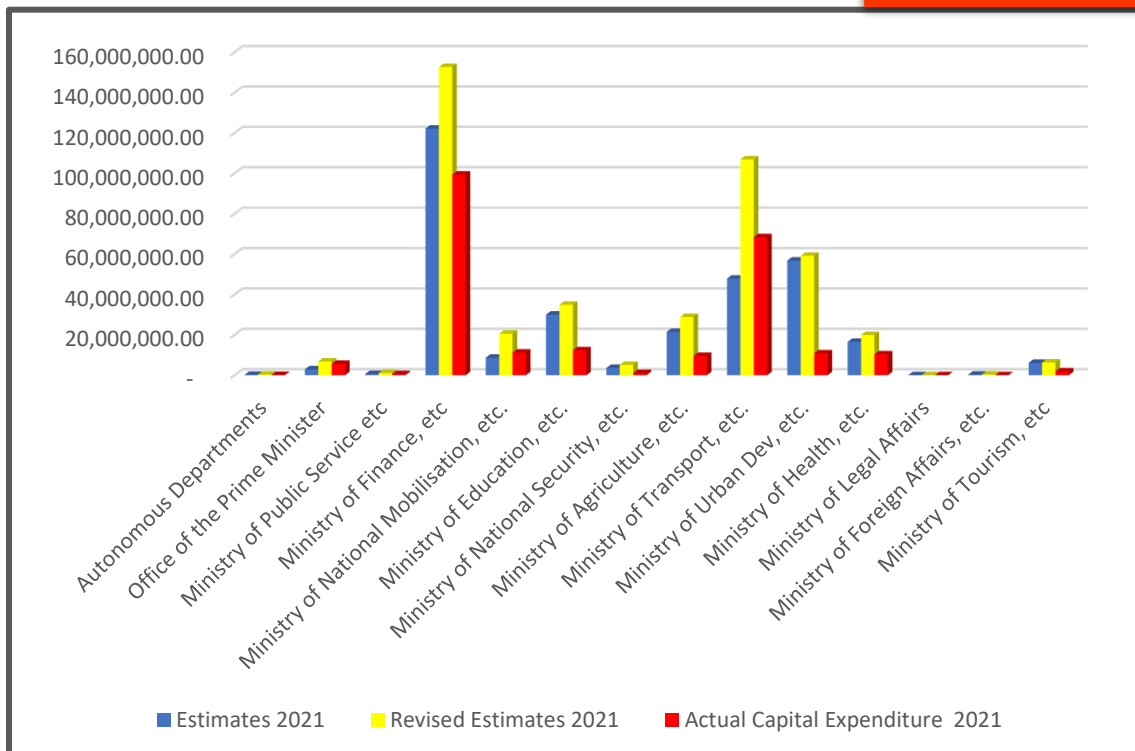
Table 1.20

Ministry	Description	Estimates 2021 (\$)	Revised/Special Warrants & Supplementary Estimates 2021 (\$)	Revised Estimates 2021 (\$)	Actual Capital Expenditure 2021 (\$)
		a	b	a+b	
1	Autonomous Departments	231,010.00	120,000.00	351,010.00	149,916.44
10	Office of the Prime Minister	2,950,010.00	3,833,620.00	6,783,630.00	5,666,325.13
17	Ministry of the Public Service etc	637,000.00	429,852.00	1,066,852.00	550,183.97
20	Ministry of Finance, etc	122,106,590.00	30,519,236.00	152,625,826.00	99,369,064.68
30	Ministry of National Mobilisation, etc.	8,700,710.00	11,822,268.94	20,522,978.94	11,266,094.59
35	Ministry of Education, etc.	30,041,410.00	4,841,195.37	34,882,605.37	12,370,535.27
40	Ministry of National Security, etc.	3,638,210.00	1,500,000.00	5,138,210.00	1,113,795.75



Ministry	Description	Estimates 2021 (\$)	Revised/Special Warrants & Supplementary Estimates 2021 (\$)	Revised Estimates 2021 (\$)	Actual Capital Expenditure 2021 (\$)
		a	b	a+b	
45	Ministry of Agriculture, etc.	21,469,000.00	7,365,215.90	28,834,215.90	9,572,667.66
55	Ministry of Transport, etc.	47,823,220.00	59,035,903.58	106,859,123.58	68,359,571.46
60	Ministry of Urban Dev, etc.	56,785,220.00	2,400,000.00	59,185,220.00	10,841,794.92
65	Ministry of Health, etc.	16,553,010.00	3,345,030.83	19,898,040.98	10,376,325.05
75	Ministry of Legal Affairs.	10.00	-	10.00	0.00
85	Ministry of Foreign Affairs, etc.	334,000.00	-	334,000.00	17,023.90
90	Ministry of Tourism, etc.	6,132,850.00	198,775.00	6,331,625.00	1,907,020.23
TOTAL		317,402,250.00	125,411,097.77	442,813,347.77	231,560,319.05

Figure 13





2.82

A comparison of capital expenditure for financial year 2020 with 2021, showed an increase of \$20,382,029.08 for the year 2021, as depicted in Table 1.21.

Table 1.21

Item	Actual 2021 (\$)	Actual 2020 (\$)	Increase / (Decrease) (\$)
Capital Expenditure	231,560,319.05	211,178,289.97	20,382,029.08

2.83

An analysis of revised capital expenditure with the actual capital expenditure for the five-year period 2017 to 2021, has revealed that less than 43 percent of the revised estimates has been expended in Public Sector Investment Programmes for financial years 2017 and 2018. However, capital expenditure increased in financial years 2019 to 2021.

2.84

Table 1.22 shows a comparison of Revised Estimates and actual Capital Expenditure for the financial years 2017-2021.

Table 1.22

YEAR	REVISED ESTIMATES A (\$)	ACTUAL CAPITAL EXPENDITURE B (\$)	VARIANCE A-B (\$)	PERCENT SPENT
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%
2020	310,969,210.00	211,178,289.97	99,790,920.03	68%
2021	442,813,347.77	231,560,319.05	211,253,028.72	52.3%



STATEMENT OF ASSETS AND LIABILITIES

2.85

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

NOTES TO THE FINANCIAL STATEMENTS

2.86

The notes to the financial statements form an integral part of their presentation as they provide users with the necessary explanations, narrative descriptions of items disclosed in the statements, information about items that do not qualify for recognition in the statements, and additional information they require to gain an adequate understanding of the statements, to make informed decisions. These disclosures would give users a better understanding of the financial risks and possible commitments facing the Government. The financial statement provided for Assets and Liabilities was deficient of notes to the statement. The lack of adequate disclosures results in users' inability to have a complete understanding of the accounts.

2.87

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). In 2021, this was not implemented by the Ministry of Finance and the Accountant General's Office.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

2.88

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

LIABILITIES 2021

Overdraft Current Account (\$33,994,490.71)

2.89

The Statement of Assets and Liabilities has shown a bank overdraft of (\$33,994,490.71) on the Current Account, whereas the Certificate of Balances issued by the Bank of St. Vincent and the Grenadines (BOSVG), as at December 31, 2021, reflected an overdrawn balance of (\$38,376,243.79), a difference of (\$4,381,753.08). 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, 2021, was \$50,000,000.00.

2.90

Unreconciled Cash-Current, Development and World Bank Accounts (\$38,136,288.97)

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, 2021, the balances on the Unreconciled Cash-Current, Development and World Bank Accounts were \$27,511,531.75, \$10,623,608.82 and \$1,148.40, respectively. These accounts should be reconciled to ensure that the balances presented are accurate.

2.91

Union Island Sub-Treasury (\$128,632.92)

The Statement recorded a credit balance of \$128,632.92 for the Union Island Sub-Treasury. However, the cashbook reflected the debit balance of \$1,500.00, as required by the Accountant General.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

Crown Agent **(\$500,346.82)**

2.92

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

Loans **(\$1,839,541,866.20)**

2.93

The total loans of \$1,839,541,866.20 which is inclusive of Treasury Bills of \$84,000,000.00, increased by \$280,648,071.63 or 18 percent over the previous year's loan balance of \$1,558,893,794.57. A detailed analysis of the loans is presented under the Public Debt section of the report.

Clearing Accounts **(\$60,403,588.11)**

2.94

Three Clearing Accounts; Invoice Clearing Account /Accounts payable, World Bank Invoice Clearing Account and Salary Clearing were included on the statement.

2.95

Accounts Payable/Clearing Accounts represent cheques that were processed in SmartStream, for invoices payable by the Government, that have not been issued. The balance on the Accounts Payable Account was reflected as \$60,365,588.05 for the financial year, an increase of \$1,586,606.24 over the balance of \$58,778,981.81 for 2020.

2.96

The World Bank Invoice Clearing Account which showed a balance of \$8,478.08, is a new Clearing Account, added in financial year 2021.

2.97

The Salary Clearing Account is used to record and monitor the payment of salaries. Once the salaries are processed and the adjusting entries made to Personal Emoluments and the Current Account, the balance on the account should be zero. The statement showed a balance of \$29,521.98 at the end of 2021.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

2.98

Balancing Accounts

(\$68,294,544.38)

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 on the Account was brought forward from financial year 2019.

2.99

RECOMMENDATIONS

- Bank reconciliations 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 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 necessary adjustments be made to correct the balance 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.
- The Accountant General should review the Salary Clearing Account and make the necessary adjustments; and
- conduct an analysis on the Crown Agent Account which remained inactive.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

ASSETS

Development Account **(\$493,655.13)**

2.100

The Statement showed a balance of \$493,655.13 on the Development Account; however, confirmation from the BOSVG has indicated a balance on the Account of \$473,683.47, a difference of \$19,971.66.

Cash at Bank **\$1,932,146.94**

2.101

The Statement showed five Cash Bank Accounts, with balances totalling \$1,932,146.94 which are held at the BOSVG. The World Bank Project account with a balance of \$1,056,877.00 represented 54.7 percent of the balances. However, the Certificate of Balances from BOSVG has shown a balance of \$1,509,155.37 on these accounts, a difference of \$422,991.57. Differences were recorded under three accounts. The highest variance of \$422,999.97 pertains to the Modern Medical Bank Account and existed since financial year 2019.

Disaster Relief Fund **\$643,873.88**

2.102

A Disaster Relief Fund Account, with amount of \$643,873.88 was shown on the Certificate of Balances from the BOSVG, an increase of \$523,698.98 when compared with 2020. However, the amount and account were not reflected in SmartStream.

Accountant General's Comments:

The Disaster Relief Fund Bank Account was brought to account in July 2023.



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

ECCB Operating Account **\$24,966,900.00**

2.103

The Statement has shown a balance of \$24,966,900.00, an increase of \$17,500,000.00 when compared to the balance at financial year end 2020. I was unable to confirm this balance.

Fiscal Reserve II ECCB **\$25,311,223.69**

2.104

The ECCB Fiscal Reserve account was created in financial year 2021 to account for IMF and IDA loan receipts. At the end of financial year 2021, a balance \$25,311,223.69 was shown on the statement. I was unable to confirm the balance presented in the Statement.

Loan Accounts **\$70,424,486.89**

2.105

Four loan accounts showing balances of \$19,424,344.53, \$11,447,514.10, \$36,739,058.89 and \$2,813,569.37; totalling \$70,424,486.89 were shown on the Certificate of Balances from BOSVG.

Sub -Treasuries **\$683,997.80**

2.106

The balance of \$683,997.80 on the Statement represented cash held by five 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

2.107

Sub-Treasuries at the end of the financial year 2021. Table 1.23 shows the comparative year-end balances on the five Sub-Treasuries accounts.



2.108

Table 1.23 shows the comparative year-end balances on the five Sub-Treasuries accounts.

Table 1.23

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	-	77,050.65	77,050.65
62123 6064	Barrouallie	300.00	300.05	.05
62123 6066	Canouan	13,539.21	604,847.10	591,307.89
Total		15,639.21	683,997.80	668,358.59

2.109

The high variance of \$668,358.59 between the balances indicates that transactions were not posted from the Sub-Treasuries accounts to the Accountant General’s Current Account, in accordance with the accounting policy of the Treasury. There is need for a detailed analysis of the Bequia, and Canouan Sub-Treasuries Accounts by the Accountant General.

2.110

Cash-Short Term Deposits \$2,853,823.54

The sum of \$2,853,823.54 represented the net balance of two Cash-Short Term Deposit Accounts recorded in the Treasury Accounts at the end of 2021. This was a net increase of \$2,036,762.02, when compared to the balance of \$817,061.52 reported for the year ended 2020. Confirmation from the BOSVG has shown agreement with the total reported on the Financial Statement.



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Public Debt Investment Account **\$1,752,224,510.13**

2.111

The Public Debt Investment Account has shown a balance of \$1,752,224,510.13 an increase of \$280,648,071.62 over the balance of \$1,471,576,438.51 shown for 2020. This account reflects the receipts and repayments of Public Debt.

Receivables **\$450,352.54**

2.112

The Dishonoured Cheques balance recorded as \$450,352.54, increased by \$44,535.58 when compared to the balance of \$405,816.96, at the end of 2020.

CONSOLIDATED FUND **(\$266,138,363.86)**

2.113

The statement showed a deficit of \$323,289,239.02 on the Consolidated Fund Account, as at 1st January, 2021. The surplus of \$56,879,185.16 (*which was understated by \$8,719,188.49 as outlined at paragraph 2.16*) on the budget out-turns for the financial year 2021, and adjustments of \$271,690.00 relating to prior years, reduced the Fund's deficit; resulting in a decreased deficit of \$266,138,363.86 at the end of financial year 2021.

2.114

In comparison to 2020, the Consolidated Fund deficit decreased by \$57,150,875.16.



2.115

RECOMMENDATIONS

The Accountant General should:

- conduct reconciliation on the Modern Medical Bank to ascertain the reason/s for the differences between the balances on the Statement and Certificate of Balances from BOSVG, as at 31st December, 2021 and make the necessary adjustments for reconciling 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.
- provide bank statements to confirm the balances on the ECCB accounts.



STATEMENT OF CONTINGENCIES FUND

ESTABLISHMENT OF THE CONTINGENCIES FUND

2.116

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

SOURCE OF FUNDS

2.117

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 dollars (\$8) per night on each room.



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RECEIPTS PAYABLE TO THE FUND DURING THE FINANCIAL YEAR 2021

2.118

An examination of the Government's Accounting System – SmartStream revealed that, for the period January to December 2021, \$96,493,394.41 and \$87,023,247.25, were collected in VAT under Customs and Excise and Inland Revenue Department, respectively; resulting in a total collection of \$183,516,641.66. In accordance with the VAT Act, \$11,469,790.10 or 6.25 percent of the VAT receipts was payable to the Contingencies Fund for the financial year 2021. Additionally, \$596,252.21 was collected in Climate Resilience Levy for the financial year 2021 and was payable to the Fund, pursuant to Schedule 2 of the Finance Administration Amendment Act No. 22 of 2019.

2.119

Further, short deposits of \$3,470,778.70 and \$86,215.62 relating to prior years VAT and Climate Resilience Levy collections, respectively, which remained outstanding at the beginning of the financial year 2021, should have been deposited to the Fund. Therefore, the amounts payable to the Fund in financial year 2021, were \$14,940,568.80 in VAT receipts and \$682,467.83 in Climate Resilience Levy.

2.120

The Contingencies Fund bank statements showed that a total of \$14,136,207.13 was deposited to the Contingencies Fund account. Based on the computation to substantiate amounts payable to the Fund, submitted by the Accountant General, VAT receipts totalling \$13,573,825.05 instead of \$14,940,568.80 were deposited to the Fund, representing a short deposit of \$1,366,743.75. Additionally, Climate Resilience Levy



2.121

receipts of \$562,382.08 instead of \$682,467.83 were deposited to the Fund; resulting in a short deposit of \$120,085.75.

Consequently, a total of \$1,486,829.50 remained outstanding at the end of the financial year 2021.

2.122

Table 1.24 shows the outstanding balance payable to the Contingencies Fund at the end of financial year 2021.

Table 1.24

Description	VAT	Climate Resilience Levy	Total
Prior year Short Deposits	\$3,470,778.70	\$86,215.62	\$3,556,994.32
Current year receipts payable to the Fund	\$11,469,790.10	\$596,252.21	\$12,066,042.31
Total Receipts payable to the Fund	\$14,940,568.80	\$682,467.83	\$15,623,036.63
Receipts deposited to the Fund during the year.	(\$13,573,825.05)	(\$562,382.08)	(\$14,136,207.13)
Outstanding receipts payable to the Fund at the end of financial year 2021	<u>\$1,366,743.75</u>	<u>\$120,085.75</u>	<u>\$1,486,829.50</u>

2.123

It was noted that 6.67 percent instead of 6.25 percent, which represents 1 percent of the 16 percent VAT, was used to compute the VAT payable to the Fund. This was due to the



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amendment of the Finance Administration Act by Act No. 22 of 2019, to include Schedule 2, which shows 6.67 instead of 6.25, contrary to section 8A of the VAT Act.

2.124 Consequently, the VAT computed and charged to the Capitalisation Expenditure Account and deposited to the Fund's bank account was overstated by 0.42 percent.

2.125 In addition, although \$12.7 million was charged to the Capitalisation Expenditure Account in financial year 2021, only \$1.8 million and \$8.1 million which were charged for financial years 2020 and 2021, respectively, were deposited to the Fund's bank account. The balance of \$2.8 million for financial year 2021, was deposited to the Fund's bank account in January, March and April 2022.

PURPOSE FOR WHICH THE FUND MAY BE UTILISED

2.126 Pursuant to section 4 (2) of the Finance Administration (Contingencies Fund) Regulations, 2019 and without limiting the provision of section 29 of the principal Act, the Fund may be used to provide financial resources for:

- a) relief, recovery and reconstruction costs from a disaster;
- b) facilitating the counter-cyclical fiscal policy in the event of an economic recession or crisis;
- c) the prepayment of debt only if the Fund exceeds 20% of the average of the actual current revenue for the last three years and the debt-to-GDP ratio of the State exceeds 60%.



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- d) investment in climate resilient infrastructure and adaptation measures only if the Fund exceeds 20% of the average of the actual current revenue for the last three years and the debt-to-GDP ratio of the State does not exceed 60%.

WITHDRAWALS FROM THE CONTINGENCIES FUND DURING 2021

2.127

In accordance with section 29 (2) of the Finance Administration Act, 2004, CAP 252 of the Revised Laws of St. Vincent and the Grenadines, the Minister is authorised, by a contingencies warrant under his hand, to make advances out of the Contingencies Fund if he is satisfied that there has arisen an urgent and unforeseen need for expenditures for which no other provision or no sufficient provision exists.

2.128

In April 2021, consequent to the issuance of the notice of declaration of disaster, the Minister of Finance authorised by Contingencies Warrant No. 1 of 2021, the withdrawal of \$15,000,000.00 from the Fund. The funds were to be expended for disaster relief support consequent upon the eruption of La Soufriere volcano and issuance of the evacuation order.

2.129

The Contingencies Fund Bank Statement, showed that a total of \$17,000,030.00 was withdrawn from the Fund during the financial year 2021, \$2,000,000.00 in excess of the 15,000,000.00 authorised by Contingencies Warrant No. 1 of 2021. The amount of \$30.00 relates to bank charges for the withdrawals.



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2.130

Based on explanations provided by the Accountant General, the amount of \$2,000,000.00 authorised by Contingencies Warrant No. 2 of 2020 in December 2020, to fund Special Warrant No. 77 of 2020, which was approved to meet the cost of rehabilitation of homes which sustained damage during the weather event of 28th October 2020, was withdrawn in financial year 2021. However, this is not in keeping with section 38 (1) of the Finance

2.131

Administration Act, 2004, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, which states: ‘... *any warrant in relation to the balance of the appropriation, shall lapse*’.

CONTINGENCIES FUND BALANCE 2021

\$27,347,953.95

2.132

The Contingencies Fund balance reported on the Statement of Contingencies Fund and confirmed by BOSVG was \$27,347,953.95 at December 31, 2021. The balance was inclusive of:

Balance brought forward at January 1, 2021		\$29,892,513.33
Deposits		
VAT Receipts	\$13,573,825.05	
Climate Resilience Levy Receipts	<u>\$562,382.08</u>	
Total Deposits	\$14,136,207.13	
Interest earned in 2021	<u>\$319,263.49</u>	
Total Inflows		\$14,455,470.62
Withdrawals		(\$17,000,030.00)
Balance as at December 31, 2021		<u>\$27,347,953.95</u>



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2.133

RECOMMENDATIONS

1. The Accountant General should:

- I. 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;
- II. establish policies and procedures to facilitate the deposit of the Climate Resilience Levy and the one percent VAT, collected as receipts for the Contingencies Fund, directly to the Contingency Fund bank account; and
- III. ensure that the total VAT and Contingency 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.

Accountant General's Comments

We have dialogued with the Director General to resolve the rate issue.



STATEMENT OF GENERAL DEPOSITS

TOTAL GENERAL DEPOSITS 2021 **-\$47,658,029.31**

2.134

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.

2.135

The Detailed Statement of General Deposits has shown that 70 deposit accounts were maintained with a total balance of \$47,658,029.31 for the financial year 2021, an increase of \$1,579,351.75, when compared to 2020.

STATUTORY BODIES **-\$11,681,733.55**

2.136

The statutory bodies comprised of nine deposit accounts in the Government Accounts, with deposits totalling \$11,681,733.55. This balance increased by \$51,599.50 over the previous year's balance of \$11,630,134.05. During the year, only one account namely - Port Authority, recorded transactions. The balances on the other eight accounts remained unchanged during the financial year.



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DEPOSITS - DEPARTMENTAL ACCOUNTS -\$31,414,323.22

2.137

The Departmental Accounts comprised the main deposit accounts in the Government Accounts. As at December 31, 2021, there were 34 Departmental Accounts that recorded credit balances and 2 debit balances totalling \$31,414,323.22. This was an increase of \$1,396,255.55 over the previous year's balance of \$30,018,067.67.

DEPOSITS – INDIVIDUALS -\$3,936,042.23

2.138

There were 15 Individual Deposit Accounts that totalled to a net credit of \$3,936,042.23, an increase of \$28,886.70 on the balance of \$3,907,155.53 held at the end of the previous financial year 2020. 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 \$71,563.63, which is reflected in the statement and Treasury Account as "Individual Deposit Accounts written off".

DEPOSITS- LOCAL GOVERNMENT -\$189,904.02

2.139

The balance of \$189,904.02 on the Local Government Account showed an increase of \$102,610, when compared to the previous year's balance of \$87,294.02.

OTHER GOVERNMENTS Net credit - \$436,026.29

2.140

The Statement has shown that eleven deposit accounts were maintained for the financial year 2021. Six accounts recorded credit balances totalling \$795,121.34, while five accounts had an aggregate debit balance of \$359,095.05. A debit balance of



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\$359,095.05 indicates that the Accountant General paid out amounts in excess of the deposits held on behalf of five Governments. The balances on these accounts did not change over the previous financial years.

RECOMMENDATIONS

It is recommended that the Accountant General should:

2.141

- review the amount of \$71,563.63, which is reflected on the Statement and in the Treasury Accounts as “Individual Deposit Accounts written off” and make the appropriate adjustment;
- analyse the five accounts with debit balances totalling \$359,095.05 under Other Governments; and
- seek confirmation from the regional Governments to ascertain the correctness of the balances of the eleven deposit accounts held for Other Governments.



STATEMENT OF INVESTMENTS

INVESTMENTS 2021 **\$29,046,486.41**

2.142

The Statement of Investment showed investments totalling \$29,046,486.41 at the end of financial year 2021, a decrease of \$5,230,421.43 in Investments, when compared to the balance of \$34,276,907.84 for 2020. Investment reported and Special Deposits held at ECCB, are highlighted in the ensuing paragraphs 2.143 to 2.151.

TRUST FUNDS **\$31,839.88**

2.143

The Statement showed that the Trust Funds balance at December 31, 2021, was \$31,839.88, an increase of \$454.77 over the previous year's balance. Three Trust Funds were reflected on the Statement of Investment; however, the Certificate of Balances from the BOSVG only accounted for two 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 as at year end 2021.

SINKING FUND **\$102,866.05**

2.144

The Statement recorded Sinking Fund Investments at \$102,866.05. The Sinking Fund balance showed a minimal increase of \$2,263.55 over the total balance of \$100,602.50 at the end of financial year 2020. This increase was attributable to interest received during the financial year.



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2.145

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.

2.146

Sinking Fund contribution of \$22,000,000.00 was provided for under Recurrent Expenditure in the Estimates of Revenue and Expenditure for financial year 2021. However, this amount was not deposited to the Sinking Fund Investment Account. The only inflow to the Sinking Fund Investment Account was interest received.

2.147

An examination of the Deferred Bond Amortisation – Sinking Fund Expenditure Account No. 20 33141 3302 revealed that transactions totalling; \$19,542,000.00, were recorded to account for the repayment of the principal of a bond and an accrue payment request of \$16,042,000.00 and \$3,500,000.00, respectively.

2.148

Interest of \$2,263.55 deposited to Sinking Fund Investment Account, in addition to the opening balance; resulted in a balance of \$102,866.05 at financial year end 2021. However, the balance represented 0.3 percent of the principal of \$40,000,000.00 in Government Bonds which were payable in financial year 2022.

2.149

In financial years 2019 to 2021, contribution to the Sinking Fund has not been made in accordance with Chapters 253 and 254 of the Laws of St. Vincent and the Grenadines,



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Revised Edition, 2009. Consequently, during financial year 2021, funds from the Fiscal Reserve II ECCB account were utilised to repay the principal of a bond. Should this practice of non-contribution to the Sinking Fund persists, the Government may encounter difficulties sourcing funds to discharge its financial obligations as outstanding bonds reach maturity.

SPECIAL FUNDS **\$28,714,504.48**

2.150 Details of special funds is provided under the special fund section of this report.

SPECIAL DEPOSITS

Fiscal Reserve Account ECCB **\$197,276.00**

2.151 The Investment Statement showed a total of \$197,276.00 as Special Deposit under Fiscal Reserve Account-ECCB. The total Fiscal Reserve balance remained unchanged when compared to the previous year's balance. A confirmation was not provided to verify this balance.

RECOMMENDATION

The Accountant General should:

2.152

- 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 2021.



STATEMENT OF SPECIAL FUNDS

SPECIAL FUNDS **\$28,911,780.48**

2.153

A special fund is a fund of public revenues established by or under any Act for a specific purpose; a fund established by Regulation by the Minister of Finance and a trust fund held by the Government. Pursuant to section 40 (4) of the Finance Administration Act, a special fund is kept in a separate account by the Accountant General.

2.154

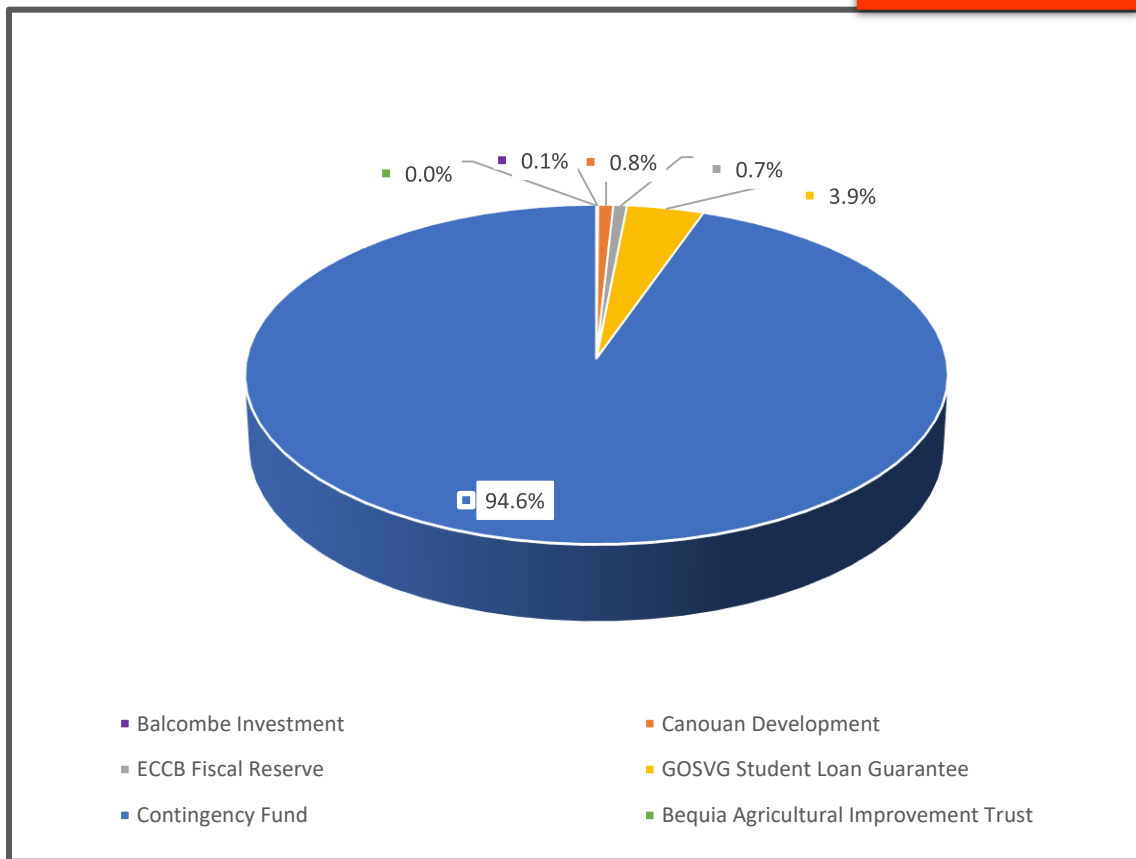
The Statement of Special Funds showed six accounts with balances totalling \$28,911,780.48. The balances on five of these accounts agreed with the balances on the Certificate of Balances from the BOSVG. One account balance, the ECCB Fiscal Reserve, which is also an investment was not confirmed. In comparison with financial year 2020, the fund balance decreased by \$5,233,139.75.



2.155

The composition of special fund is shown in Figure 14.

Figure 14





STATEMENT OF PUBLIC DEBT

PUBLIC DEBT 2021

2.156

The Statement of Public Debt reflects the outstanding balances of domestic and external loans and bonds incurred by the Government. The Public Debt, as disclosed by the Accountant General on the Statement of Public Debt, stood at \$1,839,541,866.20, an increase of \$280,648,071.63 or 18 percent over 2020 debt of \$1,558,893,794.57. However, Public Debt is understated by \$2,180,151.00, as highlighted at paragraphs 2.160 2.162 and 2.163.

2.157

Additional external loans from the International Development Association was the main contributor to this increase in Public Debt when compared to financial year 2020. The growth rate of Public Debt has accelerated over the last three financial years. It increased by 8.9 percent, 14.3 percent and 18 percent in financial years 2019, 2020 and 2021, respectively.

2.158

At December 31, 2021, domestic and external debts were reported as \$590,870,645.70 and \$1,248,671,220.50, 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



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Accounts in SmartStream. The discrepancies were brought to the attention of the Accountant General, who provided clarifications.

Domestic Debt and Receipts

Domestic Bonds

2.159

Additional bonds, totalling \$86,704,122.00 were recorded in SmartStream and on the Statement of Public Debt. However, a total of \$85,488,978.94 was credited to Domestic Bond Transaction Receipts Account No. 20 33141 3303; resulting in a difference of \$1,215,143.06. The difference was attributable to the following:

1. Government Bond 2026-L of \$309,122.00 was included as an additional debt on the Statement of Public Debt for financial year 2021; however, the related bond receipts could not be traced under Domestic Bond Transaction Receipt Account No. 20 33141 3303.

Accountant General's Comments:

Gov't Bonds 2026-L value \$309,122.00 was an IADC loan taken over by central Government. No revenue was received

2. An amount of \$1,042,000.00 was credited to Government Bond 2028-F Account No. 20 63143 6486 to account for the difference in the bond value; however, the corresponding receipts could not be traced to Domestic Bond Transaction Receipt



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Account No. 20 33141 3303. This resulted in the understatement of capital revenue by \$1,042,000.00.

Accountant General's Comments:

Gov't Bonds 2028-F value \$1,042,000.00 was issued in 2020, this portion of the bond was recorded in 2021, the receipts from this portion of the bond was received in our operating account at ECCB on 5th August (see attachment). The funds are still in our operating account at ECCB and was not brought to account in SmartStream.

The excess revenue was due to interest on bond (due to Bond Agents settling bonds later than date issued).

2.160

Government Bond 2026-C of EC\$5,400,000.00, issued and accounted for in financial year 2019, was recorded in SmartStream and included in the Statement of Public Debt as Government Bond 2026-G. This resulted in the overstatement of Public Debt by \$5,400,000.00.

Accountant General's Comments:

The following Bond was issued and recorded in 2019, the receipt from the bond was brought to account in 2019 with detail 6472. In error the bond was recorded again in 2020 using detail 6487. The necessary correction of this duplication will be reflected in the 2023 accounts.



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Detail	Description	Rate of Interest	Amount
6487	Gov't Bond 2026-G: PP071126	6.15%	5,400,000

2.161

It was noted that the Treasury Bills account in SmartStream did not contain transactions for Treasury Bills redeemed and reissued during the financial year.

Accountant General's Comments:

No transactions for the Treasury Bills issued and redeemed during the financial year were entered in SmartStream.

Domestic Loans

2.162

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. Further, there is no evidence to indicate that this loan is being serviced.

Accountant General's Comments:

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

2.163

Loan receipts of \$4,075,350.00 was credited to Domestic Loan Receipts Account No. 20 33141 3304; in financial year 2020; however, the corresponding loan was not accounted for in SmartStream, nor was it included on the Statement of Public Debt. This resulted in the understatement of Public Debt by \$4,075,350.00.



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Accountant General's Comments:

The difference of \$4,075,350.00 recorded as receipts from St. Vincent Electricity Services represents a Bridging Loan to the Geothermal Company. The receipts came in via credit advice dated 8th January 2020 and was paid out to the Geothermal Company on the same day (see control group 080120VOTE). The Loan was omitted in 2020 and was brought to account in 2023.

External Loan Receipts and Public Debt Statement

2.164

Capital Receipts of \$35,103,065.51 were credited to CDB account; however, additional loans of \$42,780,254.00 were journalised under CDB Loan Account No. 20 63242 6653, a difference of \$7,677,188.49. The difference which pertains to loan receipts disbursed in 2021, was not accounted for in SmartStream. This resulted in the understatement of Capital Revenue by \$7,677,188.49.

Accountant General's Comments:

Disbursement of 2,999,981.48 USD received in the TVET Project US account on the 30th December 2021 accounts for the difference between disbursement and receipt. This US account is not in SmartStream.

2.165

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.



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Cost of Servicing Public Debt

\$237,877,721.84

2.166

The Cost of Servicing Public Debt includes amortisation, interest, charges and sinking fund contributions. According to the Statement of Detailed Expenditure, a total of \$237,877,721.84 was expended for the servicing of domestic and external debts and sinking fund contributions.

2.167

Debt servicing increased by 6.5 percent from \$223,273,620.99 in the previous year to \$237,877,721.84 in 2021. All categories of debt servicing, with the exception of sinking fund contributions and local charges, increased when compared to financial year 2020. The highest increase and decrease of 42.5 percent and 56.6 percent were recorded under amortisation of domestic debt and sinking fund contributions, respectively. Significant movements were also seen under external interest payments and local charges. The Cost of Servicing Public Debt as a percentage of recurrent revenue and recurrent expenditure, showed slight decreases of 1.9 percent and 0.2 percent, respectively, for 2021, when compared to 2020, as shown in Table 1.25

2.168

Table 1.25 shows Public Debt, Debt Servicing to recurrent revenue and expenditure for the financial year 2021, with comparative figures for the financial year 2020.



Table 1.25

PARTICULARS	2021 \$	2020 \$	% CHANGE
Total Debt	1,839,541,866.20	1,558,893,794.58	18%
Central Government Debt Servicing	237,877,721.84	223,273,620.99	6.5%
External Debt	76,669,335.93	71,868,101.40	6.7%
<i>Amortisation</i>	52,916,044.31	52,309,634.27	1.2%
<i>Interest Payments</i>	23,306,495.62	19,134,141.13	21.8%
<i>Foreign Charges</i>	446,796.00	424,326.00	5.3%
Domestic Debt	161,208,385.91	151,405,519.59	6.5%
<i>Amortisation</i>	104,156,131.67	73,080,769.59	42.5%
<i>Interest Payments</i>	37,022,455.05	32,478,063.34	14%
<i>Local Charges</i>	487,799.19	846,687.00	-42.4%
<i>Sinking Fund Contribution</i>	19,542,000.00	45,000,000.00	-56.6%
Recurrent Revenue	681,393,445.15	606,266,639.64	12.4%
Recurrent Expenditure	870,611,724.98	812,202,270.67	7.2%
Debt Service/Recurrent Revenue (%)	34.9%	36.8%	-1.9%
Debt Service/Recurrent Expenditure (%)	27.3%	27.5%	-0.2%

PUBLIC DEBT AND DEBT SERVICING 2017-2021

2.169

As shown in Table 1.26, from financial year 2017 to 2021, Public Debt and Debt Servicing showed net increases of \$545.8M or 42.2 percent and \$50.2M or 26.8 percent, respectively.

2.170

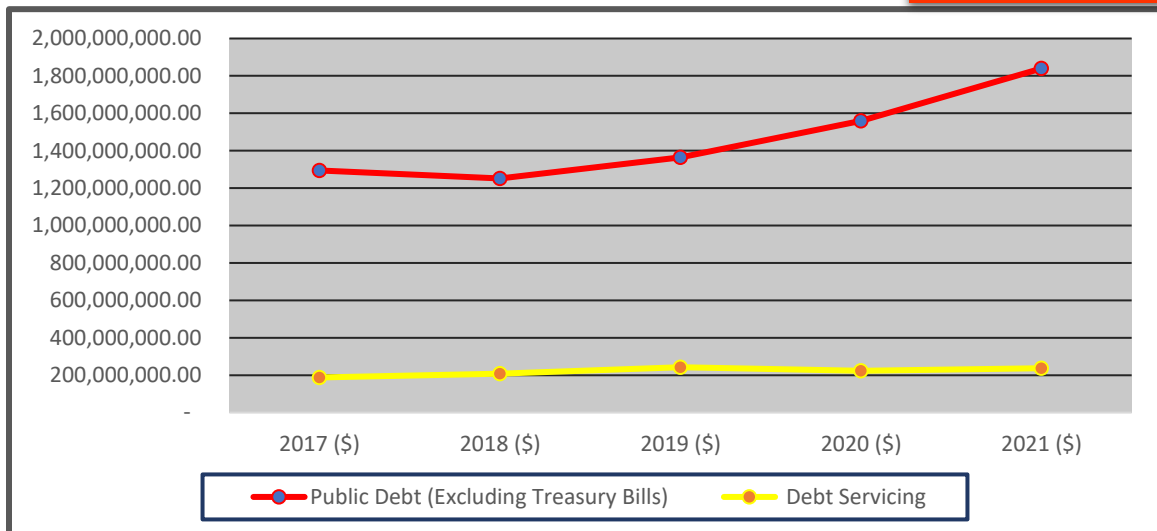
Public Debt and Debt Servicing for financial years 2017 to 2021 are shown in the Table 1.26 and Figure 15.



Table 1.26

PARTICULARS	2017	2018	2019	2020	2021
Public Debt (Excluding)	1,293.7M	1,251.8M	1,364.1M	1,558.8M	1,839.5M
Cumulative Increase (dollar\$)	-	-41.9M	70.40M	256.10M	545.8M
Cumulative Increase (percentage %)	-	-3.2%	5.4%	20.5%	42.2%
Debt Servicing	187.6M	207.8M	242.4M	223.2M	237.8M
Cumulative Increase (dollar \$)	-	20.2M	54.8M	35.6M	50.2M
Cumulative Increase (percentage %)	-	10.8%	29.2%	19%	26.8%

Figure 15





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2.171

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.
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.
4. The transactions incurred for Treasury Bills should be accounted for in the Government Accounting System-SmartStream.



STATEMENT OF ADVANCES

2.172

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

2.173

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

2.174

The Detailed Statement of Advances comprised of the following categories:

- ✚ Government Officers;
- ✚ Other Advances;
- ✚ Receivables; and
- ✚ Other Governments.

2.175

Total Balance of Advances 2021 **\$14,043,798.41**

The aggregate of advances not repaid showed an increase of \$1,415,795.57 or 11.2 percent from \$12,628,002.84 in 2020 to \$14,043,798.41 in 2021. The balances on the four categories of advances when compared to 2020, are shown in Table 1.27 and Figure 16.



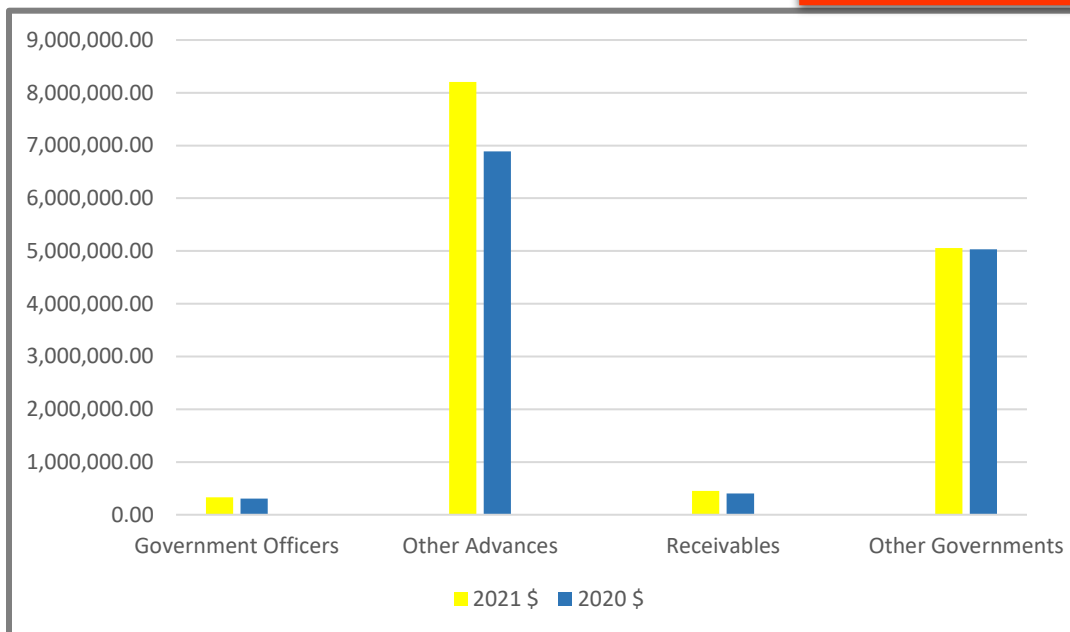
2.176

The balances on the four categories of advances when compared to 2020 are shown in Table 1.27 and Figure 16.

Table 1.27

CATEGORY	2021 \$	2020 \$	INCREASE/(DECREASE)
Government Officers	330,828.24	303,659.66	27,168.58
Other Advances	8,204,978.56	6,885,590.54	1,319,388.02
Receivables	450,352.54	405,816.96	44,535.58
Other Governments	5,057,639.07	5,032,935.68	24,703.39
TOTAL	14,043,798.41	12,628,002.84	1,415,795.57

Figure 16





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Government Officers

\$330,828.24

2.177

The financial statement has shown a debit balance of \$330,828.24 for advances issued to Government Officers, as at December 31, 2021, \$27,168.58 more than the balance of \$303,659.66 for 2020. Of the total outstanding, an amount of \$179,998.12 is shown as advances to persons who are retired.

2.178

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

Other Advances

\$8,204,978.56

2.179

The Statement showed a net balance of \$8,204,978.56 at December 31, 2021, \$1,319,388.02 more than the balance of \$6,885,590.54 for the previous year. The number of accounts under this category increased from 15 in 2020 to seventeen 17 in 2021. Seven of the 17 accounts on the Statement showed no activity during the financial year 2021.

2.180

The highest balances were reflected primarily under the Permanent Representative-SVG UN, Toronto Consulate, New York Consulate, Embassy of SVG, Cuba and Embassy of SVG, Taiwan, respectively, as shown in Table 1.28.



2.181

The advance balance of \$426,049.06 for the Embassy of SVG Venezuela grew by 500.7 percent, when compared to the balance at the end of 2020. The large balances on these accounts have indicated that expenditure of \$6,294,651.28 incurred by the offices remained unaccounted for in the Government’s accounts.

2.182

The high balances were highlighted in previous audit reports issued to the Accounting Officer, requesting a detailed analysis of the balances and to effect adjustments where necessary. However, only two of the account balances showed a slight decrease, while the other accounts have reflected increases ranging from 2 to 407 percent, when compared to 2020.

2.183

Table 1.28 shows the advance balances of the SVG High Commission, Embassies and Consulates for 2021 and movements in the balances, when compared with 2020.

Table 1.28

OFFICES	2021 \$	2020 \$	INCREASE/(DECREASE) \$	PERCENTAGE INCREASE/(DECREASE)
Permanent Representative-SVG UN	1,811,707.58	1,275,268.53	536,439.05	42
Toronto Consulate	1,441,576.18	1,184,034.69	257,541.49	21.75
Consulate General New York	678,269.24	703,550.97	(25,281.73)	(3.6)
Embassy of SVG Cuba	601,738.35	478,579.78	123,158.57	25.7
Embassy of SVG Taiwan	579,523.72	591,399.88	(11,876.16)	(2)
Embassy of SVG Venezuela	426,049.06	83,969.32	342,079.74	407
High Commission SVG London	386,881.67	378,809.98	8,071.69	2
Washington Mission	368,905.48	309,650.11	59,255.37	19
Total	6,294,651.28	5,005,263.26	1,289,388.02	25.8



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Receivables

\$450,352.54

2.184

Receivables which resulted from dishonoured cheques increased by \$44,535.58 from \$405,816.96 in 2020 to \$450,352.54 in 2021.

Other Governments

\$5,057,639.07

2.185

The Statement showed 12 accounts with debit balances totalling \$5,057,639.07 at the year ended December 31, 2021. This balance increased by \$24,703.39 when compared to the balance of \$5,032,935.68 for 2020. Four of the accounts have shown fixed balances since 2000, while eight accounts have not reflected any repayment for the last 12 years, although the Accountant General continued to make payments for gratuity and pensions on behalf of the Governments.

2.186

It must be reiterated that if this trend is allowed to continue, the Governments' debt may escalate beyond unmanageable proportions.

2.187

RECOMMENDATIONS

- The balances which remained outstanding for extended periods in the Advance Accounts should be investigated and the relevant corrective action taken to have the outstanding advances recovered and cleared or written off, in accordance with section 17 (1) of the Finance Administration Act;
- The internal controls should be strengthened to ensure that advances are promptly cleared in keeping with the requirements of the accounting policies;
- Policies and procedures should be enforced, aimed at ensuring that Public Officers exercise due care when accepting cheques from businesses and individuals. In



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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.



STATEMENT OF CONTINGENT LIABILITIES

CONTINGENT LIABILITIES 2021 **\$152,285,800.17**

2.188

International Public Sector Accounting Standards (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 recognized 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.

2.189

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.

2.190

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 Administration Act, 2004 and for disclosure purposes, since these liabilities represent the



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encumbrance of potentially material amounts of resources during future periods, and thus, may affect the future cash flows available to the Government.

2.191

The Statement showed a total of \$152,285,800.17 in Contingent Liabilities; \$126,398,136.70 - External and \$25,887,663.47 - Domestic, at financial year ended December 31, 2021. The liability decreased by \$5,213,553.64 or 3.3 percent, when compared to the balance at the end of financial year 2020. Contingent Liability of \$109,554,015.00, which pertains to PDVSVG, represented 86.7 percent of External Contingent Liabilities and 71.9 percent of total Contingent Liabilities. The balance remained unchanged since financial year 2019, which is an indication that the underlying instrument of this liability, is not being serviced.

2.192

The balance of \$24,147,794.00, for National Insurance Services (NIS), showed a slight reduction of 2.4 percent but continued to be the most significant exposure risk to the Government under the Domestic category. It represented 93.3 percent of Domestic Contingent Liability.

2.193

The balances for all Contingent Liabilities, with the exception of the balance for PDVSVG, decreased when compared to financial year 2020.

2.194

Based on the supporting documentation produced by the Debt Unit, I was unable to determine the nature of the liabilities and verify the balances presented on the Statement, for financial year 2021.



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 instituted 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 by implementing recommendations issued by my Office, to improve the performance of the entities. 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

Reports and queries for audits completed in 2021, were issued to the respective accounting officers and heads of departments. Further, recommendations were made to assist management in the implementation of corrective actions to improve the operations of the audited entities.

3.3

I noted with grave concern that despite the issuance of recommendations to enhance the performance of the audited entities, accounting officers have continued to exhibit passivity; since the recommendations issued to improve operations were not



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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 government's operations, 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 also need for continuous training of staff in the ministries and departments in accounting regulations and procedures, with the view of enhancing accountability and good governance. The lack of training will continue to negatively impact the operations of the audited entities.



ARREARS OF REVENUE RETURNS

3.6

The Accountant General reminded the revenue collectors of their obligations in accordance with Finance Administration Regulations, 2009, via Treasury Circular, TR/12 dated 5th January, 2021; however, 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. 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.

RETURN OF RECEIPT BOOKS

3.8

All collectors of revenue 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 postponed at the Government's Offices throughout St. Vincent; as a result of the COVID-19 pandemic and La Soufriere volcano eruption in 2021.

IMPREST WARRANTS

3.10

A total of \$10,552.71 remained outstanding on the Imprest Accounts, at the end of 2021, although, section 33 (2) of the Finance Administration Act, states *that "Any officer to whom an imprest has been issued...shall retire that imprest not later than the end of the financial year in which the imprest was issued or, if some earlier date is specified in the Imprest Warrant or by the Accountant General, not later than that earlier date."*

3.11

The failure of accounting officers to comply with the requirements of the Act resulted in the under reporting of expenditure by the defaulting ministries/departments.

VIREMENT WARRANTS

3.12

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 ninety-four (138) Virement Warrants totalling \$17,253,760.23 were approved in respect of the year ended December 31, 2021; resulting in an increase of \$8,526,664.26 of the amounts varied, when compared to the sum of \$8,727,095.97 in



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2020. The significant increase is mainly attributable to the virement of \$11,727,809.60 from the external debt servicing account to the domestic debt servicing account.

Two virement posting errors were identified in the Government's Accounts – SmartStream as follows:

- virement warrant No. 15/2021, approved to transfer \$10,000.00 from Account No. 55 550 22111 to Account No. 55 584 21112, was entered twice in the Government's Accounts – SmartStream as VW#15/2021 and VW#16/2021. This resulted in an overstatement and understatement of \$10,000.00, in the Revised Estimates under Accounts No. 55 584 21112 and Account No. 55 550 22111, respectively; and
- an amount of \$10,399.06 was approved to be transferred from Account No. 20 216 22212 to Account No. 20 216 22511, by virement warrant No. 92/2021. However, Account No. 20 216 22212 was debited instead of credited and Account No. 20 216 22511 was credited instead of debited. This resulted in an overstatement and understatement of \$20,798.12 in the Revised Estimates under Accounts No. 20 216 22212 and Account No. 20 216 22511, respectively.

SPECIAL WARRANTS

In accordance with section 28 of the Finance Administration Act, 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

3.14



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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.

3.15

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 \$35,000,000.00 on 6th February, 2020.

3.16

One hundred and twenty-three special warrants totalling \$98,012,204.64 were approved by the Minister of Finance to supplement the budgetary estimates during the financial year 2021; an increase of \$37,027,580.71 when compared to the amount of \$60,984,544.17 approved for 2020. Of the special warrants approved in financial year 2021, only one special warrant of \$15,000,000.00 was included in Supplementary Appropriation Act No. 6 of 2021. The difference of \$83,012,204.64 was not submitted for the approval of the House of Assembly.

3.17

The total of \$83,012,204.64 approved by special warrants, was \$48,012,204.64 in excess of the \$35,000,000.00 limit fixed by Resolution of the House of Assembly.

3.18

It was noted that although three Special Warrants were entered in the Government’s Accounting System – SmartStream, the Revised Estimates did not increase by the value



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of the special warrants. This resulted in the understatement of the Revised Estimates of recurrent expenditure by \$375,784.67. This is attributable to the following:

- special warrant No. 1/2021 of \$131,560.00 was approved to supplement Account No. 654 21111 with \$129,260.00 and Account No. 654 21113 with \$2,300.00, under the Ministry of Health, Wellness etc.; however, the Estimates under Account No. 654 21111 was not revised. This resulted in the understatement of the Revised Estimates by \$129,260.00;
- an amount of \$111,919.16 was approved by special warrant No. 2/2021 to supplement accounts: 21111 with \$37,286.25; 21113 with \$1,582.92; 22111 with \$1,866.67; 22211 with \$833.33; 22212 with \$1,666.66; 22311 with \$1,183.33; 22511 with \$833.33 and 26312 with \$66,666.67, under Policy Planning and Administration, Ministry of Public Service etc. However, only the Estimates under Accounts Nos. 21113 and 26312 were revised, resulting in understatement of the Revised Estimates by \$43,669.57; and
- special warrant No. 3/2021 was approved to supplement Account No. 441 28212 with \$202,855.00, under the Ministry of National Security, etc.; however, the Estimates under Account No. 441 28212 was not revised. This resulted in the understatement of the Revised Estimates by \$202,855.00.



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3.19

AUDIT QUERIES

Responses to Audit Queries by the ministries and departments remained unsatisfactory. A total of 24 queries were issued to accounting officers and heads of departments in 2021. However, 6 were settled and 18 remained outstanding at the end of the financial year.



CHAPTER 4

AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

4.1

This section highlights the salient observations arising from the audits conducted at the ministries/departments, for the period under review. Detailed comments on the significant observations, as well as, recommendations conveying the corrective measures considered necessary, were communicated to the accounting officers, by way of audit queries, reports and memoranda. The significant findings are outlined hereunder: -

MINISTRY OF NATIONAL SECURITY, ETC.

Prisons Department

FOLLOW-UP REVIEW ON THE IMPLEMENTATION OF PRIOR YEARS AUDIT RECOMMENDATIONS - PRISONS DEPARTMENT

Executive Summary

4.2

A compliance audit was conducted on the records maintained at the Prisons Department for the period 2012 – 2015. The report, containing recommendations to address the deviations and improve the performance of the entity, was issued to the accounting officer in 2016. The audit report contained fifteen (15) recommendations related to five (5) areas of audit inquiries, as shown in Table I.29.



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4.3

We conducted a follow-up on recommendations issued to the Prisons Department for the period 2012 – 2015 to assess the progress made by management in implementing these recommendations. The follow-up review was performed pursuant to the International Standards of Supreme Audit Institutions (ISSAIs) and in alignment with audit initiatives to improve the audit process, by monitoring the implementation status of audit recommendations.

4.4

We found that 86 percent of the recommendations were not fully implemented as was evident by the recurrence of various weaknesses which were identified in the previous report.

4.5

It should be reiterated that the recommendations were designed to strengthen the internal controls and improve the performance of the Prisons Department. However, in order for recommendations to be effective, it is important that they are fully implemented on a priority basis by the Prisons Department.

4.6

In conducting the follow-up on recommendations, inappropriate practices and further compliance deviations were detected in the operations at the Belle Isle Correctional Facility and Her Majesty's Prison. In order to assess the extent of the errant practices and deviations, a detailed assessment was conducted on the areas identified. The scope, objectives, criteria, summary of work performed and the findings and recommendations are articulated in the section – Inappropriate Practices and Compliance Deviations.



FOLLOW-UP ON RECOMMENDATIONS

Audit Scope

4.7 The follow-up on recommendations assessed the systems implemented by management to address the deviations identified in the report for the period 2012 – 2015, by examining the department’s operations during the period January 2016 – July 2019.

Audit Objectives

4.8 The objectives of the follow-up review were to:

1. ascertain the extent to which recommendations were implemented; and
2. determine the reasons for the non-implementation of recommendations where applicable.

Purpose of the Follow-up on Recommendations

4.9 Supreme Audit Institutions (SAIs) are required by ISSAIs, to follow-up on recommendations issued to entities. The follow-up is critical to determine the adequacy, effectiveness and timeliness of actions taken by management to implement recommendations issued to correct reported observations, in order to improve the operations of the entity. Therefore, if management does not implement the recommendations arising from audit findings, it exposes the organisation to risk.

4.10 As a result of the foregoing and in accordance with the Audit Office’s Performance Activities for 2019, we conducted a follow-up assessment, which reviewed the



implementation status of audit recommendations, issued to the Prisons Department for the financial years 2012 – 2015.

Summary of Work Performed

4.11 In April 2019, the entity was informed of the Audit Office’s intention to conduct a follow-up assessment, and a Follow-up Audit Template, outlining the findings, recommendations and the rating scale for the assessment of the implementation of recommendations was transmitted to the Permanent Secretary, Ministry of National Security, etc. The Permanent Secretary was requested to provide an update on the implementation of the recommendations issued. The information requested was provided on May 29, 2019.

4.12 We conducted an analysis of the information submitted in order to obtain a preliminary status on the recommendations issued. We subsequently surveyed the Prisons Department to assess the accuracy of management’s assertions on the implementation of the recommendations issued. We extracted supporting data from the Government’s Accounting System, SmartStream, and examined the Prisons Department’s records, which were used to assess post audit situations against the original findings. In addition, we undertook testing and held discussions with the Superintendent of Prison and relevant staff.



Review of the Status of Recommendations

4.13

Management reported that six recommendations had been fully implemented and nine (9) had been substantially implemented, as depicted in Table 1.29. However, our assessment found that only two recommendations were fully implemented, while insignificant or no progress was made in implementing the remaining thirteen recommendations, as shown in Table 1.29.

4.14

A summary of the related areas of audit inquiries for the years 2012 – 2015 and the status of the recommendations are outlined in Table 1.29.

4.15

Table 1.29 shows a summary of the Audit Office's assessment of the implementation status of the audit recommendations, for financial years 2012 – 2015.



Table 1.29

Area of Audit Inquiry	No. of Recommendations Issued	Implementation Status				
		Full Implementation	Substantial Implementation	Insignificant Progress	No Progress	Planning Stage
Condition of Records	1	1				
General Stores	5				5	
Dietary Stores	6			6		
Prison Farms	2			2		
Vehicles Log Book	1	1				
	15	2	0	8	5	0



4.16

The initial audit findings; recommendations; implementation status of recommendations, submitted by management; and our current findings are detailed in Table 1.30 as follows.

4.17

Table 1.30 shows initial audit findings and recommendations, implementation status and current findings.

Table 1.30

Condition of Records		
Initial Findings		
<p>The auditors were informed by the Officer in charge of the accounts at the Kingstown Prisons, that the records were contaminated, as a result of serious rodent infestation in the records room. An examination of the physical appearance of these records by the auditors, confirmed the same; therefore, a comprehensive audit could not be done on various records and supporting documents for the years 2012 - 2014.</p>		
Recommendation	Implementation Status Submitted	Current Status
The Superintendent of Prisons should request regular visits from the Ministry of Health to the Kingstown Prison to address the current infestations of rodents and to prevent future recurrences	Full Implementation	Full Implementation



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Follow-up Findings

The Vector Control Unit confirmed that there is an ongoing rodent eradication program at Her Majesty's Prisons, which is coordinated by the Vector Control Unit, at the Ministry of Health. Furthermore, we found no visible signs of contamination during our examination.

Prisons Management's Response

Although there would be a continued dependence on the Ministry of Health to assist in the eradication of rodents in the prisons, the decision has been taken to remove a significant amount of the records to the Belle Isle Correctional Facility where conditions are more conducive to their safe keeping.



Stores Ledger – Kingstown

Initial Findings

The Auditors were unable to determine whether all of the stores issued were supported by Stores Issue Vouchers, as these documents were contaminated.

An examination of a list of stores procured via SmartStream with the stores that were recorded in the Stores Ledger indicated the following:

1. Several items purchased via SmartStream were not recorded in the Stores Ledger contrary to the Store Rules.
2. Some items entered as receipts in the Stores Ledger were not accounted for on SmartStream. Upon inquiry, the Auditors were informed by the officer responsible for maintaining the records, that these items were credited from various businesses without the mandatory Purchase Orders via SmartStream. This is not in keeping with Treasury accounting practices. In addition, EC\$22,134.20 was outstanding to these business places for the year 2015, at the time of the audit.
3. Several items were shown as received on Requisition Issue Vouchers for 2015; however, these were not recorded as issued, in the Stores Ledger.
4. Items procured for Belle Isle were not taken on charge in the Stores Ledger.

Recommendation	Implementation Status Submitted	Current Status
The Stores Ledger should be maintained in accordance with Store Rules, Section 4.	Substantial Implementation	No Progress



All receipt and issue of stores should be brought to account promptly in the Stores Ledgers in accordance with Store Rule 46.	Substantial Implementation	No Progress
A Purchase Order should be processed in SmartStream for all items procured for the prison in keeping with the Treasury accounting practices.	Substantial Implementation	No Progress
Follow-up Findings <p>Although stores were issued on the authority of Requisition Issue Vouchers (RIV), as required by Store Rule 68, Stores Ledgers were not maintained to account for the receipts, issues and balances of stores purchased during the period under review.</p> <p>The total value of allocated and unallocated stores purchased during the period under review was estimated at EC\$330,000.00.</p>		
Prisons Management's Response <ul style="list-style-type: none">• Proper usage and upkeep of the Stores Ledger at Kingstown and Belle Isle has been ordered and implemented in accordance with Store Rules, Section 4. This includes the bringing of receipt and issue of stores to account promptly in accordance with Store Rules 46. Requisition Voucher Books will be used and maintained.• The retraining of staff assigned to accounts and stores will be done to ensure that they are satisfactorily familiar with the Finance Regulations and Store Rules.		



Stores Ledger – Belle Isle

Initial Findings

An examination of the records maintained at the Belle Isle facility, revealed that all items issued from the Prisons (Kingstown) were not recorded in the Belle Isle Stores Ledger. This is not in keeping with the Store Rules.

Conversely, there were items recorded as receipt in the Belle Isle Store Ledger that were not recorded as issued in the Kingstown Stores Ledger.

Recommendations	Implementation Status Submitted	Current Status
The Stores Ledger should be maintained in accordance with Store Rules, Section 4.	Full Implementation	No Progress
All receipt and issue of stores should be brought to account promptly in the Store ledgers in accordance with Store Rule 46.	Full Implementation	No Progress

Follow-up Findings

Stores were issued on the authority of Requisition Issue Vouchers (RIV), as required by Store Rule 68; however, the Stores Ledgers were not maintained to account for the receipts, issues and balances of stores received by the facility from Her Majesty's Prison for the period under review.



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Prisons Management's Response

- Proper usage and upkeep of the Stores Ledger at Kingstown and Belle Isle has been ordered and implemented in accordance with Store Rules, Section 4. This includes the bringing of receipt and issue of stores to account promptly in accordance with Store Rules 46. Requisition Voucher Books will be used and maintained.
- The retraining of staff assigned to accounts and stores will be done to ensure that they are satisfactorily familiar with the Finance Regulation and Store Rules.



Dietary Records – Kingstown

Initial Findings

It was noted that the Dietary Ledger was not maintained in accordance with Store Rule Section 4, to accurately reflect items purchased and issued. In addition, the following were noted:

1. Receipts in the Dietary Ledger were recorded in pencil during the period April 2012 to September 2015.
2. The quantities for all items procured via SmartStream, differed from the quantities taken on charge in the Dietary Ledger.
3. Dietary supplies that were procured and issued to the Belle Isle prison were not accounted for in the Dietary Ledger.

Recommendations	Implementation Status Submitted	Current Status
The accounting officer should ensure that Store Rules are strictly observed and that the officers in charge of stores are conversant with the Store Rules.	Substantial Implementation	Insignificant Progress
The accounting officer should ensure that the Dietary Ledgers maintained at the Prisons Department are in accordance with the Store Rules.	Substantial Implementation	Insignificant Progress



The accounting officer should ensure that the quantity of food items procured via SmartStream reconciles with the quantity recorded in Dietary Ledgers.	Substantial Implementation	Insignificant Progress
<p>Follow-up Findings</p> <p>Purchases recorded in SmartStream were satisfactorily posted to the Dietary Ledger for the period January 2016 to December 2016, and issues for the same period were also verified with the corresponding Requisition Issue Vouchers (RIV). However, the units of measurement employed for the issuing of dietary items were not always consistent with the units of measurement used at the time of ordering and receiving. This made it difficult to verify the balances for various items in the Dietary Ledger.</p> <p>A Dietary Ledger was not maintained to account for dietary items valued at EC\$2.5 million, procured during the period January 2017 to September 2019. Consequently, we were unable to determine whether all items purchased were received and used for the purposes intended.</p>		
<p>Prisons Management's Response</p> <ul style="list-style-type: none">• A meeting was held with the persons assigned to maintaining the Dietary Ledger both at Kingstown and Belle Isle and the proper maintenance of same has currently been initiated. This will include the daily maintenance of Diet Sheets at both facilities.• The retraining of staff assigned to accounts and stores will be done to ensure that they are satisfactorily familiar with the Finance Regulations and Store Rules.		



Dietary Records – Belle Isle

Initial Findings

The Belle Isle Prison does not maintain a Dietary Ledger. However, two records, namely; "Goods Received Book" that records food items received from Kingstown Prisons and the "Kitchen Recording Book" which records food items issued from Belle Isle prison farm to Belle Isle and Kingstown Prisons kitchen are maintained.

Goods Received Book

1. The Auditors could not determine whether all food items recorded in the Goods Received Book were issued from Prisons (Kingstown), as the dietary items that were issued to Belle Isle, were not recorded in the Dietary Ledger at Kingstown.
2. There were differences in the quantity of food items purchased via SmartStream in comparison to the quantity that was recorded in Kingstown Dietary Ledger and Belle Isle's Goods Received Book
3. Items received from the Prisons (Kingstown) were recorded in the Goods Received Book; however, supplies issued to Belle Isle kitchen were not reflected in the book. Therefore, it was not possible to verify the stock balance of items.

Kitchen Recording Book

Food items that were issued from the Belle Isle prison farm to Prisons (Kingstown) were not traced to the records maintained for the kitchen.



Recommendations	Implementation Status Submitted	Current Status
The accounting officer should ensure that Store Rules are strictly observed and that the officers in charge of stores are conversant with the Store Rules.	Substantial Implementation	Insignificant Progress
The accounting officer should ensure that a Dietary Ledger is maintained at Belle Isle to account for all dietary items received from Prisons (Kingstown) and issued to the kitchen.	Substantial Implementation	Insignificant Progress
The accounting officer should ensure that the Dietary Ledgers maintained at the Prisons Department are in accordance with the Store Rules.	Substantial Implementation	Insignificant Progress
Follow-up Findings A Dietary Ledger was not maintained to account for dietary items issued by Her Majesty's Prison to the Belle Isle Correctional Facility. Consequently, we were unable to determine whether proper controls were exercised in the utilisation of consumable items.		



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Prisons Management's Response

- A meeting was held with the persons assigned to maintaining the Dietary Ledger both at Kingstown and Belle Isle and the proper maintenance of same has currently been initiated. This will include the daily maintenance of Diet Sheets at both facilities.
- The retraining of staff assigned to accounts and stores will be done to ensure that they are satisfactorily familiar with the Finance Regulation and Store Rules.



Belle Isle Prison Farms

Initial Findings

There is an absence of accepted accounting practices to account for the farm operations; therefore, it was not possible to ascertain the inputs and outputs of the farm, issues made to Kingstown and Belle Isle Prisons kitchen, and the sales of produce. Consequently, the viability of the farm to subsidise the Prisons dietary needs and reduce its dependency on Government's resources could not be determined.

Recommendations	Implementation Status Submitted	Current Status
The Superintendent of Prison should ensure that adequate record keeping is employed to evaluate the effectiveness of the prison farm operations.	Full Implementation	No Progress
Belle Isle accounts for all food items issued from the Prisons farm to Kingstown Prisons.	Full Implementation	No Progress



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Follow-up Findings

There were no changes to the Prison farm's accounting practices as no records were maintained to account for the receipt and utilisation of input supplies, including seeds, chemicals, and animal feed, which were procured at a cost of \$85,000.00 for the period under review. Hence, the viability of the farm to subsidise the Prisons dietary needs and reduce its dependency on Government's resources still could not be ascertained. It was noted that a ledger is maintained to record the outputs of the farm; however, subsequent issues made to the Belle Isle Correctional Facility's kitchen or Her Majesty's Prison, were not documented. Therefore, we were unable to determine whether adequate controls were exercised in the utilisation of the farm's output.

Prisons Management's Response

Proper mechanisms will be put in place at the farm to ensure that accurate records are kept in keeping with acceptable accounting practices.

Vehicle Log Book

Initial Findings

The Prisons Department has in its custody six (6) vehicles: G493, G591, G622, G693, G840 and PM338. The vehicle log books for the vehicles in use were not maintained at the time of the audit.



Recommendation	Implementation Status Submitted	Current Status
The Superintendent of Prisons should ensure that a vehicle log book is maintained for all vehicles assigned to the Prisons for effective management of the Government's vehicles.	Full Implementation	Full Implementation
Follow-up Findings <p>All log books maintained for vehicles operated by the Prisons Department, were presented for auditing and were satisfactorily maintained. However, it was noted that while the odometer readings were recorded in the log books, the distances travelled were not calculated and posted in the prescribed column.</p>		
Prisons Management's Response <p>A meeting will be held with the drivers of all Prison Department vehicles to sensitize and instruct them in the proper use and maintenance of Vehicle Log Books. The oversight of senior personnel will be required to ensure that the required practices are being maintained.</p>		



INAPPROPRIATE PRACTICES AND COMPLIANCE DEVIATIONS

Summary

4.18

In conducting the follow-up of recommendations, inappropriate practices and further non-compliance were detected; hence, investigations were carried out into the identified areas of operation to assess the extent of the issues identified. The assessment was carried out using a combination of compliance and performance audit approach, and encompassed the period January 2016 – July 2019.

4.19

The salient results of the assessment are outlined hereunder:

- dietary items procured for use by the Prisons were not always obtained at the most cost-effective price;
- no records were presented to account for the receipts and utilisation of:
 - I. items purchased at a cost of EC\$900,000.00, for the production of bread; and
 - II. textile and related merchandise procured at a cost of EC\$100,000.00, for the production of prisoners' uniforms.
- there was a decrease in expenditure relating to the operation of the Prison's farm, while expenses for the procurement of vegetables and root crops for consumption by inmates increased over the period of review. This trend infers that there is



increased reliance on the sourcing of dietary supplies instead of improved and sustained self-sufficiency through on-site production;

- there were instances where either the Prison Officer's or prisoner's signature was not affixed to the list of items received or returned to prisoners upon admission to or discharge from the Prison, respectively;
- the list of items returned to the prisoners upon discharge, did not always reconcile with the list of items received upon admission;
- there were instances where the balances on the cash sheet for cash held in trust for prisoners were either over or understated, due to incorrect computation;
- consumable goods are provided to prisoners via purchases from the Prison Commissary; however, these commodities were not determined by the Superintendent in accordance with the Prisons Act – Subsidiary Legislation;
- inadequate information was recorded in the comment section of invoices in SmartStream; hence, we could not validate all of the expenses incurred or ascertain whether all vehicle maintenance expenses were adequately justified.

Scope of Audit

4.20

The audit encompassed the records maintained to account for dietary and vehicle expenditure, operation of the bakery, tailor shop and prison farm, prisoner's property and cash held in trust for prisoners, at the Belle Isle Correctional Facility and Her Majesty's Prisons for the period January 2016 to July 2019.



Audit Objectives

4.21

The audit objectives were to provide reasonable assurance that:

1. supplies procured for use at the Belle Isle Correctional Facility and Her Majesty's Prison were acquired with due regard for economy;
2. records were adequately maintained to account for:
 - I. receipt and issuance of items acquired;
 - II. inputs and outputs of the production facilities at the Belle Isle Correctional Facility and Her Majesty's Prison;
3. records maintained for prisoners' personal effects and cash held in trust are effectively managed at Her Majesty's Prison; and
4. dietary supplies sold to prisoners at the Prison Commissary, were determined by the Superintendent.

AUDIT FINDINGS AND RECOMMENDATIONS

Dietary Expenditure

Findings

4.22

An analysis of payments recorded in SmartStream, revealed that some purchases were made without due consideration for value for money in public sector expenditure. This was evident in the procurement of chicken during the period December 2018 to July 2019. An amount of EC\$78,305.28 was spent on the procurement of chicken, representing a 60 percent increase when compared to the amount of \$47,554.61 during the period December 2017 to July 2018 and a 29 percent increase when compared to the amount of \$26,914.09 spent during the period December 2016 to July 2017. The increase in spending resulted from an increased consumption of chicken wings at an average rate of EC\$75.00



per 22 lbs case (equivalent to \$3.41 per lb.) instead of more cost-effective alternatives such as chicken drumsticks at average rate of EC\$59.00 per 40 lbs case (equivalent to \$1.48 per lb) and chicken leg quarters at an average rate of EC\$61.00 per 33 lbs case (equivalent to \$1.85 per lb). The quantity of chicken wings procured showed a remarkable increase from 94 cases for the first half of 2016 to 739 cases for the same period in 2019. It was also noted that chicken drumsticks and chicken leg quarters decreased from 94 and 1078 cases, respectively, in the first half of 2016, to zero cases, for the corresponding period in 2019, as shown in Table 1.31 and Figure 16.

4.23

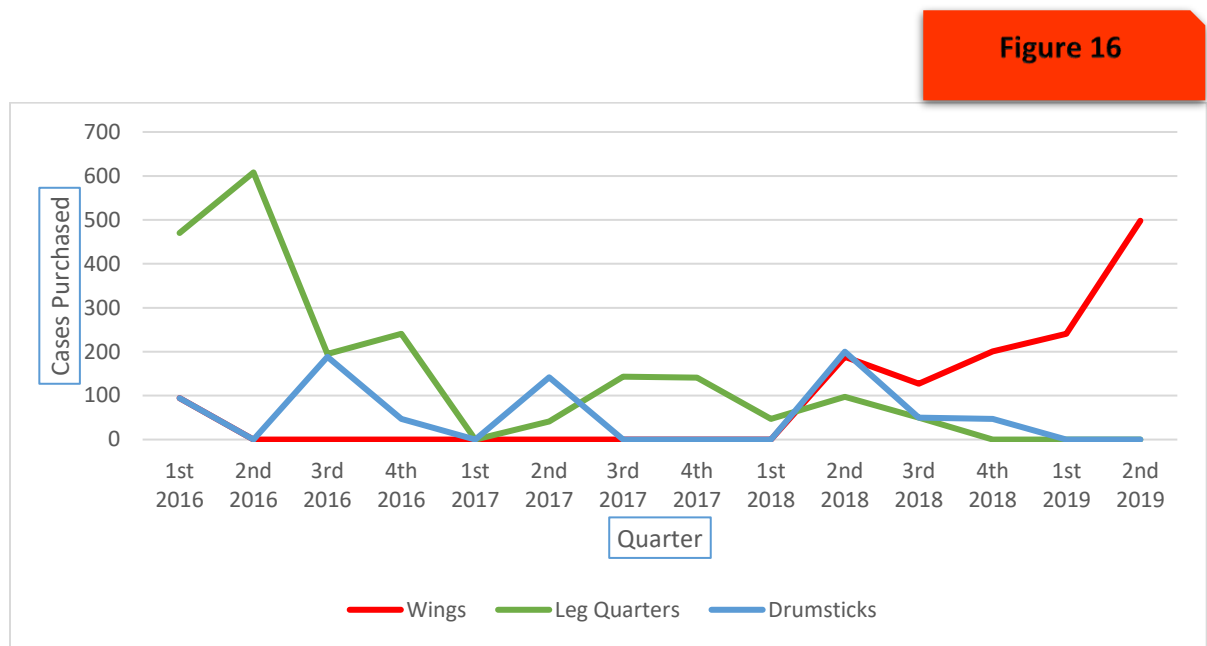
Table 1.31 shows quarterly purchases of chicken during the period 2016 – 2019.

Table 1.31			
Quarter	Wings (Cases)	Leg Quarters (Cases)	Drumsticks (Cases)
January – March 2016	94	470	94
April – June 2016	0	608	0
July - September 2016	0	195	188
October - December 2016	0	241	47
January – March 2017	0	0	0
April – June 2017	0	41	142
July – September 2017	0	143	0
October - December 2017	0	141	0
January – March 2018	0	47	0
April – June 2018	188	97	200
July - September 2018	127	50	50
October - December 2018	201	0	47
January – March 2019	241	0	0
April – June 2019	498	0	0
Total	1,349	2,033	768



4.24

Figure 16 shows the quarterly purchases of chicken during the period 2016 – 2019.



4.25

In addition to the commodity of chicken, it was noted that economy was also not exercised in the procurement of corned beef. During the month of July 2019, 25 cases of corned beef, each containing twenty-four 12oz tins, were purchased at a total wholesale price of EC\$6,149.16 or EC\$245.97 per case. The cost per case equated to EC\$10.24 per tin, \$3.44 more than the average retail price of EC\$6.80 for similar alternatives.

Recommendation

4.26

It was recommended that the Superintendent of Prisons should implement adequate controls over the Prisons’ procurement process to ensure that the principle of economy is observed in the procurement of dietary items for use in the operation of the Prisons; and ensure that the controls are functioning as intended.



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Prisons Management's Responses

- Staff has been assigned to provide oversight and ensure that proper procurement practices are followed.
- There will be a revision of the list of dietary items after consultations with the Food and Nutritional Unit in the Ministry of Health. This will serve to offer guidance with regards to the type of food items that should be purchased and consumed by the inmate population.
- As a means of getting the best value for funds expended when procuring items, the price list of vendors will be reviewed with the objective of achieving maximum economy and efficiency.
- Instructions were given that all Purchase Orders MUST be processed in SmartStream for all items procured for the prison.



Prison Industry

Findings

Bakery

4.27

Her Majesty's Prison operates a bakery, which is responsible for supplying bread to Her Majesty's Prison and the Belle Isle Correctional Facility. It was noted that a total of EC\$900,000.00 or 25 percent of dietary expenditure was expended to procure items for the production of bread by the prison's bakery during the period under review. Additionally, EC\$100,000.00 was disbursed to defray expenses for diesel, for use in the operation of the bakery's oven, resulting in a total of EC\$1 million spent on the operation of the bakery for the period 2016 – 2019. It was noted that the items procured for the production of bread were not entered into a ledger as is required by Store Rule 46, neither were Stores Conversion Vouchers prepared to substantiate the production of bread, in keeping with the Store Rules. Therefore, it was not possible to verify the receipt, use and issue of items to the bakery for the period under review.

Tailor Shop

4.28

The Belle Isle Correctional Facility operates a tailor shop for the production of inmates' uniforms. It was noted that EC\$106,709.65 was spent in the procurement of raw material (fabric, thread, and fastenings) for use by the tailor shop; however, there were no records maintained to account for the receipt and issue of expendable items purchased; and the quantity of uniforms produced, contrary to Store Rule 27. In addition, Stores Conversion Vouchers were not used to substantiate the production of uniforms during the period under review, as is required by Store Rule No.73.



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4.29

The Prison Officer in charge of the tailor shop informed the auditors that a personal notebook was maintained by him to monitor the operation of the tailor shop; however, the book was destroyed by an inmate. Therefore, the receipt, use and issue of items purchased could not be verified for the period under review.

Recommendations

4.30

It was recommended that the Superintendent of Prisons should ensure that:

- all items received and utilised by the bakery and tailor shop, as well as the resulting outputs, are documented in accordance with Store Rules No. 63 – 75; and
- the Prisons' records are secured and are only accessible by authorised personnel.

Prisons Management's Response

Proper usage and upkeep of the Stores Ledger at Kingstown and Belle Isle has been ordered and implemented in accordance with Store Rules, Section 4. This includes the bringing of receipt and issue of stores to account promptly in accordance with Store Rules 46. Requisition Voucher Books will be used and maintained.



Prison Farm

Findings

4.31 In 2011, the Prisons established a farm at the Belle Isle Correctional Facility for the purpose of engaging prisoners in useful employment pursuant to regulation 65 of the Prisons Act – Subsidiary Legislation, Chapter 393 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, and to subsidise the supply of vegetables and root crops to the prisons.

4.32 It was observed that approximately EC\$85,000.00 was spent on the procurement of inputs for the Prison’s farm, while an amount of EC\$144,510.52 was spent on the purchase of vegetables and root crops during the period under review. Further analysis revealed that farm related expenditure decreased from EC\$31,122.10 to EC\$14,295.00 during 2016 to 2018, while purchases of vegetable and root crops increased from \$9,615.81 to \$63,687.75 during the same period, as shown in Table 1.32 and Figure 17. The decrease and increase in farm related supplies and vegetables and root crops expenditure, respectively, underscores the uncertainty of the Prison’s ability to subsidise the supply of vegetables and root crops to the Prison.

4.33 Table 1.32 shows vegetable and root crops costs and Farm related expenditure during the period 2016 – 2018.



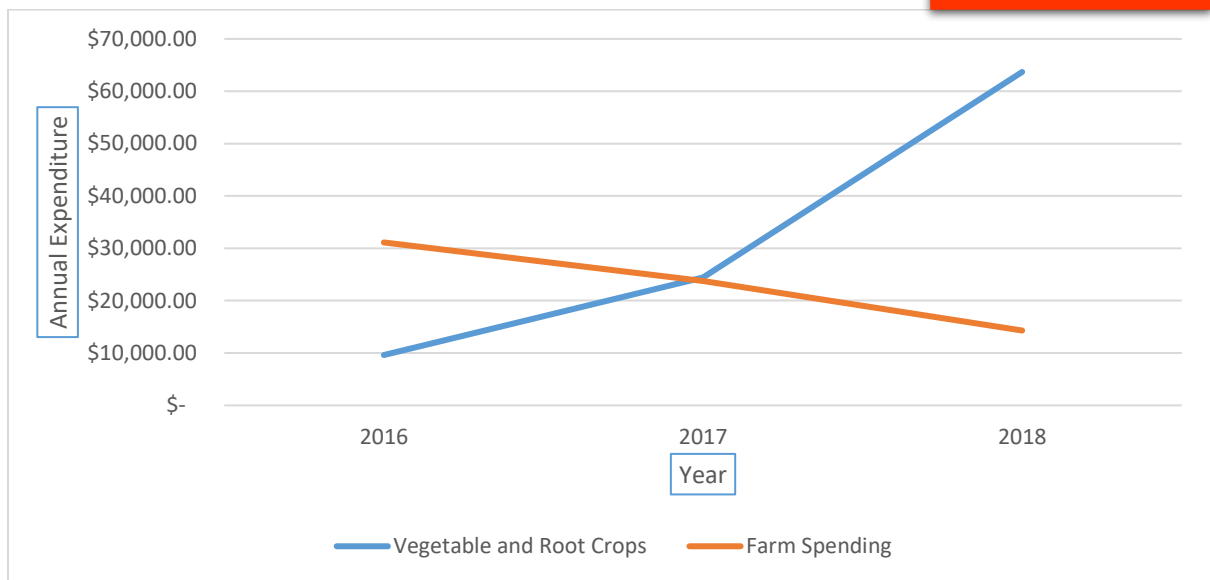
Table 1.32

Year	Vegetable and Root Crops Expenditure \$	Farm Related Expenditure \$
2016	9,615.81	31,122.10
2017	24,402.41	23,769.25
2018	63,687.75	14,295.00
Total	97,705.97	69,186.35

4.34

Figure 17 shows farm related expenditure and vegetables and root crops cost during the period 2016 – 2018.

Figure 17





4.35

Recommendation

It was recommended that the Superintendent of Prison should endeavour to make optimal use of the Prison's farm to subsidise the Prisons' dietary supplies and offset dietary expenditure.

Prisons Management's Response

Consultation will take place with the Ministry of Agriculture regarding the provision of adequate technical support and guidance geared towards making the prison farm efficient, viable and productive.

Prisoners' Property

Findings

4.36

Personal Effects

Her Majesty's Prison maintains a Prisoners' Property Register to record all personal effects brought into the prison by prisoners upon admission. On admission, the Prison Officer prepares a list of items that the prisoner has in his/her possession, which is signed by the Prison Officer and the prisoner, to certify the correctness of the information. Upon discharge, a Prison Officer records the items returned to the prisoner and the Prison Officer and the prisoner sign the register to certify the accuracy of the information.

4.37

We found that there were cases where either the Prison Officer or the prisoner did not affix his/her signature to the list of items received or returned. Also, there were instances where the list of items returned to the prisoners upon discharge did not agree with the list of items received upon admission.



4.38

A physical stock check was conducted on a sample of prisoners' property to verify the information recorded in the register. The physical stock agreed with the information recorded in the Prisoners' Property Register.

Cash Held in Trust

4.39

Cash sheets are maintained by the Her Majesty's Prison to record moneys held in trust for each prisoner. The cash sheets are managed separately from the rest of the prisoners' property and are periodically updated to reflect receipts from visitors and compensation for work done within the prison industry; and disbursements for purchases from the Prison Commissary and the Prison's telephone credit system.

4.40

A sample of cash sheets balances were verified against the corresponding cash on hand. There were instances where the balances on the cash sheet were incorrectly calculated; resulting in understatement or overstatement of cash balances. Nevertheless, the balance recorded on the cash sheet agreed with the cash on hand.

Prison Commissary

Finding

4.41

The Prison Commissary sells food items such as biscuits, cookies, and soft drinks. It was observed that these commodities were sold to prisoners; hence, facilitates the possession of food outside the normal Prison diet. According to regulation 110 of the Prisons Act – Subsidiary Legislation, except determined by the Superintendent or on medical grounds,



no prisoner shall be allowed to have any food other than the normal prison diet. An inquiry was made with the Superintendent at the time of the audit to ascertain whether the aforementioned dietary items were approved by him. He intimated that the sale of these commodities preceded his tenure and; therefore, could not affirm that the initial provision thereof, was sanctioned in accordance with the law. Notwithstanding the foregoing, the Superintendent did not suspend the sale of the food items.

Vehicle Expenditure

Findings

4.42

A total of EC\$73,469.23 was expended on the procurement of 174 tyres for utilisation by seven (7) vehicles during the period July 2016 – June 2019, as shown in Table 1.33. However, it was noted that an amount of \$27,640.65 or 43 percent of the total cost, was spent to procure 75 tyres for the operation of vehicle G693 for the period audited. The statistics showed that an average of EC\$9,000.00 was disbursed within each 12-month period, commencing July 2016, for the acquisition of tyres for G693. Further, the quantity of tyres purchased appears to be exorbitant since an average of twenty-four (24) tyres were acquired for use during the previously established period. In addition, the size of the tyres was not recorded in the accounting records in SmartStream.

4.43

Table 1.33 shows quantity of tyres purchased for the operation of the Prisons' Vehicles during the period July 2016 – June 2019.



Table 1.33

Vehicle No.	Type	Quantity of Tyres Purchased	Total Expenditure \$
G490	Truck	16	9,934.58
G493	Pickup	16	7,995.32
G591	Pickup	28	11,731.92
G622	Van	27	11,177.00
G691	Van	8	2,494.96
G693	Van	75	27,640.65
G840		4	2,494.80
		174	73,469.23

Recommendations

4.44

It was recommended that:

- the Superintendent of Prisons should implement adequate controls over procurement of goods for the operation of vehicles, to ensure that (I) items procured are duly justified and (II) the controls are functioning as intended; and
- the Accounts Clerk should include sufficient details in the comment section of the invoices in SmartStream, to accurately describe the nature of goods and services obtained; in order to validate and justify the expenditure.



Prisons Management's Response

No response was provided by Management.

General Observation

Findings

4.45

In addition to the aforementioned findings, it was noted that the accounting records at the Prisons are maintained by the Prison Officers instead of civilians employed at the Prisons Department, as obtains at the Police Department.

Recommendation

4.46

It was recommended that the civilian staff should be appropriately and adequately utilised in maintaining the accounting records at the Prisons Department, thus enabling the Prison Officers to focus on their primary responsibility which is, the enforcement of laws governing the operations of the Prisons. The utilisation of the civilian staff should assist in achieving improved efficiency at the Prisons.

Prisons Management's Response

No response was provided by Management.

Conclusion

4.47

The most significant function of public auditing is to advance accountability and transparency in public sector, thereby achieving successful management of public sector resources. However, the accomplishment of the foregoing is contingent, inter alia, upon



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the willingness and timeliness of management to implement recommendations issued in audit reports, to correct identified deficiencies and improve the operations of the audited entities.

4.48

We found that despite the issuance of recommendations to enhance the performance of the Her Majesty's Prison, all of the recommendations issued were not fully implemented although sufficient time had elapsed to enable the implementation of same. The non-implementation of recommendations can be ascribed to management's negligence and seemingly lack of interest to correct reported deficiencies.

4.49

In addition, we concluded that the assessed operations were not, in all respect, in compliance with the established criteria since (i) economy was not exercised in the procurement of dietary supplies; (ii) the Prison's farm was not optimally utilised to produce vegetables and root crops to reduce expenditure for these commodities; and (iii) records were not maintained to account for items received and issued. The failure of the Superintendent to exercise economy, resulted in the wastage of public funds during procurement. Further, the absence of records to account for expendable goods acquired, issued and utilised for dietary, stores, at the bakery and tailor shop, may have resulted in pilferage and misappropriation.



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4.50

Accordingly, it was recommended that:

- all recommendations previously issued in the audit report, which have not achieved full implementation status; be vigorously pursued on a priority basis and in a timely manner, to ensure that all recommendations are fully implemented; and
- the Superintendent institute corrective actions and exercise vigilance in order to improve accountability, efficiency and overall performance of the Prisons' operations.



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GOVERNOR GENERAL'S OFFICE/RESIDENCE.

4.51 A compliance audit was conducted on the records maintained by the Governor General's Office/Residence.

4.52 The salient findings of the audit for the period January 2015 to December 2019, are outlined hereunder:

AUDIT FINDINGS

VOTE BOOKS

4.53 The vote books presented for audit inspection for the period under review were not satisfactorily maintained in accordance with regulations 19 - 21 of the Finance Administration Regulations, 2009. The following deviations were noted:

1. the amounts voted in the Estimates, the Quarterly Allotments and the expenditure reducing balances, in some instances, were not recorded in the vote books which is a contravention of regulation 19 of the Finance Administration Regulations, 2009;
2. there were some instances where the expenditure accounting Heads & Sub-heads were not documented in the vote books. In addition, some information was recorded in pencil;
3. several transactions were not initialled by the Head of Department or the Officer delegated by the Head of Department to authorise the payments;
4. the reconciliation statements recorded in the vote books were incomplete; hence, the vote accounts were not reconciled with the Accountant General's account, contrary to regulation 21 of the Finance Administration Regulations, 2009, which



states “without delay, after the end of each month, the accounting officer shall ensure that the vote account and statutory charge account are reconciled with the Accountant General’s accounts”; and

5. in 2019, the Governor General’s Office Operating Expenses Account – No. 01-001-22212 was increased by an amount of \$8,274.00 via Virement Warrant Number 118/19. However, the amount was not recorded in the vote book.

EQUIPMENT LEDGER & INVENTORY SHEETS

4.54

An equipment ledger was not maintained by the Governor-General’s Office/Residence, contrary to Store Rules Section 4, Rule No. 48 and 50. The inventory sheets were updated to account for most of the items stationed in each room/office in accordance with Store Rule No. 51; however, the following shortcomings were observed:

1. there were paintings and art exhibits that were not accounted for on the inventory sheets;
2. items donated to the entity were omitted from the inventory sheets; and
3. there were a number of unserviceable items recorded on the inventory sheets without the necessary action taken for their disposal.

4.55

In addition, a physical stock count of inventory in all of the rooms and offices could not be performed as general repairs were being conducted by BRAGSA at the time of the audit.



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VEHICLE LOG-BOOKS

4.56

The vehicle log books for the periods January to December, 2015, 2016, 2017, and January to February, 2018 were not presented for audit inspection. Four (4) vehicle log books were presented for audit inspection for the period March 2018 - September 2019. The vehicle log books presented were not satisfactorily maintained. The following shortcomings were observed:

1. there were instances where the distance travelled was not recorded in the vehicle log books; and
2. there were cases where the head of department or the designated officer's signature was not affixed to the vehicle log books, authorising the journeys travelled.

WAGES CARDS AND REGISTER/TIMESHEETS

4.57

The wages cards and register/timesheets presented for audit inspection were not adequately maintained for the period under review. The following deviations were observed:

1. during the period March 2016 – May 2019, a total of \$2,141.29 was paid to five (5) employees for work done on several public holidays, although the times of arrival and departure were not recorded in the register/timesheets to signify that the employees had worked on the holidays, in order to justify payments made. The payment for work which was not performed on public holidays is a contravention of regulation 3(3) of the St. Vincent and the Grenadines Wages Regulations (Agricultural Workers) Order, SR&O No.30/2008 and No.15/2017;



2. leave eligibility granted to employees was not in accordance with regulation 4(1) of the St. Vincent & the Grenadines Wages Regulation (Agricultural Workers) Order, SR&O No.30/2008 and No. 15/2017. For example, it was noted that at the effective date of vacation granted to three (3) employees during 2018, the employees had not worked for the requisite number of days in order to earn vacation leave granted; hence, the leave granted was in excess of the stipulated vacation leave;
3. the time of departure of employees was not recorded in the register/timesheet to determine the number of hours worked by each employee; therefore, it was impossible to verify the accuracy of wages paid to employees;
4. the register/timesheets revealed that three (3) employees were absent on varying days during February 2015, September 2018 and December 2019. However, an examination of the Government's accounting system – SmartStream, revealed that a total of \$139.40 was paid to the employees for the said periods;
5. a total of \$885.40 was paid to an employee for the period 26th November, 2015 to 23rd December, 2015 (20 days). However, no information was recorded in the register/timesheet to justify the payments. There were instances where employees' names were recorded in the register/timesheet; however, their wages cards were not presented for audit inspection; and
6. there was no information recorded on the wage's cards for 2016 and 2017, for three (3) employees while the card for 2017 was not updated for one (1) employee.



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4.58

Based on the audit procedures carried out and deviations detected, the audit concluded that the records maintained at the Governor - General's Office/Residence for the period 2015 - 2019, were not in compliance with the established audit criteria.

4.59

The report contained audit recommendations, which were designed to assist management to strengthen the internal controls and improve the performance of the Governor - General's Office/Residence. However, to prevent recurrence of the forgoing, it is important that efforts are made to ensure the recommendations are implemented to correct the deviations identified, thus improving the accounting process of the Governor - General's Office/Residence.



OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

4.60

A compliance audit was conducted on the records maintained by the Office of the Director of Public Prosecutions.

The salient findings of the audit for the period 2015 – 2019 are articulated hereunder:

AUDIT FINDINGS

VOTE BOOKS

4.61

The vote books presented for audit inspection for the period under review were not satisfactorily maintained in accordance with regulations 19 - 21 of the Finance Administration Regulations, 2009. The following deviations were observed:

1. the amounts voted in the estimates, the quarterly allotments, and the expenditure reducing balances were not, in some instances, recorded in the vote books, contrary to regulation 19 of the Finance Administration Regulations, 2009;
2. there were instances where figures were written in pencil; and the reducing balances and dates were not inserted in the vote books;
3. transactions were not initialed by the head of department or the responsible officer delegated by the head of department to authorise the transactions;
4. the vote accounts were not reconciled with the Accountant General's account, contrary to regulation 21 of the Finance Administration Regulations, 2009 which states “without delay, after the end of each month, the accounting officer shall ensure that the vote account and statutory charge account are reconciled with the Accountant General’s accounts”; and
5. there were periods in 2018 and 2019 where transactions were entered in



SmartStream; however, they were not recorded in the vote books.

EQUIPMENT LEDGER AND INVENTORY SHEETS

4.62 The equipment ledger was not adequately maintained as it was last updated in 2017. However, the inventory sheets were prepared and updated to account for the items stationed in each room. Nevertheless, it was impossible to verify that all of the items procured were issued to the stations and recorded on the inventory sheets for the period 2018 – 2019, as the equipment ledger was not maintained for that period.

CONCLUSION

4.63 Based on the established audit criteria and procedures, the audit concluded that the records maintained at the Office of the Director of Public Prosecution for the period 2015 to 2019, were not in accordance with the established criteria.

4.64 The report contained audit recommendations, which were designed to assist management to strengthen the internal controls and improve the performance of the Office of the Director of Public Prosecutions. However, to prevent recurrence of the forgoing, it is important that efforts are made to ensure the recommendations are implemented to correct the deviations identified, thus improving the accounting process of the Office of the Director of Public Prosecution.



CHAPTER 5

AUDIT OF STATUTORY BODIES

5.1

Pursuant to section 13 (1) of the Audit Act, chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, the Director of Audit is mandated to audit the financial statements of statutory bodies and transmit the audit report to the Minister, to be laid in the House of Assembly. Further, the legislations governing these statutory bodies, require the statutory bodies to submit their financial statements to the Director of Audit. While the Director of Audit is responsible for conducting these audits, due to capacity constraints, there are a number of statutory bodies that are not audited by my Office. As such, the financial statements of some statutory bodies are audited by external auditors.

5.2

This chapter outlines the reports issued in the financial year 2021, by the Audit Office and the external auditors duly appointed by the Director of Audit.

AUDIT OF STATUTORY BODIES CONDUCTED BY THE AUDIT OFFICE

Medicinal Cannabis Authority

5.3

The Medicinal Cannabis Authority is responsible to regulate the cultivation, supply, possession and use of Medicinal Cannabis. In addition, the Medicinal Cannabis Authority functions encompass developing policies, procedures and guidelines to ensure that medicinal cannabis is available to patients in a safe and efficient manner. The audit report



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for the financial statements of the Medicinal Cannabis Authority for the year ended 31st December, 2019, was issued on 9th August, 2021, and a qualified opinion was issued for the financial statements.

Zero Hunger Trust Fund

5.4

The purpose of the Zero Hunger Trust Fund is to provide the resources necessary to finance the eradication of hunger in St. Vincent and the Grenadines. In addition, the Zero Hunger Trust Fund manages the funds received from the levy imposed on users of telecommunications services for all local and international telephone calls initiated from St. Vincent and the Grenadines. The audit report for the financial statements of the Zero Hunger Trust Fund for the year ended 31st December, 2019, was issued on 8th April, 2021, and an unqualified opinion was issued for the financial statements.

AUDIT OF STATUTORY BODIES CONDUCTED BY EXTERNAL AUDITORS

Roads Buildings and General Services Authority (BRAGSA)

5.5

The Roads Buildings and General Services Authority is responsible for the management and supervision of the construction and maintenance of roads and buildings, seawalls, jetties and similar public infrastructure, the maintenance of rivers, the stone crushing quarrying and construction operations and other related services of the Government of St. Vincent and the Grenadines. The financial statements for the year ended 31st December, 2018, were audited by BDO Eastern Caribbean. An unqualified opinion was issued on the 26th October, 2021.



5.6

Financial Services Authority

The principal activity of the Financial Services Authority (FSA) is to regulate and supervise the financial sector in St. Vincent and the Grenadines. The audit of the financial statements for the year ended 31st December, 2020, was conducted by Grant Thornton Chartered Accountants. An unqualified opinion was issued on the 24th June, 2021.

5.7

PetroCaribe (Special Purpose) Fund

The purpose of the PetroCaribe (Special Purpose) Fund is to provide the resources necessary to advance the social and economic programmes of the public and private sectors of St. Vincent and the Grenadines. The financial statements for the year ended 31st December, 2019, were audited by BDO Eastern Caribbean. A qualified opinion was issued on the 30th September, 2021.

5.8

St. Vincent and the Grenadines Postal Corporation

The St. Vincent and the Grenadines Postal Corporation is principally engaged in the provision of postal services, sale and encashment of postal money orders, the production and sale of postage, definite and commemorative stamps, as well as money transfer services (Money Gram). The financial statements for the year ended 31st December, 2019, was audited by KDLT Chartered Certified Accountants. An unqualified opinion was issued on the 12th January, 2021.



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COMPLIANCE AUDITS OF STATUTORY BODIES 2021

General Nursing Council

EXECUTIVE SUMMARY

5.9

A compliance audit was conducted on the records maintained at the General Nursing Council for the period 2017 to 2019.

5.10

The significant findings of the audit are outlined below:

- annual reports and financial statements were not prepared and transmitted to the Minister of Health, Wellness and the Environment in accordance with the Nurses, Midwives and Nursing Assistants Act, Chapter 373 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009 and the General Nursing Councils' Procedural Manual;
- payment vouchers were not adequately completed and duly authorised by the relevant Officer;
- there was no oversight of the duties performed by the Office Secretary;
- there was absence of segregation of duties at the Council;
- expenditure defrayed from cash collected as revenue, during the months of August to October 2018, was not accounted for in the General Nursing Council's expenditure register;
- the expenditure register was not adequately maintained;



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- the balance in the Petty Cash Register exceeded the approved limit of \$150.00 in many instances;
- a Stock Register was not maintained to account for the receipt, distribution, the return of exhausted receipt books, and the balance of receipt books in stock;
- monthly Bank Reconciliation Statements were not prepared for the period under review;
- a total of 25 Nursing Assistants and 35 Nurses did not pay their annual fees for 2019; however, they continued to practice during the year, contrary to the Act;
- the names of all registered nurse practitioners listed in alphabetical sequence was not submitted to all institutions, registered chemists and pharmacists on or before the 1st day of February each year, by the Chairman of the Council; and
- an Equipment Ledger was not maintained to account for the Council's assets.

5.11

The deviations identified in this report were directed to the attention of the Chairperson, who should seek to effect remedial actions to address same, in order to improve the operations of the Council.

5.12

Recommendations were made with the intention of assisting management; however, the implementation of corrective action remains the responsibility of management.



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5.13

SCOPE OF AUDIT

The audit encompassed the records maintained by the General Nursing Council for the period 2017 to 2019.

5.14

AUDIT OBJECTIVES

The audit objectives were to provide reasonable assurance that:

1. revenue collected was in accordance with applicable regulations and was brought promptly to account;
2. the funds expended were used for the purposes intended; and
3. salaries and allowances were paid in accordance with the requisite regulations.

5.15

AUDITING STANDARDS

The audit was conducted in accordance with International Standards on Supreme Audit Institutions (ISSAIs).



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SUMMARY OF WORK PERFORMED

5.16

Audit procedures were planned to gather sufficient appropriate and reliable evidence. The auditors used different evidence gathering techniques such as observations, inquiry and substantive testing to arrive at a conclusion.

5.17

The audit included examination of payment vouchers, cheque counterfoils, petty cash register, cash book, bank deposit books, bank statements, salary records, Nurses Register, Gazettes, equipment ledger and inventories. Entrance and exit Interviews were conducted with the Chairperson and the Vice-Chairperson.

AUDIT FINDINGS AND RECOMMENDATIONS

Annual Report and Financial Statements

Findings

5.18

According to section 3(3) (4) of the Nurses, Midwives and Nursing Assistants Act, Chapter 373 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, the Council shall, as soon as is practicable after the beginning of each year, submit a written report and a list of any proposals made by the Council and endorsed by resolution, to the Minister of Health and the Environment (the Minister). Further, these requirements are amplified in the Council's Procedural Manual (the Manual) which requires a report to be prepared at the beginning of the year and should also be submitted to members of the Council. The report should chronicle the activities, achievements and other issues of the



5.19

Council for the period under review. It should also include a financial statement for the year and a list of nursing personnel licensed to practice for the upcoming year.

We found that annual reports and financial statements were not prepared and presented to the Minister, for the period under review. At the time of the audit, a summary of income was prepared; however, the income summary does not show the Council's financial performance over a specific accounting period, as the Council's expenses were not included on the statement.

5.20

Recommendations

The Audit Office recommended that the Chairperson should ensure that:

- annual reports and financial statements are prepared and submitted to the Minister of Health in accordance with the Act and the Council's Procedural Manual; and
- a Statement of Receipts and Payments is prepared to show the Council's financial performance for a specified accounting period with comparatives for the prior accounting period.

Payment Vouchers

Findings

5.21

We found that in some instances:

- cheque numbers and dates, signatures for authorised and received by were not inserted on the payment vouchers;



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- invoices were not attached to payment vouchers; therefore, it was not possible to verify and justify the amounts paid;
- payment vouchers were devoid of narrative or the narrative did not adequately detail the nature of the payments made; and
- payment vouchers were not prepared for suppliers' invoices by the Council.

5.22

In addition, the Expenditure Register was not adequately maintained as there were expenditures relating to several months which were not recorded in the Expenditure Register. Also, we found that total revenue of \$10,865.00 collected in cash during the months of August to October 2018, was not brought to account in the Council's bank account. It was noted that cash instead of cheques was utilised to defray expenses. No payment vouchers were prepared for the expenses, neither were the expenses recorded in the Expenditure Register. Therefore, we could not verify the completeness of these expenses. Consequently, the total expenditure for 2018 may be understated.

5.23

We also found that the Council expended an amount of \$8,279.00 to finance expenses associated with management training workshops in September 2019. Disbursements included amounts of \$1,500 and \$1,800.00 which were paid to Council members for attendance at the workshops and to a Council member for facilitating the workshops, respectively. The payments made to Council members appear to be anomalous since members are remunerated for services rendered to the Council.



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5.24

Further, the format of the system generated Cash Book/Expenditure Register is not consistent with the manual Expenditure Register. It was noted that only petty cash expenses instead of all expenses incurred by the Council, were recorded in the system generated Cash Book/Expenditure Register.

Recommendations

5.25

The Chairperson should ensure that:

- the requisite signatures, dates and cheque numbers are affixed to all payment vouchers;
- the narrative adequately details the nature of the payment made;
- payment vouchers are prepared for all expenditure transactions, and all vouchers are supported by the requisite invoices;
- all transactions are recorded in the Expenditure Register; and
- the system generated Cash Book is adjusted and maintained to account for all of the expenditure incurred by the Council.

Petty Cash

Findings

5.26

We found that, in some instances, petty cash vouchers were devoid of supporting suppliers' invoices for transactions in the petty cash register. Also, there were instances where general payment vouchers were prepared for expenditure made via petty cash; however, the expenditure was not recorded in the petty cash register. In addition, the petty cash balance exceeded the approved maximum balance of \$150.00 in many instances.



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Recommendations

The Chairperson should ensure that:

5.27

- petty cash transactions are supported by the requisite invoices;
- the petty cash register accurately account for all petty cash transactions by the Council; and
- the petty cash register balance does not exceed the approved maximum balance of \$150.00.

Stock Register

Findings

5.28

We found that the Council did not maintain a Stock Register to account for the receipt, distribution, the return of exhausted receipt books, and the balance of receipt books in stock. Hence, we could not ascertain whether all receipt books obtained by the Council were accounted for and presented for auditing.

Recommendations

A Stock Register should be maintained to clearly and accurately account for:

5.29

- i. the quantity and serial numbers of receipt books received and the date received;
- ii. receipt books issued with the serial numbers, the date of issuance and the Public Officer to whom the books were issued;
- iii. the remaining stock;



- iv. date exhausted receipt books were written off; and
- v. the responsible Officer's signature.

Accounting for Revenue: - Cash Book and Bank Deposit

Findings

5.30

We found that several improper accounting practices existed in the process to account for revenue. It was noted that there was no segregation of duties which is an internal control principle, intended to ensure that no single individual is responsible for performing incompatible accounting duties. The control serves as checks-and-balances and is effective at detecting errors and minimising fraudulent activities. Our review concluded that there are weaknesses in this control principle at the Council since the Office Secretary is responsible for the collection of cash, recording of receipts in the cash book, custody of the cash, preparation of deposit slips and depositing of revenue. In addition, there is an absence of review of the duties performed by the Office Secretary. The absence of review of work performed by the Office Secretary, exposes the revenue management process to fraud.

5.31

In addition, cash is retained by the Council at the discretion of the Office Secretary. There is absence of an approved policy, governing the maximum amount of cash that should be retained at the Council, since we found that a fluctuating amount was retained monthly during the period under review. In some instances, the amount retained ranged from \$3,000.00 to \$5,000.00 per month. The retention of such a large quantity of cash renders the Council's current asset to financial abuse, since most of its expenditure are defrayed



by cheque payments. However, we noted that the amount retained monthly was substantially reduced in 2019. Examples of cash retained monthly for the period January to October 2019 are shown in Table 2 at Appendix II.

5.32

During the period January 2017 to December 2019, a total of \$373,945.00, inclusive of Government's subvention of \$20,400.00 received for the period 2017 to 2019, was collected in revenue and deposited to the General Nursing Council's current account at the Bank of St. Vincent and the Grenadines (BOSVG). However, the amount received as subvention was not recorded in the Cash Book. Consequently, the revenue recorded in the Cash Book is understated.

Recommendations

5.33

It was recommended that the Chairperson should ensure that:

- adequate internal controls such as segregation of duties, are implemented to ensure that no single individual is responsible for performing incompatible accounting duties;
- the duties performed by the Office Secretary and other personnel are adequately reviewed by an independent Officer;
- subventions received from Government are accounted for in the Cash Book; and
- a maximum amount of revenue is approved by the Board for retention at the Council.



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Bank Reconciliation

Findings

5.34

The purpose of a bank reconciliation statement is to identify any discrepancies between the accounting records of the entity and those of the bank, which may exist due to error or omissions on the part of either party. It was noted that the Council did not prepare monthly bank reconciliation statements for the period under review.

Recommendation

5.35

It was recommended that the Chairperson of the General Nursing Council should ensure that monthly bank reconciliation statements are prepared and reviewed by a competent independent Officer. The reviewer should sign the bank reconciliation statements as evidence of review.

Registration of Nurses

Findings

5.36

We found that pertinent information related to the payment of initial registration fees for all nurses, such as the receipt number, date and amount were not recorded in the Record of Annual License Register. The abbreviation "IR" (Initial Registration) was recorded next to the name of the registered nurses. In addition, although section 10(1) of the Act stipulates that the Secretary shall, as soon as practicable after registration, cause the name, address and qualifications of each person registered as a nurse under this Act as



well as any amendment to or deletion from the register, to be published in the Gazette, this statutory requirement was not fulfilled by the Secretary for the period under review.

Recommendations

5.37

It was recommended that the Chairperson should ensure:

- all pertinent information relating to the fees collected for initial registration is documented in the Record of Annual License Register and;
- the Secretary, as soon as practicable after registration, cause the name, address and qualifications of each person registered as a nurse under this Act as well as any amendment to or deletion from the register, to be published in the Gazette.

License Fees

Findings

5.38

According to section 9(1) of the Nurses, Midwives and Nursing Assistants Act Chapter 373 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, every person registered as a nurse under the Act who desires to practice as such in St. Vincent and the Grenadines shall pay the prescribed annual fee. Further, subsection 2 states that "Any person who fails to pay the annual fee shall not practice as a nurse during that year and any person who knowingly contravenes the foregoing provision of this section is guilty of a disciplinary offence."



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5.39

A list of Registered Nurses and Nursing Assistants who are not licensed to practice in St. Vincent and the Grenadines for each impending financial year is prepared by the General Nursing Council. This list includes the names of Registered Nurses and Nursing Assistants that are retired and/or are overseas. It must be noted that the list is not updated on a timely basis.

5.40

An examination of the list prepared as at December 31, 2019 revealed that, with the exception of nurses who are retired or are overseas, as at December 31, 2019, twenty-five (25) nursing assistants and thirty-five (35) nurses owed \$625.00 and \$2,200.00, respectively, in annual fees for 2019; hence, were not eligible to practice in St. Vincent and the Grenadines during that year. Nonetheless, despite the non-payment of the fees, we found that the nurses continued to practice, contrary to the Act. The details of nursing assistants and nurses who were in arrears for 2019 are depicted in Table 3 and 4 at Appendix III and IV, respectively.

5.41

Notwithstanding the preparation of the aforementioned list, we found that the list containing the names, addresses and qualification of all persons registered as a nurse and who were on the register at the end of the previous year, as well as the disclosure of the nurses who had paid the annual fee, was not published in the Gazette at the beginning of 2017 and 2018 in accordance with section 10(2) and (3) of the Act. Although the list was published in the Gazette in 2019, it was published in the month of June instead of at the beginning of the year. Also, the list did not indicate the nurses who had paid the annual fee, contrary to the Act.



5.42

Recommendations

The audit Office recommended that the Chairperson should:

- ensure that the Secretary cause a list of all persons registered as nurses under the Act, whose names were on the register at the end of the previous year as well as the disclosure of the nurses whose annual fees were paid, to be published in the Gazette at the beginning of each year, in accordance with section 10(2) and (3) of the Nurses, Midwives and Nursing Assistants Act;
- ensure that the list of nurses who are not eligible to practice; and the outstanding fees, is prepared at the beginning of the year; and
- institute prompt recovery actions for the collection of annual fees of \$2,825.00 which remained outstanding by twenty-five (25) nursing assistants and thirty-five (35) nurses who were not eligible to practice during 2019.

Registered Nurse Practitioners

Finding

5.43

Section 9A (2) of the Act requires the Chairman of the Council to transmit the names of all registered nurse practitioners listed in alphabetical sequence to all institutions, registered chemists and pharmacists on or before the 1st day of February each year. The purpose of the submission of names is to enable a chemist or pharmacist to dispense a medical prescription signed by any duly registered practitioner, for prescription of drugs that appear in the Nurses Practitioners' Drug Formulary, in accordance with section 9A



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(1) of the Act. We found that the names were not transmitted for the period under review.

Recommendation

5.44

It was recommended that the Chairman of the Council should submit the names of all registered nurse practitioners listed in alphabetical sequence to all institutions, registered chemists and pharmacists on or before the 1st day of February each year, in accordance with the Act.

Equipment Ledger and Inventory

Findings

5.45

We found that an Equipment Ledger was not maintained to account for equipment and furniture acquired by the Council. However, Inventories were prepared in the prescribed format and maintained for each section. The Inventories were examined and all assets were accounted for, for each station. Due to the absence of the ledger, we could not verify that all assets acquired, were accounted for and issued to the sections.

Recommendation

5.46

The Chairperson should maintain an Equipment Ledger to account for receipt of all equipment and furniture acquired by the Council in accordance with Store Rules – Rule No.48.



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Conclusion

5.47

Based on the audit procedures, it was concluded that the activities at the General Nursing Council are not in compliance with the established audit criteria.

5.48

The Council was established by law for the purpose of managing the administrative affairs related to nursing and regulating education and practice of Nurses and Midwives in St. Vincent and the Grenadines. Accordingly, it is critical that the Council exercise diligence in the oversight of its operations in order to improve efficiency and maintain compliance with the governing legislation.

5.49

In order to enable greater accountability and improved operations at the Council, the Chairperson should ensure that adequate internal controls are implemented, including segregation of duties and review of work performed by administrative staff, by independent personnel, to ensure that accounting records are maintained in accordance with good accounting practices. In addition, the tardiness of the Council in the collection of annual fees from practicing nurses and nursing assistants, necessitates vast improvement, since the non-payment of such fees is not only a violation of the Act, but also renders persons guilty of an offence under the Act. In addition, failure to pay the requisite fees decreases revenue. Further, the Council should exercise its powers in ensuring that persons who fail to pay the annual fee do not practice during the year (to which the fee relates), in compliance with the Act.



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5.50

Moreover, the Chairperson should endeavour to fulfil her statutory obligation enunciated in the Act as well as ensure that those mandated to the Secretary under the said Act are duly executed.

5.51

General Nursing Council

A compliance audit was conducted on the General Nursing Council cash book for the period January 3, 2020 to December 31, 2020.

Cash Book and Receipt Books

Audit Findings

5.52

The General Nursing Council (The Council) maintains a physical as well as an electronic cash book. At the time of the audit, the physical cash book was not adequately maintained. Therefore, the audit was conducted using the electronic cash book.

5.53

Several improper accounting practices and instances of non-compliance with the Finance Administration Regulations, 2009, were identified in the maintenance of the cash book. The compliance deviations were as follows:

1. there were instances in which the amount recorded on the receipt, differed from the amount recorded in the cash book. In some cases, the amount recorded in the cash book exceeded or was less than the amount shown on the receipt. A total of \$740.00 was recorded on the receipts while a total of \$1,099.00 was recorded in the cash book, resulting in the overstatement of \$359.00 in the cash book balance.



In addition, a total of \$1,156.00 was recorded on the receipts while a total of \$728.00 was recorded in the cash book, resulting in the understatement of \$428.00 in the cash book balance. The Council's bank deposit book was examined to determine whether the deposits for the dates to which the aforementioned discrepancies relate, reconciled with the amounts collected via the respective receipts. This procedure was carried out to ascertain whether the errors were errors of transposition. However, since:

- I. cash collected at the Council is not deposited daily to the Council's bank account;
- II. a portion of the cash collected is retained to finance operations of the Council;
- III. the deposit book shows lump sums deposited for a period of collection instead of individual date; and
- IV. the monthly statements for 2020 were not prepared by the Council.

The auditor could not determine whether all revenue collected was deposited, despite the errors in the cash book.

2. the original and duplicate receipts Nos. 13717, 14058, 14116, 14179 and 14201 were removed from the respective receipt books, contrary to regulation 45 of the Finance Administration Regulations, 2009. However, receipts Nos. 13717, 14058, 14116 and 14201 were recorded as cancelled in the cash book, while receipt No. 14179 was not accounted for. In the absence of the aforementioned original receipts, it could not be determined whether the receipts were cancelled. Further, this errant practice can prohibit the detection of fraudulent activities, since



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revenue could be collected and not brought to account in the cash book and the Council's bank account;

3. receipt No. 14118 dated February 21, 2020, in the amount of \$25.00 was issued to a payer. The narrative on the receipt indicates that the amount represented a refund for licence fees. The transaction was brought to account in the cash book. The issuing of a receipt to evidence the refund of money violates regulation 33 of the Finance Administration Regulations, 2009, which states "A collector of revenue or receiver of revenue who collects or receives public money, whether from a member of the public or from another public officer, shall issue a receipt to the person or public officer, as the case may be." Further, the issuing of a receipt to evidence a refund will result in an overstatement of revenue;
4. we found that in some instances, transactions were erroneously recorded in the cash book as names and amounts recorded on the receipts were inconsistent with the names and amounts recorded in the cash book;
5. a total of \$1,400.00 collected via four (4) receipts during February and December, 2020, was not brought to account in the cash book, contrary to regulation 86(a) of the Finance Administration Regulations, 2009, as shown at Table 1.34 hereunder;



Table 1.34 shows the receipts that were not brought to account in the cash book

Receipt No.	Date	Amount recorded on Receipt \$
13888	06.02.2020	650.00
14067	13.02.2020	650.00
14452	22.12.2020	50.00
14414	10.12.2020	50.00
Total		1,400.00

6. there were instances where the amount written in figure did not agree with the amount recorded in words on the receipts.

Recommendations

5.54

The Audit Office recommended that the Chairperson should ensure that:

1. the Office Secretary and other assigned staff are adequately trained in the preparation of receipts and the recording of information in the cash book, in accordance with the Finance Administration Regulations, 2009;
2. the receipt books and cash books are regularly reviewed by an independent officer to ensure that the accounting records are prepared and maintained in accordance with the Finance Administration Regulations, 2009;
3. the amount of \$428.00 which represented the difference in the cash collected and the amount brought to account in the cash book, is reimbursed to the Council;



4. receipts are cancelled by writing "CANCELLED" in upper case letters on the face of the receipt and counterfoil or on each duplicate that bears the same serial number, signing the face of the receipt and counterfoil or each duplicate and securely attach the cancelled receipt to the counterfoil or duplicate in the book of pre-printed receipts, in accordance with regulation 68 (2) (a) of the Finance Administration Regulations, 2009;
5. no receipt is torn and removed from the receipt book, in accordance with regulation 45 of the Finance Administration Regulations, 2009;
6. the officer receiving public money records in the cash book the amount of public money and the serial number of the receipts issued for it in ascending order of the serial numbers, in accordance with regulation 86 (a) of the Finance Administration Regulations, 2009;
7. a receipt is issued only for the collection of revenue, in accordance with regulation 33 of the Finance Administration Regulations, 2009;
8. the amount of \$1,400.00 is accounted for in the cash book; and
9. there is timely preparation of the monthly statements to show the cash collected, deposited and retained by the Council, to facilitate accountability, verification and reconciliation.

CONCLUSION

Based on the audit results, it was concluded that the accounting practices relating to the collection and accountability of revenue at the General Nursing Council, was not in conformity with the Finance Administration Regulations, 2009. In addition, there was



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absence of supervisory oversight over the revenue collection process, which exposes the Council's current asset to fraud. Further, the serious compliance deviations detected in the revenue accountability process, accentuates the critical need for training of staff in the application of the Finance Administration Regulations. Ensuring compliance with applicable laws, safeguarding an entity's assets from abuse or theft, and equipping staff with the requisite training to perform efficiently, will contribute to the accomplishment of good governance.

5.56

Accordingly, it is imperative that the Chairperson, who has responsibility to ensure that the Council is functioning efficiently and effectively, institute remedial actions to address the deficiencies identified, by implementing the recommendations issued in the report.



STATEMENT OF AUTHORITIES FOR EXPENDITURE 2021

The following shows a list of the authorities for expenditure for financial year 2021

ESTIMATES:	Passed in the House of Assembly on 27 th January, 2021	
APPROPRIATION ACT:	Enacted as Appropriation Act No.1 of 2021 on 4/2/2021	\$1,212,413,212.00
GENERAL WARRANTS:	Two General Warrants were signed by the Honourable Minister of Finance on 11 th February, 2021 and 28 th May, 2021.	
CONTINGENCIES WARRANT:	Contingencies Warrant No. 1 of 2021	\$15,000,000.00
	To fund the disaster relief support consequent upon the eruption of La Soufriere volcano and issuance of the evacuation order.	
SPECIAL WARRANT:	One hundred and twenty-three Special Warrants totalling \$98,012,204.64 were approved for the financial year. The total of \$83,012,204.64 remained unappropriated at the end of 2021.	
SUPPLEMENTARY APPROPRIATION:	Five Supplementary Appropriations were approved by Parliament in 2021, as follows:	
	Supplementary Appropriation - Act No.6 of 2021	\$117,895,000.00
	Supplementary Appropriation (No.2) - Act No. 20 of 2021	22,397,076.00
	Supplementary Appropriation (No.3) - Act No. 21 of 2021	11,849,296.00
	Supplementary Appropriation (No.4) - Act No. 22 of 2021	31,000,083.00
	Supplementary Appropriation (No.5) - Act No. 23 of 2021	12,661,575.00
VIREMENT WARRANT:	One hundred and thirty-eight Virement Warrants totalling \$17,253,760.23 were approved for financial year 2021	

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

Appendix II

EXCESS EXPENDITURE UNDER RECURRENT ACCOUNTS FOR 2021

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN REVISED ESTIMATES \$
AUTONOMOUS DEPARTMENTS					
21111	House of Assembly - Personal Emoluments	2,161,873.00	2,161,873.00	2,165,901.22	4,028.22
22311	House of Assembly - Local Travel Charges	235,000.00	235,000.00	262,499.00	27,499.00
21111	Registry & High Court - Personal Emoluments	1,683,262.00	1,683,262.00	1,739,370.25	56,108.25
	SUB TOTAL	4,080,135.00	4,080,135.00	4,167,770.47	87,635.47
OFFICE OF THE PRIME MINISTER					
22131	Regional Integration & Diaspora- Communication Expenses	0.00	0.00	2,117.03	2,117.03
	SUB TOTAL	0.00	0.00	2,117.03	2,117.03
MINISTRY OF PUBLIC SERVICE CONSUMER AFFAIRS, ETC.					
21111	SVG Postal Corporation- Personal Emoluments	0.00	0.00	5,439.00	5,439.00
	SUB TOTAL	0.00	0.00	5,439.00	5,439.00
MINISTRY OF FINANCE					
21113	Information Technology Service Division- Allowances	16,595.00	27,530.00	29,280.00	1,750.00
28411	Customs and Excise Services- Refunds	190,000.00	740,000.00	807,771.16	67,771.16
33141	Debt Servicing- Amortization & Sinking Fund- Domestic Debt	110,143,924.00	121,871,733.60	123,698,131.67	1,826,398.07
	SUB TOTAL	110,350,519.00	122,639,263.60	124,535,182.83	1,895,919.23
MINISTRY OF NATIONAL MOBILIZATION, ETC.					
22121	Child Development Services- Utilities	0.00	0.00	1,602.74	1,602.74
21111	Social Protection Services- Personal Emoluments	680,052.00	680,052.00	973,527.17	293,475.17



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

21111	Gender Development - Personal Emoluments	284,655.00	284,655.00	300,284.44	15,629.44
22121	Community Development and Co-operatives- Utilities	0.00	0.00	494.59	494.59
21111	Housing & Informal Settlement- Personal Emoluments	456,330.00	456,330.00	472,277.07	15,947.07
21113	- Allowances	20,380.00	20,380.00	24,577.00	4,197.00
	SUB TOTAL	1,441,417.00	1,441,417.00	1,772,763.01	331,346.01
MINISTRY OF EDUCATION, ETC.					
21113	Special Education Services - Allowances	21,260.00	21,260.00	24,500.00	3,240.00
	SUB TOTAL	21,260.00	21,260.00	24,500.00	3,240.00
MINISTRY OF NATIONAL SECURITY, ETC.					
21113	Police General Administration- Allowances	2,916,180.00	2,916,180.00	3,132,298.12	216,118.12
21111	Aviation Services- Personal Emoluments	0.00	0.00	206,551.00	206,551.00
	SUB TOTAL	2,916,180.00	2,916,180.00	3,338,849.12	422,669.12
MINISTRY OF AGRICULTURE, ETC.					
21111	Animal Health and Production Services – Personal Emoluments	1,218,828.00	1,218,828.00	1,252,166.80	33,338.80
	SUB TOTAL	1,218,828.00	1,218,828.00	1,252,166.80	33,338.80
MINISTRY OF HEALTH, ETC.					
21113	Policy, Planning and Support Services - Allowances	679,150.00	679,150.00	910,141.50	230,991.50
22311	Community Health Services - Local Travel Charges	536,796.00	536,796.00	550,248.28	13,452.28
22111	Geriatric Care- Personal Emoluments	1,379,354.00	1,379,354.00	1,481,550.11	102,196.11
21113	Mental Health Services - Allowances	46,540.00	46,540.00	49,048.88	2,508.88
	SUB TOTAL	2,641,840.00	2,641,840.00	2,990,988.77	349,148.77
MINISTRY OF TOURISM, ETC.					
26312	Culture General Administration- Current Grant to Other Agencies	20,010.00	390,010.00	450,666.67	60,656.67
	SUB TOTAL	20,010.00	390,010.00	450,666.67	60,656.67
	TOTAL	122,690,189.00	135,348,933.60	138,540,443.70	3,191,510.10



AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2021

Appendix III

EXCESS EXPENDITURE 2021 DUE TO AMOUNTS VIRED IN EXCESS OF THE APPROPRIATION

MINISTRY OF AGRICULTURE, ETC.					
22111	Banana Service Unit - Supplies & Material	65,745.00	-34,255.00	0.00	34,255.00
	TOTAL	65,745.00	-34,255.00	0.00	34,255.00



ERRATUM

RE: REPORT OF THE DIRECTOR OF AUDIT ON THE PUBLIC ACCOUNTS OF THE GOVERNMENT OF ST. VINCENT AND THE GRENADINES FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

AUDIT OPINION

The **Basis for Qualified Opinion** should read **Basis for Opinion** under the heading Audit Opinion of the Report.

The amended Audit Opinion is included hereunder.

GENERAL

The error and inconvenience caused are deeply regretted.

Mrs. Joan Browne

DIRECTOR OF AUDIT

26th August, 2024



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 St. Vincent and the Grenadines, which comprise the Statement of Annual Abstract, Statements of Detailed Recurrent and Capital Revenue, Statements of Detailed Recurrent and Capital Expenditure, Statement of Assets and Liabilities, Statement of Contingencies Fund, Statement of General Deposits, Statement of Investments, Statement of Special Funds, Statement of Public Debt, Statement of Advances and Statement of Contingent Liabilities for the financial year ended December 31, 2021.

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, 2021 in accordance with Cash Basis of Accounting.

Basis for Opinion

I 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



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