



# REPORT OF THE DIRECTOR OF AUDIT

On the Public Accounts of the Government of  
St. Vincent and the Grenadines

2022



# Acknowledgement



I am immensely grateful to Almighty God, who has blessed me with the wisdom, knowledge, and understanding encompassed in this remarkable opportunity to present this report on behalf of all the citizens of St. Vincent and the Grenadines.

I also recognise and appreciate the hard work of the dedicated staff of the Financial Audit Unit and the supportive encouragement of the Audit Office staff. Your demonstration of the power of commitment to teamwork is the hallmark of this report. Many thanks also to the Accountant General, and the management and staff of the Government Printery for your continued co-operation and kind assistance extended to my office.

Lastly, but by no means least, I wish to express my profound gratitude to my beloved family, dear friends, and mentors whose prayers, counsel, and unwavering support have been my most reliable source of strength and hope as I navigated the entire reporting process.

To each of you, I say the Report on the Public Accounts of St. Vincent and the Grenadines (2022) is deeply indebted to you.



**AUDIT OFFICE  
OF  
ST. VINCENT AND THE GRENADINES**



**“STRIVING TO ENSURE GOOD GOVERNANCE AND  
ACCOUNTABILITY WITHIN THE PUBLIC SECTOR”**



## 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 operation.”*

## CORE VALUES

- Independence
- Professionalism
- Integrity
- Efficiency
- Transparency





Tel: (784)457-1541  
(784)457- 2563  
(784)456-1111 Ext: 4601  
Fax: (784)451-2190  
E-Mail: [office.audit@gov.vc](mailto:office.audit@gov.vc)  
 <http://www.audit.gov.vc>

HALIFAX STREET  
KINGSTOWN  
ST. VINCENT AND THE GRENADINES

25<sup>th</sup> April, 2025


Honourable Camillo Gonsalves  
Minister of Finance, Economic Planning and Information Technology  
2<sup>nd</sup> Floor Administrative Building  
**KINGSTOWN.**

Honourable Minister,

Pursuant to section 75 (4) of 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, 2009 Revised Edition, I am pleased to submit to you for tabling in the House of Assembly, hereinafter referred to as the House, my report upon the examination of the Public Accounts of St. Vincent and the Grenadines for the financial year ended December 31, 2022.

Also, please be advised that after the report is laid before the House, a copy will be posted on the Audit Office's website at <https://audit.gov.vc>.

Yours sincerely,

  
Martina J. Primus (Mrs.)  
**DIRECTOR OF AUDIT**

**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.*



## **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 Contingency 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, 2022.

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, 2022 in accordance with Cash Basis 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 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 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.



Martina J. Primus (Mrs.)  
**DIRECTOR OF AUDIT**



# Table of Contents

## PART I

### ACCOUNTABILITY, GOVERNANCE AND INDEPENDENCE

• Activities 2022.....	2
• Major Accomplishments.....	3
• Other Accomplishments.....	4
• Training and Development.....	5
• Responsibility of the Director of Audit.....	6
• Purpose of the Audit.....	6
• Scope of Report.....	7
• The Accountant General.....	8
• The Public Accounts Committee.....	10
• Accounting Officers.....	11
• Declaration of Independence.....	12
• Significant Observations impacting the Financial Statements.....	13

## PART II

### ANALYSIS OF THE GOVERNMENT'S FINANCIAL STATEMENTS

• Overview.....	15
• Notes to the Financial Statements.....	15
• Scope of the Audit.....	16
• Analysis of the Appropriation and Supplementary Appropriation Acts and Financial Statements.....	17
• Appropriation and Supplementary Appropriation Acts.....	18

### ANNUAL ABSTRACT ACCOUNT STATEMENT

• OVERALL RECURRENT AND CAPITAL BUDGET 2022.....	19
• OVERALL RECURRENT AND CAPITAL BUDGET OUT-TURN 2022.....	20

○ Annual Abstract - Recurrent and Capital Revenue .....	23
○ Annual Abstract - Recurrent and Capital Expenditure.....	24
• RECURRENT BUDGET OUT-TURN 2022.....	25
• CAPITAL BUDGET OUT-TURN 2022 .....	25
• OVERALL BUDGET OUT-TURN.....	26

#### DETAILED STATEMENT OF RECURRENT REVENUE

• DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN .....	29
• REVENUE (RECURRENT AND CAPITAL) OUT-TURN 2022.....	29
• RECURRENT REVENUE 2022 .....	35
• TAXES.....	35
• COMPOSITION OF TAXES REVENUE 2022 .....	37
○ Taxes on Income, Profits and Capital Gains.....	37
○ Taxes on Property.....	39
○ Taxes on Goods and Services/Licences.....	40
○ Taxes on International Trade and Transactions.....	41
○ Other Taxes.....	42
• COMPOSITION OF SOCIAL CONTRIBUTIONS 2022 .....	42
○ Social Security Contributions.....	42
• COMPOSITION OF OTHER REVENUE 2022 .....	43
○ Property Income.....	43
○ Sale of Goods and Services.....	43
○ Fines, Penalties and Forfeits.....	44
○ Transfers (not Elsewhere Classified).....	44
○ Other Revenue (not Elsewhere Classified) .....	44

#### DETAILED STATEMENT OF CAPITAL REVENUE

• DETAILED CAPITAL REVENUE 2022 .....	45
---------------------------------------	----

#### DETAILED STATEMENT OF RECURRENT EXPENDITURE

• DETAILS OF TOTAL EXPENDITURE 2022.....	52
• DETAILS OF RECURRENT EXPENDITURE 2022.....	52
• RECURRENT EXPENDITURE BY DEPARTMENTS AND MINISTRIES.....	56

- RECURRENT EXPENDITURE 2022 VS 2021.....57
- EXCESS EXPENDITURE UNDER RECURRENT ACCOUNTS FOR 2022 WITHOUT THE APPROPRIATE AUTHORITY.....60

### DETAILED STATEMENT OF CAPITAL EXPENDITURE

- DETAILS OF CAPITAL EXPENDITURE 2022.....61

### STATEMENT OF CONTINGENT LIABILITIES

- CONTINGENT LIABILITIES .....65

### STATEMENT OF INVESTMENTS

- INVESTMENTS .....67
- TRUST FUNDS .....67
- SINKING FUND.....68
- SPECIAL FUNDS .....68
- SPECIAL DEPOSITS.....68
  - Fiscal Reserve Account ECCB.....68
- RECOMMENDATION.....68

### STATEMENT OF PUBLIC DEBT

- PUBLIC DEBT 2022.....69
- DOMESTIC DEBT.....70
  - Domestic Bonds.....71
  - Domestic Loans.....75
- DOMESTIC BONDS AND LOAN BALANCES.....76
- EXTERNAL DEBT.....77
- EXTERNAL LOAN BALANCES.....78
- EXTERNAL LOAN INCURRED IN 2022.....80
- PUBLIC DEBT MATURITY STRUCTURE.....84
- COST OF SERVICING PUBLIC DEBT.....84
- PUBLIC DEBT AND DEBT SERVICING 2018 -2022.....86
- RECOMMENDATIONS.....88

## STATEMENT OF SINKING FUND

- SINKING FUND .....89
- RECOMMENDATION.....90

## STATEMENT OF CONTINGENCY FUND

- ESTABLISHMENT OF THE CONTINGENCY FUND.....91
- SOURCE OF FUNDS.....91
- RECEIPTS PAYABLE TO THE FUND DURING THE FINANCIAL YEAR 2022.....91
- PURPOSE OF THE CONTINGENCIES FUND.....94
- WITHDRAWALS FROM THE CONTINGENCIES FUND 2022.....94
- CONTINGENCIES FUND BALANCE 2022.....95
- RECOMMENDATIONS.....97

## STATEMENT OF SPECIAL FUNDS

- SPECIAL FUNDS .....98

## STATEMENT OF ASSETS AND LIABILITIES

- LIABILITIES 2022 .....101
  - Current Account.....101
  - Unreconciled Cash-Current, Development and World Bank Accounts.....101
  - Union Island Sub-Treasury.....102
  - Crown Agent.....102
  - Clearing Accounts/Accounts Payable.....102
  - Balancing Accounts.....103
- RECOMMENDATIONS.....103
- ASSETS.....104
  - Current Assets.....104
  - Bank of St. Vincent and the Grenadines Accounts .....104
  - Disaster Relief Fund.....106
  - ECCB Operating Account.....106
  - Fiscal Reserve II ECCB.....106
  - Sub-Treasuries.....107
  - Public Debt Control Account.....108

○ Receivables.....	108
• CONSOLIDATED FUND.....	108
• RECOMMENDATIONS.....	109

#### STATEMENT OF GENERAL DEPOSITS

• TOTAL GENERAL DEPOSITS 2022.....	110
• STATUTORY BODIES.....	110
• DEPOSITS – DEPARTMENTAL ACCOUNTS.....	111
• DEPOSITS – INDIVIDUALS.....	112
• DEPOSITS – LOCAL GOVERNMENT.....	112
• OTHER GOVERNMENTS.....	112
• INACTIVE DEPOSIT ACCOUNTS.....	113
• RECOMMENDATIONS.....	113

#### STATEMENT OF ADVANCES

• Total Balance of Advances 2022.....	116
• Government Officers.....	117
• Other Advances.....	118
• Receivables.....	120
• Other Governments.....	120
• RECOMMENDATIONS.....	121

### PART III

#### AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

##### MINISTRY OF FOREIGN AFFAIRS, FOREIGN TRADE AND CONSUMER AFFAIRS

○ Vote Books.....	122
○ Recommendations.....	123
○ Equipment Ledger and Inventory Sheets.....	124
○ Recommendation .....	124
○ Vehicle Log Book.....	124
○ Recommendation.....	125
○ Import License .....	125

○ Recommendations .....	126
○ Export License .....	126
○ Recommendations .....	127
○ Trader's License .....	127
○ Recommendations.....	131

## PART IV

### AUDIT OF STATUTORY BODIES

• <b>Audit of Statutory Bodies conducted by the Audit Office.....</b>	<b>134</b>
○ St. Vincent Bureau of Standards.....	134
• <b>Audit of Statutory Bodies conducted by External Auditors.....</b>	<b>134</b>
○ Financial Services Authority.....	134
○ St. Vincent and the Grenadines Postal Corporation.....	135

## PART V

### CONTROL AND MANAGEMENT OF PUBLIC FINANCE

• Responsibility for the Control and Management of Public Finance .....	136
• General Observations.....	137
○ Arrears of Revenue Returns.....	137
○ Special Warrants.....	139
○ Virement Warrants .....	140
○ Imprest Warrants .....	140
○ Surprise Surveys .....	141

## APPENDICES

• LIST OF AUTHORITIES FOR EXPENDITURE 2022.....	I
• FINANCIAL STATEMENTS 2022.....	II
• REVISED CAPITAL EXPENDITURE SPENT.....	III
• EXCESS EXPENDITURE WITHOUT THE APPROPRIATE AUTHORITY 2022.....	IV
• PUBLIC DEBT REPAYMENT STRUCTURE.....	V



## LIST OF ABBREVIATIONS

<b>ALBA</b>	Bolivarian Alliance for the Peoples of Our America
<b>BOSVG</b>	Bank Of St. Vincent And The Grenadines
<b>CAROSAI</b>	Caribbean Organisation Of Supreme Audit Institutions
<b>CDB</b>	Caribbean Development Bank
<b>CDF</b>	CARICOM Development Fund
<b>CIF</b>	Climate Investment Fund
<b>CIT</b>	Corporate Income Tax
<b>COVID - 19</b>	Corona Virus Disease 2019
<b>CRL</b>	Climate Resilience Levy
<b>ECCB</b>	East Caribbean Central Bank
<b>FSA</b>	Financial Services Authority
<b>IADC</b>	International Airport Development Company
<b>IDA</b>	International Development Agency
<b>IDI</b>	INTOSAI Development Initiative
<b>INTOSAI</b>	International Organisation of Supreme Audit Institutions
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISSAIs</b>	International Standards of Supreme Audit Institutions
<b>NIS</b>	National Insurance Services
<b>PAC</b>	Public Accounts Committee
<b>PIT</b>	Personal Income Tax
<b>SAI</b>	Supreme Audit Institution
<b>SVG</b>	St. Vincent and the Grenadines
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>VEEP</b>	Volcanic Eruption Emergency Project
<b>VINLEC</b>	St. Vincent Electricity Services Ltd.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

# SUBDIVISION OF THE REPORT



The 2022 Report on the Public Accounts of St. Vincent and the Grenadines consists of five (5) parts, as outlined below.

Part	DESCRIPTION
I	Accountability, Governance and Independence
II	Analysis of the Government's Financial Statements
III	Audit Observations - Ministries and Departments
IV	Audit of Statutory Bodies.
V	Control and Management of Public Finance and General Observations



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### PART I

## ACCOUNTABILITY, GOVERNANCE AND INDEPENDENCE



### THE AUDIT OFFICE

#### Audit Activities 2022

1.1

To further understand the scope of work undertaken by the Audit Office during fiscal year 2022, highlights of the significant challenges and accomplishments are included.

1.2

In 2022, the Office of the Director of Audit resumed regular audit operations after the disruptions caused by the COVID-19 pandemic and the April 9, 2021 eruption of La Soufriere.

1.3

Among the significant setbacks resulting from these events was the accumulation of unaudited accounts pertaining to the overseas consulates and embassies, along with a delay in progress made in diminishing the arrears in the Report on the Public Accounts of St. Vincent and the Grenadines.

1.4

I wish to emphasise the principal obstacles to workflow that arise during unforeseen events, such as natural disasters and disease outbreaks. These obstacles restrict personal



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

interactions and physical access to accounting information, which is fundamental to all activities associated with the mandate of the Audit Office. These include:

- The lack of suitable software to (i) access internal files and (ii) extract data from the client's database;
- Non-digitisation of records leads to time-consuming analysis and prevents remote access; and
- The lack of remote connectivity to the Government's computerised systems hinders the ability to verify and corroborate the audit evidence.

1.5

### Major Accomplishments

#### (i) Report on the Public Accounts of St. Vincent and the Grenadines

Despite the above, the Audit Office finalised Annual Audit Reports for the Public Accounts of St. Vincent and the Grenadines for the financial years ending December 31, 2017, and December 31, 2018. These reports were presented to the Minister of Finance on November 23, 2022, and December 20, 2022, respectively, and were subsequently laid before the House on December 13, 2022, and February 23, 2023 respectively.

#### (ii) Statutory Body Audits

Audits of statutory bodies were completed, and the reports were issued for the financial years indicated for the following entities.

- St. Vincent and the Grenadines Bureau of Standards – 2017



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- Financial Services Authority - 2021
- St. Vincent and the Grenadines Postal Corporation - 2020 & 2021

### (iii) Overseas Consulates and Embassies

In 2022, two (2) audits were completed for the overseas consulates and embassies, as shown below.

- St. Vincent and the Grenadines Consulate, Toronto, Canada
- Embassy of St. Vincent and the Grenadines to the Bolivarian Republic of Venezuela

1.6

1.7

All reports and recommendations were delivered to the relevant accounting officers and department heads throughout the year for their action and feedback. These reports also included the responses from the accounting officers regarding the audit issues raised, when applicable.

1.8

Further, the summarised results of the audits conducted during the fiscal year are included in Parts III and IV of the report.

### Other Accomplishments

1.9

Compliance audits were performed at two governmental departments: the Personnel Department for the period 2015 to 2020 and the Ministry of Foreign Affairs, Foreign Trade and Consumer Affairs for the period 2015 to 2019. The corresponding reports are contained in Part III.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

1.10

In the financial year, 181 pensions and gratuities files were processed in accordance with the Audit Office's mandate to verify pensions and gratuities prior to disbursement of payments, as stipulated in section 137 of the Finance Administration Regulations, 2009. Notably, a significant proportion of these files contained discrepancies, which could have led to either overpayment or underpayment of benefits to public officers. Nevertheless, these discrepancies were rectified before the payments were disbursed.

1.11

Additionally, the Audit Office confirmed the eligibility for leave and the salaries and allowances that are payable and have been paid to public officers.

### Training and Development

1.12

While in-person local training remained suspended as a precaution against the lingering efficacy of the coronavirus, virtual training was conducted under the auspices of the International Organisation of Supreme Audit Institutions (INTOSAI) and the Caribbean Organisation of Supreme Audit Institutions (CAROSAI). These training initiatives focused on equipping the participating officers with the necessary skills for engaging with the Supreme Audit Institution Performance Measurement Framework (SAI PMF).

1.13

The SAI PMF provides Supreme Audit Institutions (SAIs) with a framework for a holistic, evidence-based evaluation of their performance. This practical and effective tool helps identify strengths and weaknesses while offering solutions to enhance and reform the SAIs, thus establishing an objective foundation for demonstrating their ongoing relevance to citizens and other stakeholders.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

1.14

### Responsibility of the Director of Audit

The Director of Audit is responsible for, at least once annually, auditing and reporting to the House on the Public Accounts of St. Vincent and the Grenadines as outlined in section 75 (2) of St. Vincent and the Grenadines Constitution Order, CAP 10 of the Laws of St. Vincent and the Grenadines Revised Edition, 2009, hereinafter referred to as the Constitution, and Part 111 of the Audit Act, CAP 245 of the Laws of Saint Vincent and the Grenadines, Revised Edition, 2009, hereinafter referred to as the Audit Act. In accordance with Section 11 (b) of the Audit Act, the Director of Audit is required to express an opinion on the financial and other statements included in the Public Accounts presented by the Accountant General.

1.15

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.

1.16

Therefore, this report is submitted to the Minister of Finance, Economic Planning, and Information Technology to be presented before the House of Assembly, hereinafter referred to as the House, per sections 12 (1) of the Audit Act and 75(4) of the Constitution.

### Purpose of the Audit

1.17

The principal purpose of the audit of the Public Accounts of St. Vincent and the Grenadines was to obtain the necessary information for issuing an opinion on the Government's Public Accounts and to assure Parliament that the funds appropriated by Parliament have been utilised for their intended purposes.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Scope of Report

1.18

The audited statements of account are comprised of the following:

- Annual Abstract Account Statement
- Detailed Statement of Recurrent Revenue
- Detailed Statement of Capital Revenue
- Detailed Statement of Recurrent Expenditure
- Detailed Statement of Capital Expenditure
- Statement of Contingent Liabilities
- Statement of Investments
- Statement of Public Debt
- Statement of Sinking Fund
- Statement of Contingency Fund
- Statement of Special Fund
- Statement of Assets and Liabilities
- Statement of General Deposits
- Statement of Advances

1.19

The report further encompasses a summary of the most notable audit observations arising from audits performed by the Audit Office at statutory bodies and various departments and ministries. These observations generally highlight deficiencies that could, in my assessment, substantially influence financial and non-financial resources and service delivery, or potentially compromise financial governance and controls if not addressed.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

1.20

These audit observations were communicated and discussed with the respective Management body and Accounting Officers of the Ministries and Departments concerned.

### THE ACCOUNTANT GENERAL

#### Responsibilities of the Accountant General

1.21

Under the direction of the Director General, the Accountant General is responsible for:

- i. maintaining the central accounts of the Government so as to show the current state of the Consolidated Fund and the financial condition of the Government;
- ii. receiving and banking, or overseeing the receipt and banking, of public money and overseeing its disbursement;
- iii. preparing the Public Accounts and any other financial statements or reports required by the Minister or the Director General;
- iv. maintaining a system for the examination of payments to reasonably ensure that they are made in accordance with the Finance Administration Act or Regulations, ensuring that a proper system of accounts is established in every ministry, department and service, and that all money received and paid by the Government is brought promptly and properly to account,
- v. reporting to the Director General, in writing, any apparent defect in the control of revenue, expenditure or cash, or any breach or nonobservance of this Act, the Regulations or financial instructions by a ministry, department or service that may come or be brought to his notice,



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- vi. evaluating accounting and financial management systems throughout Government, and
- vii. exercising supervision over the receipt of revenue and securing its punctual collection.

1.22

The Accountant General also has such responsibilities in relation to procurement and stores, other government property, and stamps and securities as are assigned to him under the Regulations.

1.23

In exercising the duties, the Accountant General:

- a. shall at all times have access to all ministries, departments or places where accounting for services takes place or accounting records are kept;
- b. may require access to records and require any information, records or explanations from a public officer or former public officer necessary for the performance of the responsibilities of the Accountant General;
- c. may examine and report to the Director General on the financial and accounting operations of a ministry, department or service;
- d. may provide accounting and other services in connection with the financial management of a ministry, department or service;
- e. may station a person employed in the Treasury in any ministry, department or place where accounting for a service takes place when the Accountant General considers it necessary to discharge his responsibilities;



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- f. has such powers in relation to procurement and stores and other government property as are assigned to him under the Regulations;
- g. has such powers in relation to stamps and securities as are assigned to him under the Finance Administration Regulations; and
- h. within his area of responsibility and his powers, may issue financial instructions in writing to accounting officers and to persons to whom accounting officers have delegated their responsibilities under this Act and the Regulations.

## PUBLIC ACCOUNTS COMMITTEE

### Role of the Public Accounts Committee

1.24

The Public Accounts Committee (PAC) is the duly constituted body established under section 76 of the Constitution, designed to review and deliberate on the annual report on the public accounts.

1.25

The PAC is responsible for considering the following accounts:

- i. The public accounts of St. Vincent and the Grenadines;
- ii. The accounts of all officers and authorities of the Government;
- iii. The accounts of all courts of law in St. Vincent and the Grenadines (including any accounts of the Supreme Court maintained in St. Vincent);
- iv. The accounts of every Commission established by the Constitution; and
- v. The accounts of the Clerk of the House.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Upon completion of the above, the PAC is further required to report to the House on:

- i. the reasons for any excess or unauthorised expenditure of public funds;
- ii. any measures it deems necessary to ensure that public funds are spent appropriately; and
- iii. such other duties related to public accounts as the House may, from time to time, direct.

### ACCOUNTING OFFICERS

#### Responsibility of Accounting Officers

1.26

Accounting Officers are designated under section 8 (2) (a-c) of the Finance Administration Act to:

- (i) Promptly collect and receive revenue under an item of revenue for which he has been appointed accounting officer;
- (ii) Ensure control and accurate accounting for expenditures under the expenditure vote or any part of a vote. This includes all items of expenditure.
- (iii) charged to the Consolidated Fund by law, as identified in the annual or supplementary estimates, along with each revenue item or part of revenue in the annual estimates for which he is appointed accounting officer.
- (iv) Ensure accurate accounting and control over public funds, excluding those intended for public purposes, received by the ministry, department, or service for which he serves as the accounting officer.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- (v) Carry out responsibilities with respect to procurement, stores, and other government property as assigned to him by the Finance Regulations.
- (vi) Carry out responsibilities in relation to stamps and securities as assigned to him by the Finance Regulations.

### DECLARATION OF INDEPENDENCE

1.27

I declare that I have examined the financial statements of the Accountant General and the records of selected ministries and departments of the Government of Saint Vincent and the Grenadines for the year ended December 31, 2022, in accordance with section 75 (2) of the 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 the St. Vincent and the Grenadines, Revised Edition, 2009.

1.28

In fulfilling my responsibilities, I also declare that I have complied with section 75 (7) of the Constitution, 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.***"

1.29

I further declare that, in the audit of the 2022 financial statements, I have had access to all books, records, returns, reports and other documents which, in my opinion, relate to the public accounts as referred to in section 75 (2 & 3) of St. Vincent and the Grenadines Constitution Order, and section 10 (1) and (2) of the Audit Act, ***except*** in relation to the



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

statement mentioned at paragraphs 5.4 – 5.6 on pages 137 and 138, and the limitations resulting from the significant observations noted at paragraph 1.31.

1.30

This report was prepared to be laid before the House 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.

### SIGNIFICANT OBSERVATIONS IMPACTING THE FINANCIAL STATEMENTS

1.31

Four (4) significant observations ultimately impacting the financial disclosures were noted during the audit of the financial statements. These factors are deemed critical, and their unresolved status will influence the accuracy of the financial statements and the reliance that can be placed upon them to assess the Government's financial position at the end of the fiscal year.

- Delayed communication of revenue and expenditure transactions external to the Government's Accounting System – SmartStream, by respective ministries or departments to the Accountant General.
- The recording of debt in the Government's Debt Management System - Meridian, is not consistently reflected in SmartStream and, subsequently, the financial statements.
- Insufficient disclosure on capital revenue and capital expenditure to evaluate their alignment with the purposes approved by the Parliament of St. Vincent and the Grenadines.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

---

- Modification in the application of cash basis accounting in recording revenue and expenditure.



**PART II**

**ANALYSIS OF THE GOVERNMENT'S FINANCIAL STATEMENTS**

**Overview**

2.1

Part II of the report evaluates the Government's financial statements, provided by the Accountant General, for the fiscal year ending December 31, 2022 which were submitted on May 9, 2023. It also examines the appropriation and supplementary appropriation Acts passed in Parliament throughout the financial year. The Statement of Authorities for the 2022 expenditures is listed at Appendix I.

2.2

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

**Notes to the Financial Statements**

2.3

International Public Sector Accounting Standards set out the manner in which financial statements shall be prepared, including guidance for their structure and the minimum requirements for content. The standard requires a complete set of financial statements to include explanatory notes. The notes to the financial statements form an integral part of their presentation as they provide users with the necessary explanations, narrative



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

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 provide users with a better understanding of the Government's financial risks and commitments. The financial statements submitted lacked explanatory notes. The absence of adequate disclosures results in users' inability to have a complete understanding of the accounts.

2.4

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). However, the 2022 financial statements under review, were prepared in accordance with cash basis accounting.

2.5

It is essential to recognise that the financial statements of the Government, prepared by the Accountant General's office, do not encompass all entities owned and controlled by the Government. These statements include the accounts of all ministries and departments; consequently, they exclude statutory bodies and government-owned enterprises, which report their operational results independently.

2.6

The financial statements submitted and audited are included at Appendix II of this Report.

### Scope of the Audit

2.7

The financial statements for the year ending December 31, 2022, presented by the Accountant General and examined by my Office, are as follows:

- Annual Abstract Account Statement



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- Detailed Statement of Recurrent Revenue
- Detailed Statement of Capital Revenue
- Detailed Statement of Capital Expenditure
- Detailed Statement of Recurrent Expenditure
- Statement of Contingent Liabilities
- Statement of Investments
- Statement of Public Debt
- Statement of Sinking Fund
- Statement of Contingency Fund
- Statement of Special Fund
- Statement of Assets and Liabilities
- Statement of General Deposits
- Statement of Advances
- Statement of Special and Virement Warrants

2.8

The Statement of Arrears of Revenue by Detailed Object Code was not submitted by the Accountant General as part of the financial statements for the fiscal year 2022; consequently, it is excluded from the scope of the audit.

### **Analysis of the Appropriation and Supplementary Appropriation Acts and Financial Statements**

2.9

Below are the detailed analysis and observations concerning the review of the Appropriation Act, Supplementary Appropriation Acts, and the Financial Statements.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Appropriation and Supplementary Appropriation Acts

2.10

The Appropriation Act No. 1 of 2022 was approved by the House on January 14, 2022, authorising a total expenditure amounting to \$1,329,152,493.00, which reflects an increase of \$116,739,281, equivalent to 9.6% of the 2021 budget. The total expenditure allocated by Parliament consists of recurrent expenditure of \$931,689,293.00 and capital expenditure of \$397,463,200.00.

2.11

Supplementary Appropriation Act No. 14 of 2022 was approved in the House on October 17, 2022. This Act authorised capital expenditure of \$70,395,469.00 for the financial year 2022 to fund the Port Modernisation project.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### ANNUAL ABSTRACT ACCOUNT STATEMENT

**2.12** The Statement of Annual Abstract is a summary of the revenue and expenditure of the Consolidated Fund presented by the specific category of revenue or expenditure item. It is comprised of recurrent and capital revenue and recurrent and capital expenditures. The categorisation is based on the Government's Chart of Accounts.

#### Overall Recurrent and Capital Budget 2022

**2.13** Appropriation Act No.1 of 2022 approved an initial projected expenditure of \$1,329,152,493.00 for the fiscal year 2022. This consisted of \$931,689,293.00 in recurrent expenditures and \$397,463,200.00 in capital expenditures.

**2.14** The initially projected recurrent expenditure of \$931,877,660.00, as reflected in the approved Estimates of Revenue and Expenditure for the 2022 financial year, was \$188,367.00 greater than the \$931,689,293.00 approved by Appropriation Act No.1 of 2022. This additional amount of \$188,367.00 was included to account for the Governor General's emoluments and allowances, as per the provisions of the Governor General's Emoluments and Pension Act, CAP 269 of the Laws of St. Vincent and the Grenadines, Revised Edition 2009.

**2.15** However, the Annual Abstract Statement of Recurrent Expenditure indicated an original projected recurrent expenditure of \$932,095,661.21, in contrast to the \$931,877,660.00 approved in the Estimates of Revenue and Expenditure, resulting in a variance of \$218,001.21. This discrepancy arose from immaterial errors and the inclusion of



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

\$218,000.00 in the Statement, which, although classified under 'Expenditure Part 1 – Recurrent' in the Estimates of Revenue and Expenditure as Professional Consultancy for the Ministry of Agriculture, was excluded from the summary for Recurrent and Total Expenditure. Consequently, the amount was not approved in the Estimates of Revenue and Expenditure. Hence, the estimates for recurrent expenditure presented in the Statement are overstated by \$218,001.21.

2.16

The financial statement shows that the recurrent and capital expenditure estimates were revised by \$36,187,475.09 and \$114,347,505.39, respectively. The revisions in the estimates are attributable to amounts approved by Special Warrants and Supplementary Appropriation Act No. 14 of 2022.

### Overall Recurrent and Capital Budget Out-Turn 2022

2.17

The review and analysis of actual revenue and expenditure indicate that actual capital revenue and capital expenditure were understated by \$6,286,515.78 and \$5,486,431.69, respectively, resulting in a net effect of \$800,084.49, which represents an overstatement of the overall deficit. Additionally, recurrent expenditure was found to be overstated by \$3,000,000.00. Consequently, the deficit of \$31,862,581.30, as presented in Table 1.5, was overstated by \$3,800,084.49. This discrepancy is attributable to the following improper accounting entries in the Government's accounting system SmartStream:

1. The audit of sinking fund contributions revealed that \$3,000,000.00 of the \$6,000,000.00 debited to the sinking fund expenditure account was not deposited into the sinking fund bank account in the financial year 2022. Consequently, recurrent expenditure and the deficit are overstated by \$3,000,000.00.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Accountant General's Comments:

Since the introduction of Smartstream 2000 we have been operating a Modified Cash Basis of Accounting. Any expenditure entered and approved is expensed in the year recorded, therefore there is no over statement of expenditure in this case.

### Director of Audit Comments:

In the performance of the audit of the Public Accounts of the Government of St. Vincent and the Grenadines, the Director of Audit is mandated by the Audit Act, section 8, to follow international audit standards.

The recording of the \$3,000,000.00 as sinking fund contribution that was not deposited to the Sinking Fund Investment account in the financial year 2022, represents an overstatement of the recurrent expenditure for the financial year 2022 by \$3,000,000.00.

2. Bond receipts of \$37,915.04 were not recorded in SmartStream. This omission led to an understatement of capital revenue and an overstatement of the deficit by \$37,915.04.

### Accountant General's Comments:

An amount of \$37,915.04 was not brought to account in Smartstream and is still in the operating account at the ECCB.

3. A total of \$10,143,252.15 was recorded as new loans under the CARICOM Development Fund (CDF) account. However, capital receipts of \$9,381,083.10



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

were credited to CDF's capital revenue account. The difference of \$762,169.05 was not accounted for in SmartStream; therefore, capital revenue is understated, and the deficit is overstated by \$762,169.05.

### Accountant General's Comments:

The difference of \$762,169.15 was not accounted for in SmartStream. The loan receipts of 6,762,169.15 came into the operating account at ECCB, \$6,000,000 was brought home on June 16, 2022 and the balance is still in the operating account but was never brought to account in SmartStream.

4. The capital receipts credited to the Kuwait account and the OFID-OPEC Fund for International Development account exhibited a deficiency in comparison to the additional loans recorded in their respective loan accounts, amounting to \$3,874,389.22 and \$1,612,042.47, respectively. This discrepancy pertains to revenue associated with various project accounts that were not accounted for within the financial year. Consequently, capital expenditure and capital revenue are understated by a total of \$5,486,431.69.

### Accountant General's Comments:

All Revenue and Expenditure for 2022 under the Kuwait Loan were not brought to account by the Ministry of Transport. This accounted for the difference in revenue and loan disbursements for 2022. We are working with the accounts unit of the Ministry of Transport to eliminate this problem.

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



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Annual Abstract- Recurrent and Capital Revenue

**\$1,122,720,999.14**

2.19

The Statement indicated an actual revenue of \$1,122,720,999.14 that was collected to finance expenditures for the financial year ending on December 31, 2022. This revenue comprised recurrent revenue amounting to 669,462,672.74 and capital revenue totalling \$453,258,326.40. The total revenue was short of the estimates of \$1,329,340,860.00 by \$206,619,860.86, reflecting a shortfall of 15.5%, and also fell below the revenue of \$1,159,051,229.19 collected in the financial year 2021 by \$36,330,230.05, or 3.1%. Decreases were observed in both recurrent and capital revenue.

2.20

Table 1 presents the estimated revenue for 2022, the actual revenue for 2022, the actual revenue for 2021, and a comparison of the actual revenue for 2022 with that of 2021.

Table 1

Item	Estimate 2022 (\$)	Actual Revenue 2022 (\$)	Actual Revenue 2021 (\$)	Increase/ (Decrease) (\$)
a	B	c	d	c-d
Recurrent Revenue	677,508,000.00	669,462,672.74	681,393,445.15	(11,930,772.41)
Capital Revenue	651,832,860.00	453,258,326.40	477,657,784.04	(24,399,457.64)
<b>Total</b>	<b>1,329,340,860.00</b>	<b>1,122,720,999.14.</b>	<b>1,159,051,229.19</b>	<b>(36,330,230.05)</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Annual Abstract - Recurrent and Capital Expenditure

**\$1,154,583,580.44**

2.21

The Statement of Annual Abstract for the financial year 2022 reported total expenditures of \$1,154,583,580.44. This amount included recurrent expenditures of \$853,715,427.85 and capital expenditures of \$300,868,152.59. Although the amount expended fell short of its revised estimates by \$ 325,510,261.25, or 22%, it was \$52,411,536.41, or 4.8%, more than the actual expenditure of \$1,102,172,044.03 for 2021. Capital spending recorded a 29.9% increase, in contrast to the 1.9% decrease in recurrent expenditure spending.

2.22

Table 1.1 presents the revised estimates for expenditures in 2022, and the actual expenditures for the years 2022 and 2021. Additionally, it offers a comparison of the actual expenditures for the year 2022 with those recorded in 2021.

Table 1.1

Item a	Revised Estimates 2022 (\$) b	Actual Expenditure 2022 (\$) c	Actual Expenditure 2021 (\$) d	Increase/ (Decrease) (\$) c-d
Recurrent Expenditure	968,283,136.30	853,715,427.85	870,611,724.98	(16,896,297.13)
Capital Expenditure	511,810,705.39	300,868,152.59	231,560,319.05	69,307,833.54
<b>Total</b>	<b>1,480,093,841.69</b>	<b>1,154,583,580.44</b>	<b>1,102,172,044.03</b>	<b>52,411,536.41</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Recurrent Budget Out-Turn 2022

2.23

The 2022 Estimates of Revenue and Expenditure forecasted a deficit of \$254,369,660.00 for the Recurrent Budget. The actual deficit amounted to \$184,252,755.11, which is \$70,116,919.01 less than the anticipated figure. This variance is attributable to recurrent revenue of 669,462,672.74 and recurrent expenditure totalling \$853,715,427.85, as illustrated in Table 1.2.

2.24

Table 1.2 depicts the Projected and Actual Out-turn of the Recurrent Budget for 2022.

Table 1.2

ITEM A	ORIGINAL ESTIMATE (\$) b	ACTUAL (\$) c	VARIANCE b-c
Recurrent Revenue	677,508,000.00	669,462,672.74	8,045,327.26
Less: Recurrent Expenditure	(931,877,660.00)	(853,715,427.85)	(78,162,232.15)
<b>(Deficit)</b>	<b>(254,369,660.00)</b>	<b>(184,252,755.11)</b>	<b>(70,116,904.89)</b>

### Capital Budget Out-Turn 2022

2.25

For the financial year 2022, a surplus amounting to \$152,390,173.81 was achieved over the actual capital revenue of \$453,258,326.40 and the actual capital expenditure of \$300,868,152.59. This surplus is \$101,979,486.19 less than the initially projected surplus, as illustrated in Table 1.3.





2.26

Table 1.3 depicts the Projected and Actual Out-Turn of Capital Budget for 2022.

Table 1.3			
ITEM	ORIGINAL PROJECTIONS	ACTUAL	VARIANCE
	(\$)	(\$)	(\$)
a	b	c	b-c
Capital Revenue	651,832,860.00	453,258,326.40	198,574,533.60
Less: Capital Expenditure	(397,463,200.00)	(300,868,152.59)	(96,595,047.41)
<b>Surplus</b>	<b>254,369,660.00</b>	<b>152,390,173.81</b>	<b>101,979,486.19</b>

### Overall Budget Out-Turn

**Actual Net Deficit - \$31,862,581.30**

2.27

The Government's financial performance declined from a surplus achieved in the financial year 2021 to a deficit in the financial year 2022. Actual expenditure of \$1,154,583,580.44 exceeded actual revenue of \$1,122,720,999.14, resulting in a deficit of \$31,862,581.30. However, the deficit was overstated by \$3,800,084.49 due to the errors outlined in paragraph 2.17. Actual revenue decreased by \$36,330,230.05, or 3.1%, as shown in Table 1 while actual expenditure increased by \$52,411,536.41, or 4.8%, as shown in Table 1.1, contributing to the decline in performance.

2.28

The total net deficit of \$31,862,581.30 included a recurrent deficit of \$184,252,755.11 and a capital surplus of \$152,390,173.81, as shown in Tables 1.2 and 1.3.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

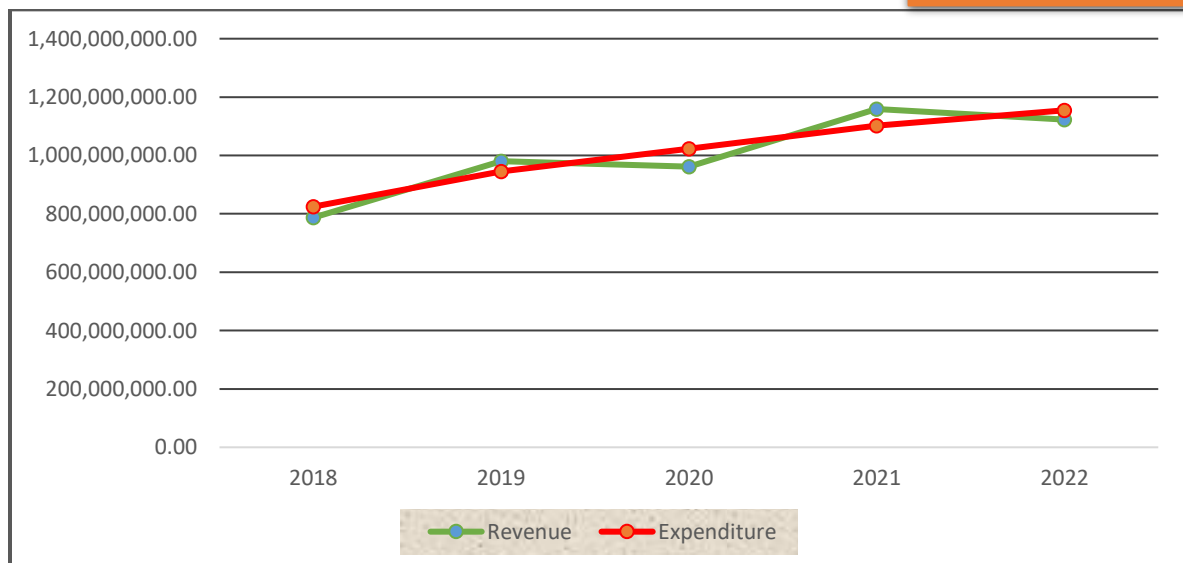
2.29

Over the five-year period from 2018 to 2022, the Government's financial performance fluctuated, alternating between a deficit and a surplus each consecutive year. This is illustrated in Table 1.4.

Table 1.4

Year	2018	2019	2020	2021	2022
	(\$)	(\$)	(\$)	(\$)	(\$)
Revenue	786,998,995.80	980,294,036.00	962,055,173.37	1,159,051,229.19	1,122,720,999.14
Expenditure	824,581,644.96	944,951,112.11	1,023,380,560.64	1,102,172,044.03	1,154,583,580.44
(Deficit)/Surplus	(37,582,649.16)	35,342,923.89	(61,325,387.27)	56,879,185.16	(31,862,581.30)

Figure 1





### 2.30

The actual budget out-turn for 2022, along with a comparison of the original estimates and the actual budget out-turn for 2021, is presented in Tables 1.5 and 1.6.

**Table 1.5**

ITEM	ORIGINAL ESTIMATES 2022 (\$)	ACTUAL 2022 (\$)
Recurrent Revenue	677,508,000.00	669,462,672.74
<b>Less</b> Recurrent Expenditure	(931,877,660.00)	(853,715,427.85)
<b>(Deficit)</b>	<b>(254,369,660.00)</b>	<b>(184,252,755.11)</b>
Capital Revenue	651,832,860.00	453,258,326.40
Capital Financing	254,369,660.00	269,005,571.29
<b>Less</b> Capital Expenditure	(397,463,200.00)	(300,868,152.59)
<b>Deficit</b>	<b>-</b>	<b>(31,862,581.30)</b>

**Table 1.6**

ITEM	ACTUAL 2022 (\$)	ACTUAL 2021 (\$)
Recurrent Revenue	669,462,672.74	681,393,445.15
Less Recurrent Expenditure	(853,715,427.85)	(870,611,724.98)
<b>(Deficit)</b>	<b>(184,252,755.11)</b>	<b>(189,218,279.83)</b>
Capital Revenue	453,258,326.40	477,657,784.04
Capital Financing	269,005,571.29	288,439,504.21
Less Capital Expenditure	(300,868,152.59)	(231,560,319.05)
<b>Surplus/(Deficit)</b>	<b>(31,862,581.30)</b>	<b>56,879,185.16</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### DETAILED STATEMENT OF RECURRENT REVENUE

#### DETAILED REVENUE (RECURRENT AND CAPITAL) OUT-TURN

**Revenue (Recurrent and Capital) Out-Turn 2022** **\$1,122,720,999.14**

2.31

The new Chart of Accounts, introduced in 2016, categorised recurrent revenue into three headings: Taxes, Social Contributions, and Other Revenue, along with new and additional subheadings. Capital revenue consists of Domestic Receipts, which include Capital Receipts and Other Capital Receipts, as well as Local Loans, and External Receipts, comprising External Grants and Loans.

2.32

The total estimated revenue for the year 2022 was \$1,329,340,860.00. Recurrent revenue was projected to generate \$677,508,000.00, which constitutes 51% of the total revenue, whereas the capital revenue was anticipated to amount to \$651,832,860.00.

2.33

The total revenue for the fiscal year amounted to \$1,122,720,999.14. This figure represented 84.5% of the originally projected revenue of \$1,329,340,860.00, resulting in a shortfall of \$206,619,860.86. In the financial year 2021, 95.6% of the anticipated revenue of \$1,212,601,578.00 was collected. This amount exceeded that collected in 2022 by \$89,880,564.74, indicating a decline in the Government's performance in achieving its revenue target for the year 2022. The actual recurrent revenue realised was \$669,462,672.74 (59.6%), while capital revenue totalled \$453,258,326.40, accounting for 40.4% of the total actual revenue in 2022.

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.34

Table 1.7 shows the Actual Revenue vs the Original Estimates for 2022.

**Table 1.7**

DETAILS OF REVENUE	ESTIMATES 2022 \$	ACTUAL 2022 \$	EXCESS/(SHORTFALL) \$
<b>RECURRENT REVENUE</b>			
<b>Taxes:</b>			
Taxes on Income, Profits & Capital Gains	156,167,000.00	156,637,592.89	470,592.89
Taxes on Property	61,342,000.00	29,744,972.36	(31,597,027.64)
Taxes on Goods and Services/Licenses	192,149,000.00	190,911,134.16	(1,237,865.84)
Taxes on International Trade and Transactions	169,265,000.00	191,887,130.35	22,622,130.37
Other Taxes	3,622,000.00	3,514,489.33	(107,510.67)
<b>Sub Total</b>	<b>582,545,000.00</b>	<b>572,695,319.09</b>	<b>(9,849,680.89)</b>
<b>Social Contributions:</b>			
Social Security Contributions	22,000.00	16,204.17	(5,795.83)
<b>Sub Total</b>	<b>22,000.00</b>	<b>16,204.17</b>	<b>(5,795.83)</b>
<b>Other Revenue</b>			
Property Income	8,861,000.00	5,570,538.19	(3,290,461.81)
Sale of Goods and Services	75,686,000.00	83,834,626.16	8,148,626.16
Fines, Penalties and Forfeits	1,659,000.00	2,420,048.85	761,048.85
Transfers (Not Elsewhere Classified)	3,210,000.00	3,679,466.29	469,466.29
Other Revenue(Not Elsewhere Classified)	5,525,000.00	1,246,469.99	(4,278,530.01)
<b>Sub Total</b>	<b>94,941,000.00</b>	<b>96,751,149.48</b>	<b>1,810,149.48</b>
<b>TOTAL RECURRENT REVENUE</b>	<b>677,508,000.00</b>	<b>669,462,672.74</b>	<b>(8,045,327.26)</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.7 Cont'd

DETAILS OF REVENUE	ESTIMATES 2022 \$	ACTUAL 2022 \$	EXCESS/(SHORTFALL) \$
<b>CAPITAL REVENUE</b>			
<i>Domestic Receipts</i>			
Sale of Land	1,000,000.00	1,124,229.53	124,229.53
Capital Receipts	265,369,660.00	1,086,633.54	(264,283,026.46)
Domestic Loan Receipt	104,160,246.00	20,000,000.00	(84,160,246.00)
Domestic Bond Transaction Receipt	-	146,597,324.68	146,597,324.68
<b>Sub Total-Domestic Receipts</b>	<b>370,529,906.00</b>	<b>168,808,187.75</b>	<b>(201,721,718.25)</b>
<i>External Receipts</i>			
Grants	69,728,690.00	44,188,073.35	(25,540,616.65)
External Loans	211,574,264.00	240,262,065.30	28,687,801.30
<b>Sub Total-External Receipts</b>	<b>281,302,954.00</b>	<b>284,450,138.65</b>	<b>3,147,184.65</b>
<b>TOTAL CAPITAL REVENUE</b>	<b>651,832,860.00</b>	<b>453,258,326.40</b>	<b>(198,574,533.60)</b>
<b>TOTAL REVENUE</b>	<b>1,329,340,860.00</b>	<b>1,122,720,999.14</b>	<b>(206,619,860.86)</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

**Table 1.8**

Details of Revenue	Actual Revenue 2022 \$	Actual Revenue 2021 \$	Increase /(Decrease) \$
Recurrent Revenue	669,462,672.74	681,393,445.15	(11,930,772.41)
Capital Revenue	453,258,326.40	477,657,784.04	(24,399,457.64)
<b>Total Revenue</b>	<b>1,122,720,999.14</b>	<b>1,159,051,229.19</b>	<b>(36,330,230.05)</b>

2.35

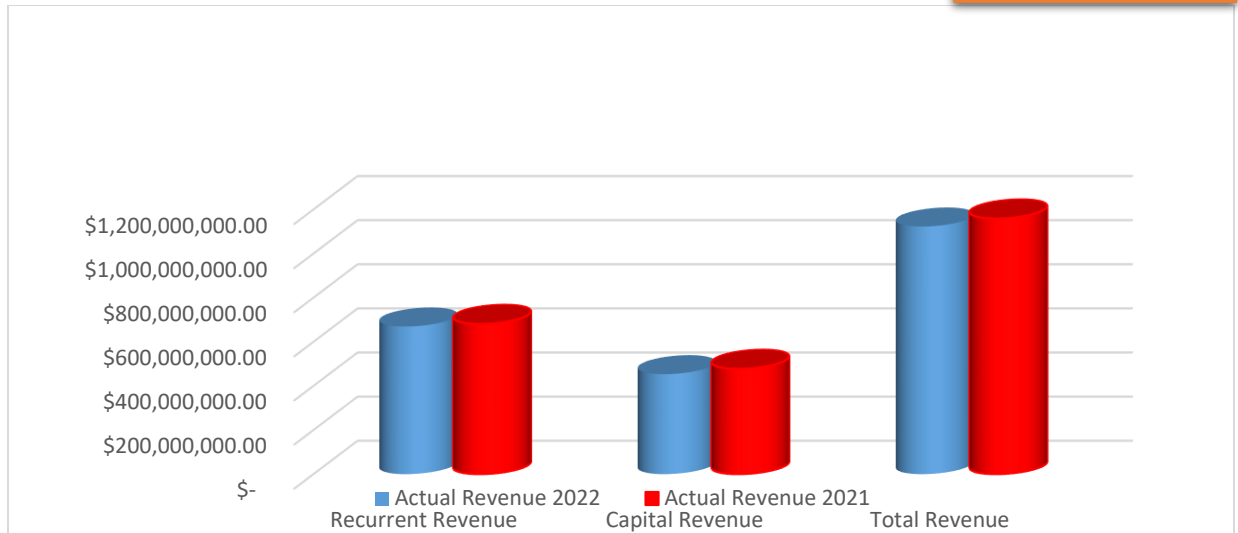
The actual revenue experienced a decline of \$36,330,230.05, equivalent to 3.1%, compared to the amount of \$1,159,051,229.19 collected during the financial year 2021. This decline can be attributed to a decrease of \$11,930,772.41 in recurrent revenue and a reduction in capital revenue of \$24,399,457.64 in 2022, as illustrated in Table 1.8 and Figure 2. The overall decrease in actual revenue is primarily due to the diminished receipts from Taxes on Property and External Loans.

2.36

Table 1.8 and Figure 2 present the revenue collected for the financial year 2022 and comparative figures from the preceding financial year 2021.



Figure 2



2.37

Table 1.10 and Figure 3 present a comparison between the estimated and actual revenue for the fiscal years 2018 to 2022. The fiscal year 2021 recorded the highest revenue outturn, whereas the fiscal year 2022 experienced the most significant shortfall.

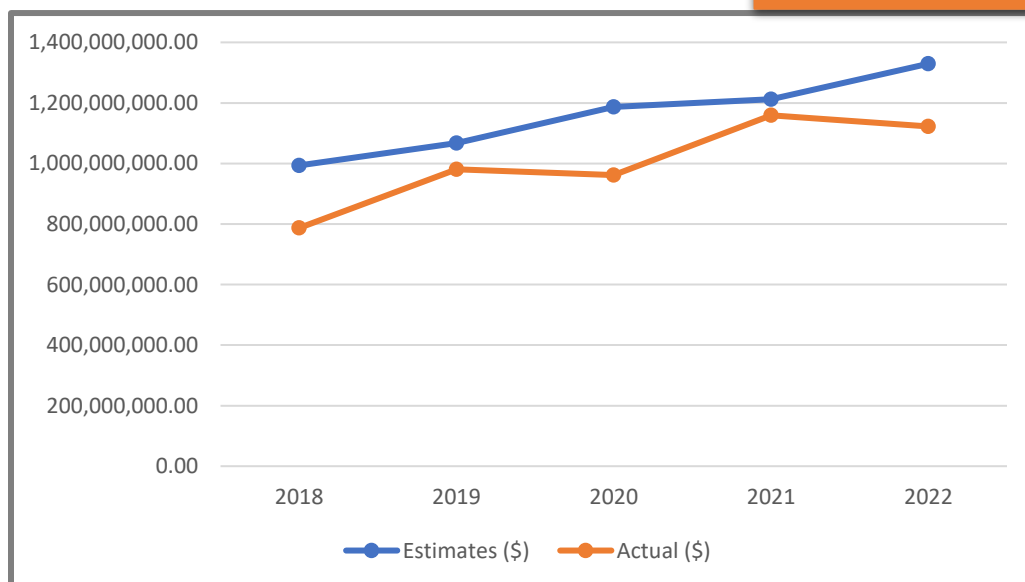




Table 1.9

YEAR	ESTIMATES (\$)	ACTUAL (\$)	SHORTFALL (\$)
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
2022	1,329,340,860.00	1,122,720,999.14	206,619,860.86

Figure 3





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Recurrent Revenue 2022

**669,462,672.74**

2.38

Recurrent revenue is classified into three (3) categories: Taxes, Social Contributions, and Other Revenue. Taxes encompass five (5) distinct items, Social Contributions comprise one item, and Other Revenue incorporates five items. The total amount of recurrent revenue collected was 669,462,672.74, which includes Taxes amounting to \$572,695,319.09, Social Contributions totalling \$16,204.17, and Other Revenue contributing \$96,751,163.58, as illustrated in Table 1.7. This total is \$8,045,327.26 less than the estimated recurrent revenue, representing a decrease of 1.2%. Furthermore, recurrent revenue experienced a slight decline of 1.8% compared to the \$681,393,445.15 collected in the year 2021.

### Taxes

**\$572,695,319.11**

2.39

Taxation is the Government's principal recurring revenue source, accounting for 85.5% of the recurrent revenue for the financial year 2022. However, the total tax revenue of \$572,695,319.11 fell short of the projected amount of \$582,545,000 by \$9,849,680.89. Two (2) categories surpassed their estimated targets, while three (3) categories failed to achieve their projections. The breakdown of taxes collected in 2022 is illustrated in Table 1.10 and Figure 4.



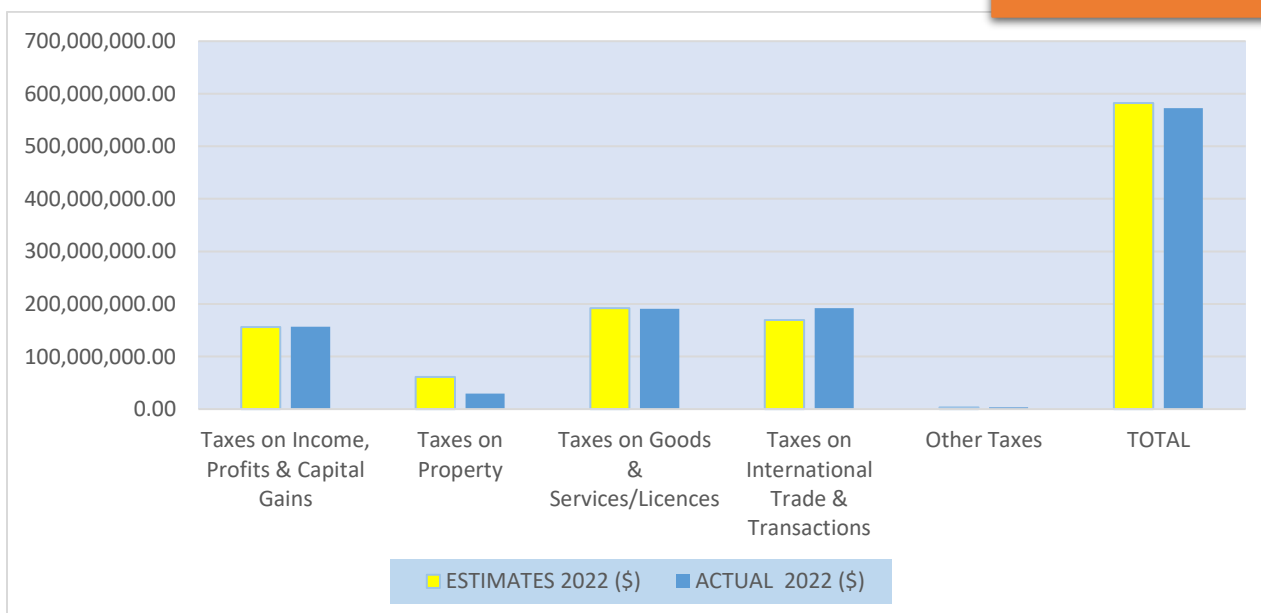
### 2.40

The estimates and actual revenue collected for Taxes in 2022, is shown in Table 1.10 and Figure 4.

**Table 1.10**

DETAILS OF REVENUE	ESTIMATES 2022 (\$)	ACTUAL 2022 (\$)	SURPLUS/(SHORTFALL) (\$)
Taxes on Income, Profits & Capital Gains	156,167,000.00	156,637,592.89	470,592.89
Taxes on Property	61,342,000.00	29,744,972.36	(31,597,027.64)
Taxes on Goods & Services/Licences	192,149,000.00	190,911,134.16	(1,237,865.84)
Taxes on International Trade & Transactions	169,265,000.00	191,887,130.35	22,622,130.35
Other Taxes	3,622,000.00	3,514,489.33	(107,510.67)
<b>TOTAL</b>	<b>582,545,000.00</b>	<b>572,695,319.09</b>	<b>(9,849,680.91)</b>

**Figure 4**





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Composition of Taxes Revenue 2022

#### Taxes on Income, Profits and Capital Gains

**\$156,637,592.89**

2.41

Revenue from Taxes on Income, Profits, and Capital Gains totalled \$156,637,592.89, exceeding the estimated amount of \$156,167,000.00 by \$470,592.89. The only item in this category that fell short of projections was Corporate Income Tax (CIT). The estimated revenue collection from CIT was \$47,042,000.00. However, the actual revenue collected was \$42,550,468.42, representing an underperformance of \$4,491,531.58, or 9.5%.

2.42

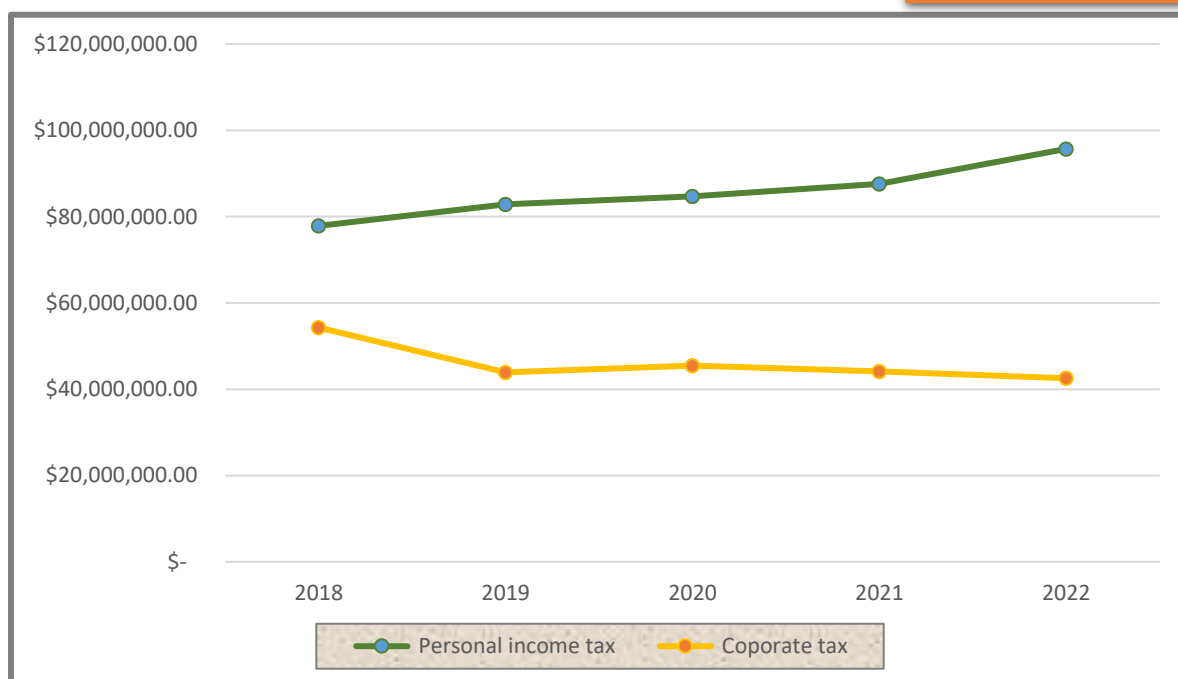
The revenue generated from Personal Income Tax (PIT) has consistently increased, emerging as the predominant contributor within this category. When compared to the collections of the year 2021, PIT revenue experienced a growth of 9.3%. In contrast, the tax revenue collected from corporations saw a decrease of 3.5%, marking the lowest collection recorded during the five-year period from 2018 to 2022. Additionally, the Income Tax from Non-Residents witnessed a remarkable increase of 54%, accounting for 11.7% of the total revenue.

2.43

The movement in PIT and CIT during the period 2018 to 2022 is shown in Figure 5.



Figure 5



2.44

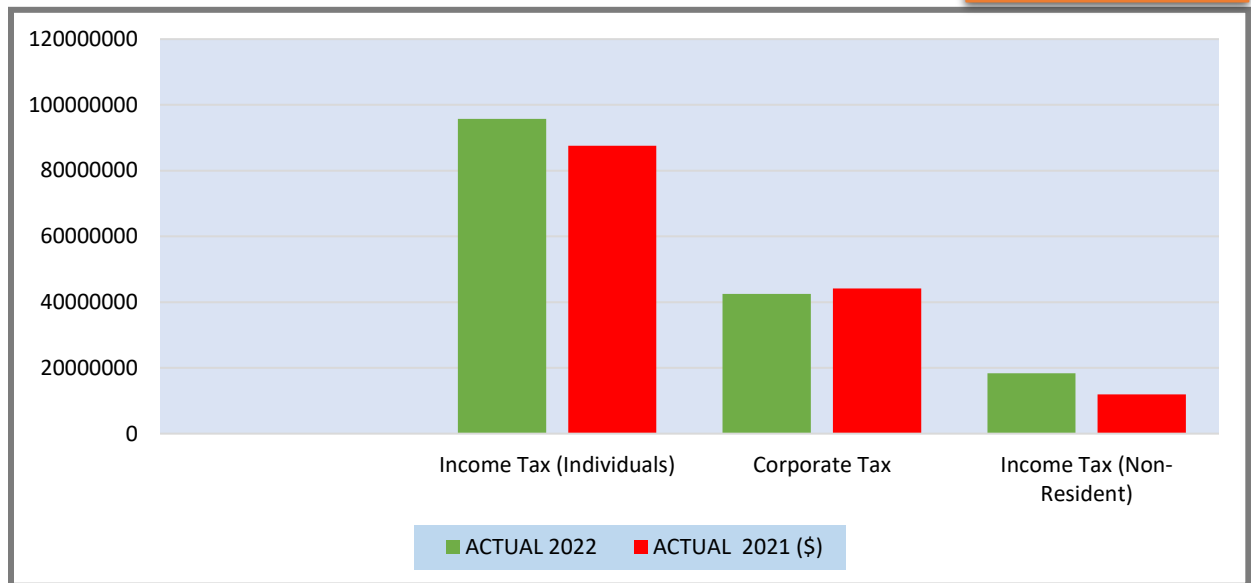
A comparison of collections of Taxes on Income, Profits, and Capital Gains for 2022 and 2021 reveals an increase of \$12,979,432.44 in revenue for 2022, as illustrated in Table 1.11 and Figure 6.

Table 1.11

ITEM	ACTUAL 2022 (\$)	ACTUAL 2021 (\$)	INCREASE/(DECREASE) (\$)
Income Tax (Individuals)	95,709,198.75	87,606,648.66	8,102,550.09
Corporate Tax	42,550,468.42	44,117,558.99	(1,567,090.57)
Income Tax (Non-Resident)	18,377,925.72	11,933,952.80	6,443,972.92
<b>Total</b>	<b>156,637,592.89</b>	<b>143,658,160.45</b>	<b>12,979,432.44</b>



Figure 6



### Taxes on Property

**\$29,744,972.36**

2.45

The actual revenue of \$29,744,972.36 from Taxes on Property was 48.5% of the estimated revenue of \$61,342,000.00, resulting in a shortfall of \$31,597,027.64. All items in this category underperformed against their projections, except Property Tax.

2.46

The Aliens Land Holding Licence, which exceeded its estimates by 200.3% and increased by 218.1% in the financial year 2021, recorded the most significant shortfall against its estimates, decreasing by \$32,734,490.00 or 87.2% compared to the financial year 2021. Similarly, revenue from Stamp Duty on Property and Succession Duty fell by \$38,340,401.82 or 65% and \$109,407.58 or 75.6%, respectively, in comparison to the collections of 2021.



2.47

In contrast to the total collection amounting to \$100,734,275.73 for the fiscal year 2021, property taxes witnessed a decrease of \$70,989,303.37, representing a reduction of 70.5%.

Figure 7



### Taxes on Goods and Services/Licences

**\$190,911,134.16**

2.48

The total revenue collected from Taxes on Goods and Services and Licenses amounted to \$190,911,134.16, reflecting a shortfall of \$1,237,865.84 compared to the estimated projection of \$192,149,000. Notably, thirteen (13) items within this category exceeded their respective estimated projections for the financial year 2022.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.49

The revenue contribution from Value Added Tax (VAT) amounted to \$102,532,519.07, representing 53.7% of the overall revenue collected. This figure surpassed both the projected revenue and the collections from the year 2021 by \$10,866,519.07, or 11.9%, and \$15,509,271.82, or 17.8%, respectively.

2.50

The Excise Duty collected was \$32,279,448.10, marking the second-highest revenue generator in this category. However, this amount was short of projections by \$9,884,551.90, which is a 23.4% shortfall, and it also represented a decline of \$7,816,119.54, or 19.5%, compared to 2021 collections.

2.51

Licence fees payable to the Medicinal Cannabis Authority was the only item that recorded no revenue, mirroring the results obtained in the financial year 2021.

### **Taxes on International Trade and Transactions**

**\$191,887,130.35**

2.52

The revenue derived from international trade and transactions totalled \$191,887,130.35. Import duty and VAT on imports surpassed their respective projections by \$10,176,446.49, representing an increase of 16.9%, and \$15,353,462.06, which signifies a 15.4% increase. Additionally, there were notable performances compared to the financial year 2021, with import duty rising by \$12,812,659.52, equating to a growth of 22.3%, and VAT on imports expanding by \$18,892,067.65, reflecting a substantial increase of 19.6%.

2.53

Overall, the actual revenue increased by \$30,972,157.23 in comparison to 2021. Given the minor adjustments to the rates in this revenue category, with the VAT, as the main contributor, remaining unchanged, the significant increase can be attributed to an increase in the importation of goods and/or higher import prices.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Other Taxes

**\$3,514,489.33**

2.54

Other taxes include Stamp Duty – Other and the Climate Resilience Levy. The revenue generated amounted to \$3,514,489.33, which reflects a shortfall of \$107,510.67 from the projected amount of \$3,622,000.00, equivalent to a reduction of \$3,447,475.96 or 49.5% in comparison to the year 2021. This decline is primarily attributed to a 58.5% decrease in Stamp Duty – Other, which constituted 75.1% of the total revenue.

### Composition of Social Contributions 2022

#### Social Security Contributions

**\$16,204.17**

2.55

The Statement indicates a single item under Social Contributions: Pension Contributions. The actual revenue collected was \$16,204.17, which was \$5,795.83 less than estimated, representing a shortfall of 26.3%. Additionally, this amount is \$3,759.09, or 18.8%, lower than the revenue collected in 2021.

2.56

According to Section 6 of the Public Officers (Transfer to Undertakings) Act, Chapter 277 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, any undertaking to which an officer has been transferred or is considered transferred must contribute pension benefits for that officer effective from the date of transfer. The mandated contribution rate is 25% of the employee's basic salary, per the stipulations outlined by the Public Service Commission. In 2022, six (6) public officers were transferred to undertakings.

2.57

Audits conducted at different statutory corporations reveal that pension contributions for transferred pensionable officers are not being deposited into the Consolidated Fund as



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

stipulated by the Act. The results of these audits were communicated to the relevant governance authorities.

2.58

Moreover, the revenue generated, accounting for 73.7% of the estimates, represented the pension contribution for one individual employee of a statutory corporation. This suggests that the estimates did not include provisions for pension contributions relevant to all transferred pensionable officers.

### Composition of Other Revenue 2022

#### Property Income

**\$5,570,538.19**

2.59

Property income revenue amounted to \$5,570,538.19, falling short of the estimated \$8,861,000.00 by \$3,290,461.81. Two of the eleven revenue streams exceeded their projections, while two additional sources not captured in the financial year's estimates contributed \$96,161.39. Additionally, revenue collections rose by \$478,543.98, representing a 9.4% increase from last year's total of \$5,091,994.21.

#### Sale of Goods and Services

**\$83,834,626.16**

2.60

The revenue generated from the Sale of Goods and Services exceeded its budgetary allocation of \$75,686,000.00 by \$8,148,626.16 and surpassed the collections of 2021 by \$11,984,357.65, reflecting an increase of 16.7%. The Customs Service Charge, which is the primary revenue generator within this category (68.7%), increased by \$10,583,898.01, representing a 22.5% rise when compared to the collections of 2021, and exceeded its estimates by \$9,466,258.16.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Fines, Penalties and Forfeits

**\$2,420,048.85**

2.61

For the financial year 2022, revenue collection of \$1,659,000.00 was anticipated in this category. However, the actual amount collected was \$2,420,048.85, surpassing the projection by \$761,048.85 and exceeding the revenue collected in 2021 by \$842,227.48.

### Transfers (not Elsewhere Classified)

**\$3,679,466.29**

2.62

Non-tax revenue included two categories: Reimbursements and Repayment of Loans. The total revenue collected was \$3,679,466.29, exceeding the estimated \$3,210,000.00 by \$469,466.29. This marks a decrease of \$3,260,355.59, or 47% when compared to the revenue from 2021.

### Other Revenue (not Elsewhere Classified)

**\$1,246,496.99**

2.63

A total of \$1,246,469.99 was accumulated in this revenue category. This amount did not reach the budgetary forecast of \$5,525,000.00, resulting in a deficit of \$4,278,530.01, which represents 77.4%.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### DETAILED STATEMENT OF CAPITAL REVENUE

#### Detailed Capital Revenue 2022

**\$453,258,326.40**

2.64

For the fiscal year 2022, the projected capital revenue was \$651,832,860.00, which comprised Domestic Receipts amounting to \$370,529,906.00 and External Receipts totalling \$281,302,954.00. The recorded capital revenue for 2022 amounted to \$453,258,326.40. Domestic Receipts and External Receipts contributed \$168,808,187.75 and \$284,450,138.65, respectively, resulting in a net variance of \$198,574,533.60, as illustrated in Table 1.12.

2.65

The anticipated capital and domestic loan receipts were projected to yield \$369,529,906.00, representing 56.7% of the expected capital revenue. However, both categories experienced significant shortfalls in their projections. Specifically, capital receipts amounted to \$264,283,026.46 less than anticipated, achieving 0.4% of the projected figures. Similarly, 19.2% of the forecasted domestic loan receipts was collected, recording a deficit of \$84,160,246.00. Their collective contribution to the actual capital revenue was \$21,086,633.54, equivalent to 4.7%.

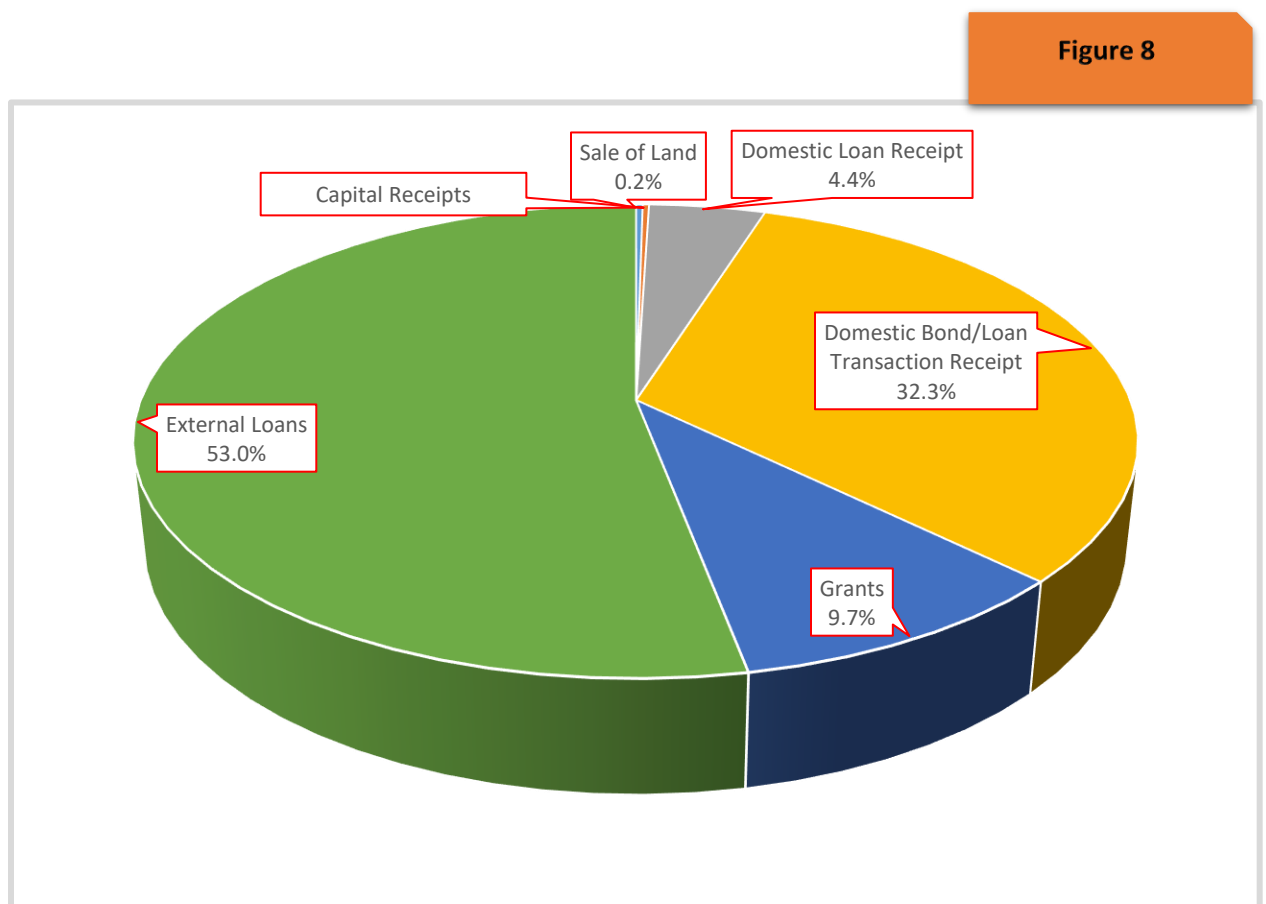
2.66

The Statement of Capital Revenue indicated that external loans constituted the predominant source of financing for Public Sector Investment, totalling \$240,262,065.30. This figure represents 53% of the overall capital revenue. An amount of \$114,720,149.08 or 47.7%, was sourced from the Caribbean Development Bank surpassing its budgetary



forecast of \$84,665,704.00 by an excess of \$30,054,445.08. Domestic bond transactions totalling \$146,597,324.68, notwithstanding the absence of approval at the commencement of the financial year, represented the second-highest contribution, comprising 32.3% of capital revenue.

**Figure 8** shows the composition of Capital Revenue for the financial year 2022.





2.68

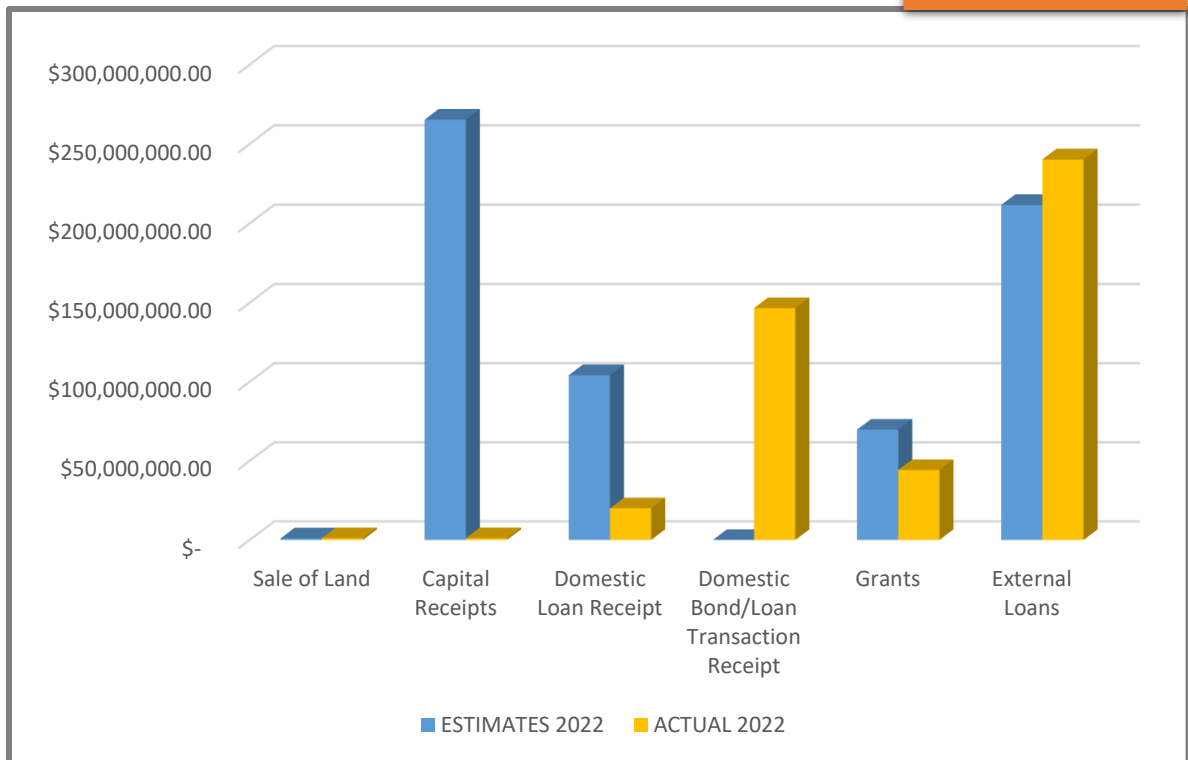
As shown in Table 1.12, the actual capital revenue collections fell short of their budgetary allocations for the fiscal year by \$198,574,533.60. Furthermore, Figure 9 illustrates a comparison between the estimated capital revenue and the actual revenue generated from capital financing sources.

Table 1.12

TYPES OF FUNDS	ESTIMATES 2022 (\$)	ACTUAL 2022 (\$)	VARIANCE Excess/(shortfall) (\$)
<b><u>Domestic Receipts</u></b>			
Sale of Land	1,000,000.00	1,124,229.53	124,229.53
Capital Receipts	265,369,660.00	1,086,633.54	(264,283,026.46)
Domestic Loan Receipt	104,160,246.00	20,000,000.00	(84,160,246.00)
Domestic Bond/Loan Transaction Receipt	0	146,597,324.68	146,597,324.68
<b>Sub total</b>	<b>370,529,906.00</b>	<b>168,808,187.75</b>	<b>(201,721,718.25)</b>
<b><u>External Receipts</u></b>			
Grants	69,728,690.00	44,188,073.35	(25,540,616.65)
External Loans	211,574,264.00	240,262,065.30	28,687,801.30
<b>Sub total</b>	<b>281,302,954.00</b>	<b>284,450,138.65</b>	<b>3,147,184.65</b>
<b>Total</b>	<b>651,832,860.00</b>	<b>453,258,326.40</b>	<b>(198,574,533.60)</b>



Figure 9



2.69

It was noted that \$181,115,751.50, which accounts for 40% of the total financing, was obtained from five sources of capital revenue that were not sanctioned in the Estimates for the financial year, as outlined in Table 1.13.

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

**Table 1.13**

Account	Description	Actual \$
33141-3303	Domestic Bond/Loan Transaction Receipt	146,597,324.68
13121-1399	Other Grants	537,569.84
13221-1505	Climate Investment Fund - CIF	2,057,113.34
13221-1538	Caribbean Disaster Emergency Management	63,743.64
33241-3999	Multilateral loan - other	31,860,000.00
<b>TOTAL</b>		<b>181,115,751.50</b>

2.70

In addition, \$17,671,710.00, which constitutes 2.7% of the projected revenue to be derived from twelve sources, did not yield any revenue during the financial year. Table 1.14 provides a detailed account of the sources that generated no revenue.

**Table 1.14**

Account	Details/Source	Description	Projection \$
13121	1307	Government of Japan	1,000,000.00
13121	1314	India	2,000,000.00
13121	1315	Morocco	102,000.00
13121	1316	United Amorites	2,516,000.00
13121	1317	Italy	700,000.00
13221	1528	Green Climate Fund	10.00
13221	1529	UN Environmental Programme	1,143,050.00
13221	1537	IDB	537,640.00
13221	1539	Global Partnership for Education	900,000.00



**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

**Table 1.14 Cont'd**

Account	Details/Source	Description	Projection \$
13221	1599	Other Grants	2,800,000.00
33241	3666	European Investment Bank	5,973,000.00
33241	3876	ABN Dhabi Fund for Development	10.00
<b>TOTAL</b>			<b>17,671,710.00</b>

2.71

Capital revenue of \$453,258,326.40 collected in the financial year fell by \$24,399,457.64, or 5.1%, compared to the 2021 collection of \$477,657,784.04. While revenue raised through Domestic Bonds rose by \$61,108,345.74 or 71.5%, significant reductions of \$72,872,207.69, or 23.3%, and \$18,728,642.30, or 94.5%, realised under External Loans and Capital Receipts, respectively, led to a decline in capital revenue collections.

2.72

Table 1.15 and Figure 10 compare actual capital revenue for the financial years 2022 and 2021.

**Table 1.15**

TYPES OF FUNDS	ACTUAL 2022 (\$)	ACTUAL 2021 (\$)	VARIANCE Increase/(Decrease) (\$)
<b><u>Domestic Receipts</u></b>			
Sale of Land	1,124,229.53	1,550,356.49	(426,126.96)
Capital Receipts	1,086,633.54	19,815,275.84	(18,728,642.30)
Domestic Loan Receipt	20,000,000.00	20,000,000.00	-
Domestic Bond/Loan Transaction Receipt	146,597,324.68	85,488,978.94	61,108,345.74
<b>Sub total</b>	<b>168,808,187.75</b>	<b>126,854,611.27</b>	<b>41,953,576.48</b>



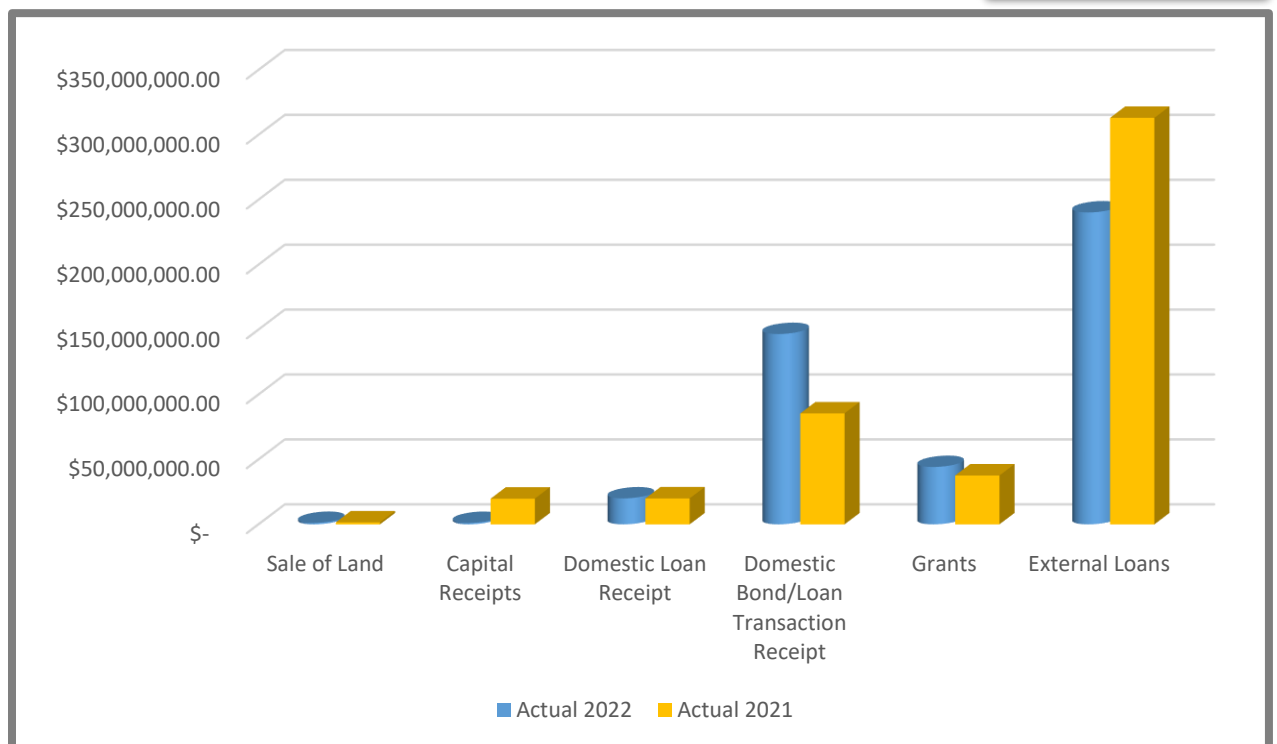
## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.15 Cont'd

TYPES OF FUNDS	ACTUAL 2022 (\$)	ACTUAL 2021 (\$)	VARIANCE Increase/(Decrease) (\$)
<b>External Receipts</b>			
Grants	44,188,073.35	37,668,899.78	6,519,173.57
External Loans	240,262,065.30	313,134,272.99	(72,872,207.69)
<b>Sub total</b>	<b>284,450,138.65</b>	<b>350,803,172.77</b>	<b>(66,353,034.12)</b>
<b>Total</b>	<b>453,258,326.40</b>	<b>477,657,784.04</b>	<b>(24,399,457.64)</b>

Figure 10





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### DETAILED STATEMENT OF RECURRENT EXPENDITURE

#### Details of Total Expenditure 2022

**\$1,154,583,580.44**

2.73

The analysis outlined below is based on a comparison between the revised estimates and the actual expenditures, as delineated in the Statement of Detailed Expenditure for the year 2022.

2.74

During the fiscal year, a total expenditure of \$1,154,583,580.44 was incurred, reflecting a shortfall of \$325,510,261.25 when compared to the revised projections of \$1,480,093,841.69. Conversely, the actual expenditure in 2022 increased by \$52,411,536.41, representing a rise of 4.8%, relative to the \$1,102,172,044.03 spent in the preceding financial year 2021.

#### Details of Recurrent Expenditure 2022

**\$853,715,427.85**

2.75

The actual recurrent spending, which includes Amortization and Sinking Fund contributions, for the financial year 2022 was \$853,715,427.85. However, actual recurrent expenditure is overstated by \$3,000,0000 as highlighted at paragraph 2.148 on page 90.

2.76

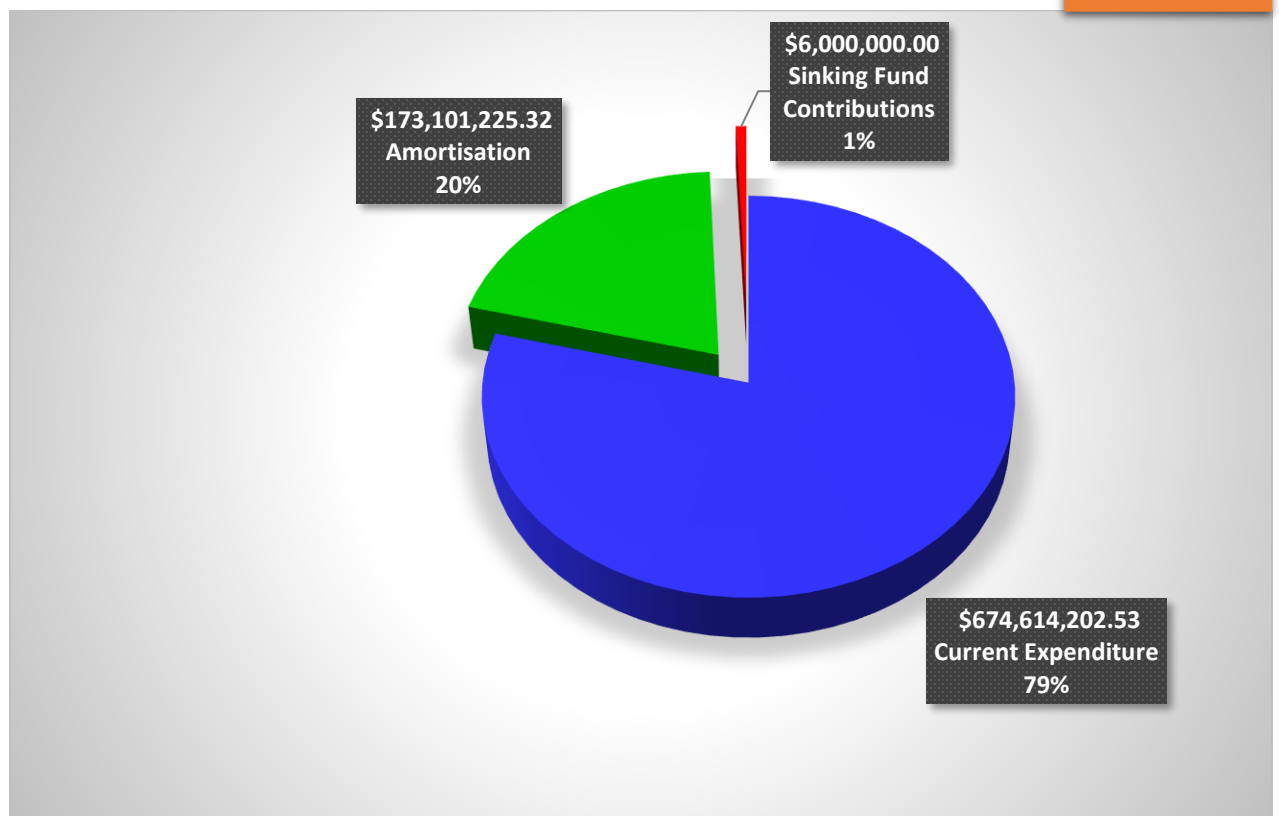
The composition of recurrent expenditure for 2022 is illustrated in Figures 11 & 12 and Table 1.16.



2.77

Figure 11 highlights the proportion of recurrent expenditure attributable to Amortisation, Sinking Fund Contributions and Current Expenditure.

Figure 11



**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.78

Table 1.16 and Figure 12 show the composition of current expenditure.

**Table 1.16**

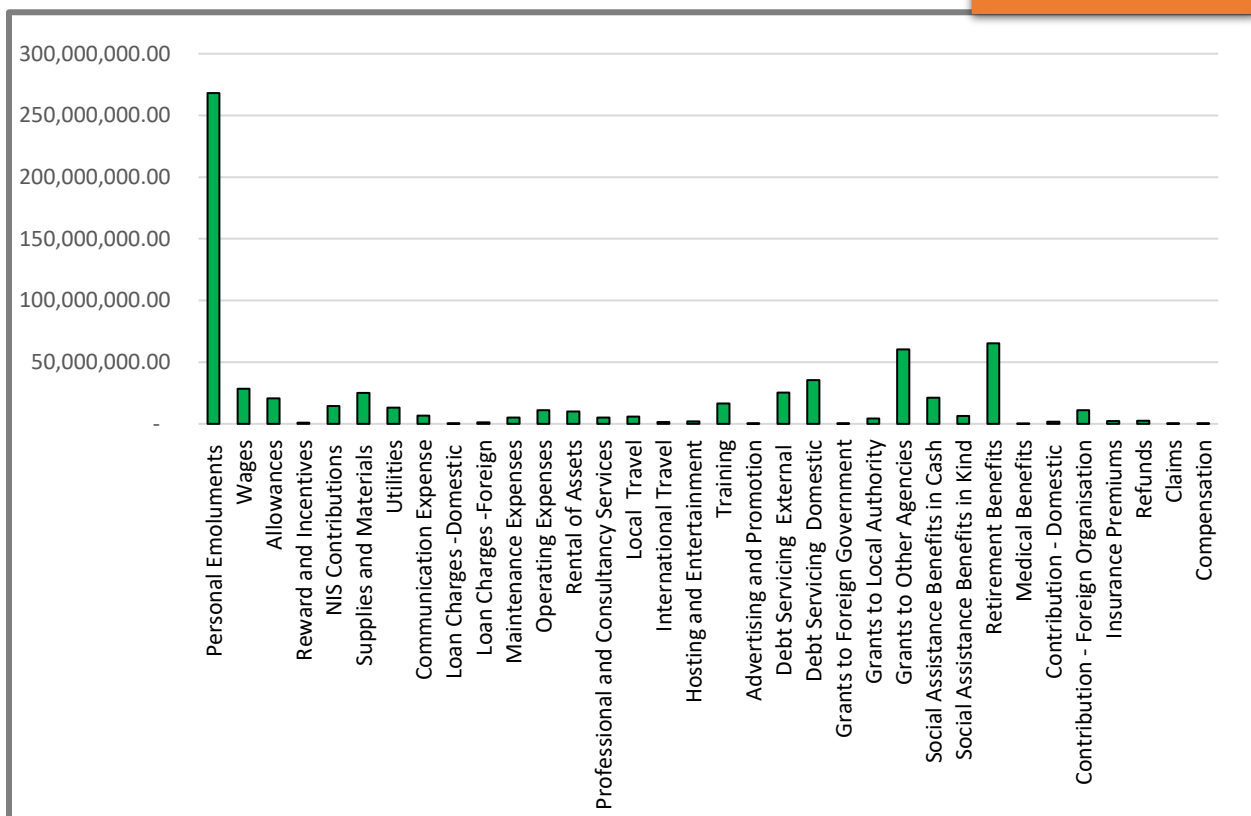
<b>Expenditure Type</b>	<b>Amount (\$)</b>	<b>Percentage %</b>
Personal Emoluments	268,173,559.01	39.8%
Wages	28,367,332.78	4.2%
Allowances	20,773,114.94	3.1%
Reward and Incentives	1,070,429.98	0.2%
NIS Contributions	14,370,952.67	2.1%
Supplies and Materials	25,191,448.35	3.7%
Utilities	13,132,059.70	1.9%
Communication Expense	6,689,937.23	1.0%
Loan Charges -Domestic	517,978.23	0.1%
Loan Charges -Foreign	1,200,630.25	0.2%
Maintenance Expenses	5,133,440.50	0.8%
Operating Expenses	11,002,913.07	1.6%
Rental of Assets	9,950,370.48	1.5%
Professional and Consultancy Services	5,133,811.71	0.8%
Local Travel	5,852,768.81	0.9%
International Travel	1,582,196.34	0.2%
Hosting and Entertainment	1,877,059.38	0.3%
Training	16,613,456.33	2.5%
Advertising and Promotion	498,450.44	0.1%
Debt Servicing - External	25,427,230.82	3.8%
Debt Servicing - Domestic	35,385,182.87	5.2%
Grants to Foreign Government	516,211.00	0.1%
Grants to Local Authority	4,310,471.37	0.6%
Grants to Other Agencies	60,375,114.27	8.9%
Social Assistance Benefits in Cash	21,048,658.24	3.1%
Social Assistance Benefits in Kind	6,505,756.23	1.0%
Retirement Benefits	65,384,846.39	9.7%



Table 1.16 Cont'd

Expenditure Type	Amount (\$)	
Medical Benefits	205,508.00	0.0%
Contribution - Domestic	1,605,244.71	0.2%
Contribution - Foreign Organisation	11,178,144.92	1.7%
Insurance Premiums	2,290,532.81	0.3%
Refunds	2,520,126.85	0.4%
Claims	390,496.56	0.1%
Compensation	338,767.29	0.1%
<b>Total</b>	<b>674,614,202.53</b>	<b>100.0%</b>

Figure 12





2.79

As illustrated in Table 1.16 and Figure 12, Personal Emoluments were the primary contributor to current expenditure, amounting to \$268,173,559.01. This figure represents 39.8% of current expenditure and 31.4% of the \$853,715,427.85 incurred in recurrent expenditure.

### Recurrent Expenditure by Departments and Ministries

2.80

In 2022, the total recurrent expenditure for the Autonomous Departments, the Office of the Prime Minister, and 12 Ministries amounted to \$853,715,427.85. This is \$114,567,708.45 below the revised estimate of \$968,283,136.30, as shown in the financial statement found in Appendix II, Table 1.17, and Figure 13.

Table 1.17

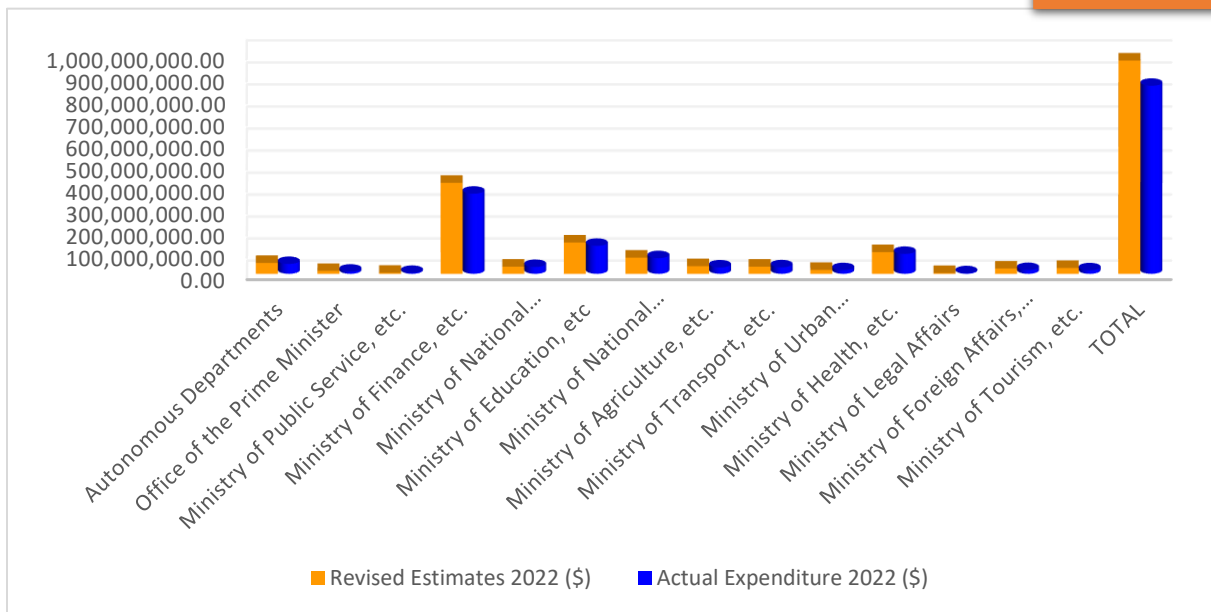
Ministry/Department	Revised Estimates 2022 (\$)	Actual Expenditure 2022 (\$)	Difference (\$)
Autonomous Departments	49,441,415.00	44,733,524.76	4,707,890.24
Office of the Prime Minister	13,307,115.00	9,913,657.45	3,393,457.55
Ministry of Public Service, etc.	5,020,946.00	4,238,294.30	782,651.70
Ministry of Finance, etc.	413,311,950.00	363,984,262.52	49,327,687.48
Ministry of National Mobilisation, etc.	32,923,203.00	31,050,069.42	1,873,133.58
Ministry of Education, etc	142,354,860.43	127,033,214.88	15,321,645.55
Ministry of National Security, etc.	73,578,921.00	71,076,190.63	2,502,730.37
Ministry of Agriculture, etc.	34,833,535.69	28,986,272.71	5,847,262.98
Ministry of Transport, etc.	32,427,373.00	29,515,684.37	2,911,688.63
Ministry of Urban Development, etc.	17,739,478.37	16,620,200.44	1,119,277.93
Ministry of Health, etc.	98,532,529.25	90,508,473.25	8,024,056.00
Ministry of Legal Affairs	3,740,982.56	2,705,247.77	1,035,734.79
Ministry of Foreign Affairs, etc.	24,227,637.00	17,231,635.76	6,996,001.24
Ministry of Tourism, etc.	26,843,190.00	16,118,699.59	10,724,490.41
<b>TOTAL</b>	<b>968,283,136.30</b>	<b>853,715,427.85</b>	<b>114,567,708.45</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Figure 13



### Recurrent Expenditure 2022 vs 2021

2.81

The actual recurrent expenditure for the year 2022 demonstrated a decrease in recurrent spending amounting to \$16,896,297.13, reflecting a decline of 1.9% compared to the expenditure of \$870,611,724.98 recorded for the financial year 2021, as depicted in Table 1.18 and Figure 14.

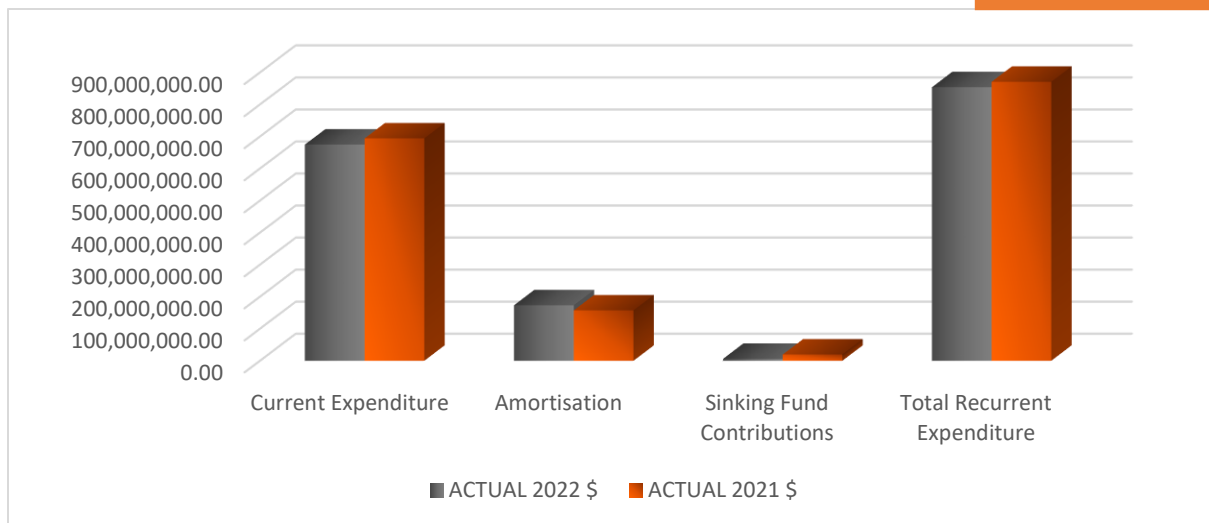
Table 1.18

TYPE	ACTUAL 2022 \$	ACTUAL 2021 \$	INCREASE/(DECREASE) \$
Current Expenditure	674,614,202.53	693,997,549.00	(19,383,346.47)
Amortisation	173,101,225.32	157,072,175.98	16,029,049.34
Sinking Fund Contributions	6,000,000.00	19,542,000.00	(13,542,000.00)
<b>Total Recurrent Expenditure</b>	<b>853,715,427.85</b>	<b>870,611,724.98</b>	<b>(16,896,297.13)</b>





Figure 14



2.82

Current expenditure recorded a 2.8% decline, and Sinking Fund contributions recorded were less than half of the amount spent in the financial year 2021. However, the amount recorded as Sinking Fund Contributions is overstated, as highlighted in paragraph 2.148 on page 90. In contrast, amortisation increased by 10.2%. The decrease in current expenditure is predominantly due to the reductions of \$14,916,900.80 and \$8,593,546.59 in social assistance in cash and contributions to foreign organisations, respectively.

2.83

Additionally, the Ministry of Finance and the Ministry of Agriculture, Forestry, etc. recorded the most notable increase and decrease in spending for the financial year of \$5,807,355.31 and \$10,512,758.66 respectively, compared to 2021, as shown in Table 1.19 and Figure 15.

2.84

Table 1.19 and Figure 15 show comparative figures of actual Recurrent Expenditure for 2022 and 2021.



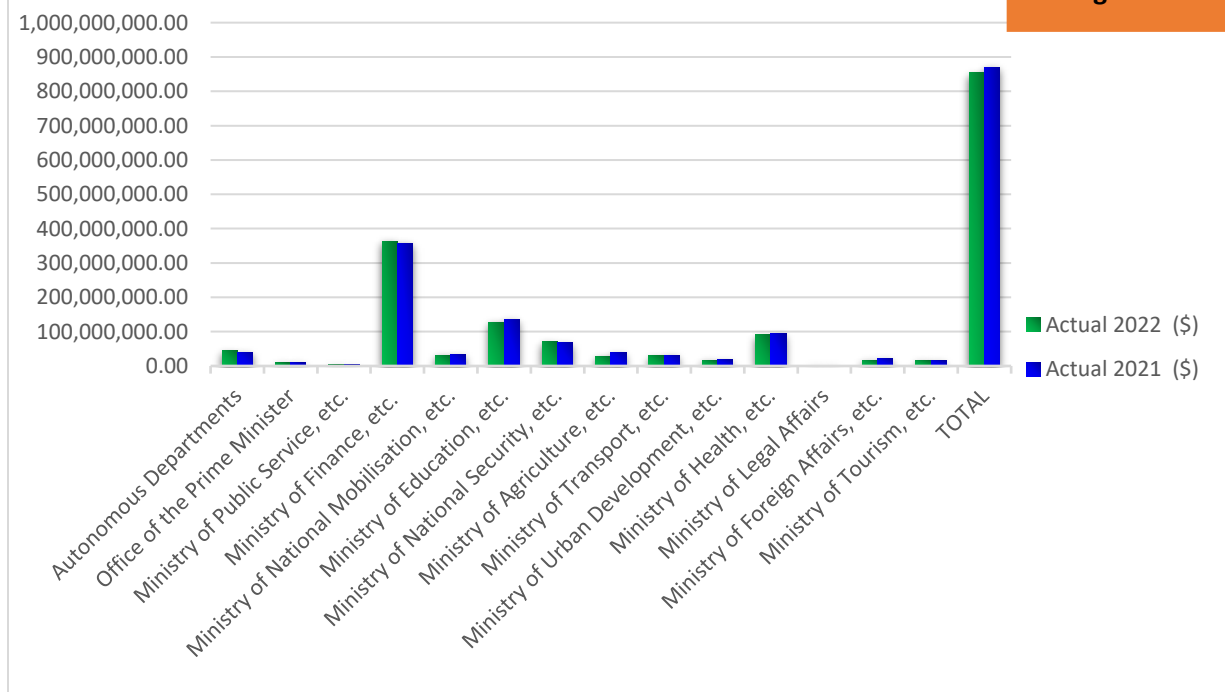
## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.19

Ministry/Department	Actual 2022 (\$)	Actual 2021 (\$)	Increase /(Decrease) (\$)
Autonomous Departments	44,733,524.76	40,459,935.13	4,273,589.63
Office of the Prime Minister	9,913,657.45	9,886,806.22	26,851.23
Ministry of Public Service, etc.	4,238,294.30	4,046,043.88	192,250.42
Ministry of Finance and Economic Planning, etc.	363,984,262.52	358,176,907.21	5,807,355.31
Ministry of National Mobilisation, etc.	31,050,069.42	32,364,085.53	(1,314,016.11)
Ministry of Education, etc.	127,033,214.88	135,848,945.53	(8,815,730.65)
Ministry of National Security, etc.	71,076,190.63	67,577,621.55	3,498,569.08
Ministry of Agriculture, Forestry, etc.	28,986,272.71	39,499,031.37	(10,512,758.66)
Ministry of Transport, Works, etc.	29,515,684.37	31,280,837.39	(1,765,153.02)
Ministry of Urban Development, etc.	16,620,200.44	17,911,712.03	(1,291,511.59)
Ministry of Health, Wellness, etc.	90,508,473.25	94,574,857.50	(4,066,384.25)
Ministry of Legal Affairs	2,705,247.77	2,741,331.39	(36,083.62)

Figure 15





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Excess Expenditure Under Recurrent Accounts For 2022 Without the Appropriate Authority

2.85

Section 28 of the Finance Administration Act grants the Minister the authority to incur expenditure via special warrants under circumstances that are unforeseen, not provided for, or insufficiently covered, and which are necessary to avoid harm to the public good. However, such additional spending must not exceed the amount specified by a resolution in the House. Similarly, Section 30 permits an Accounting Officer to vary amounts approved under any programme within an expenditure vote in the annual or supplementary estimates for the financial year, with the exception of personal emoluments, and subject to restrictions on recurrent and capital expenditures via virement warrants due to exigencies of the office.

2.86

An analysis of the recorded recurrent expenditures for the year 2022 indicated that seven (7) accounts across five (5) Ministries surpassed their allocated budgetary provisions without the requisite approval of Special and/or Virement Warrants. Consequently, this resulted in a total over-expenditure amounting to \$347,923.61 for the fiscal year 2022. This overspending constitutes a violation 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 details of the excess expenditure per account are provided in Appendix IV.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### DETAILED STATEMENT OF CAPITAL EXPENDITURE

#### Details of Capital Expenditure 2022

**\$300,868,152.59**

2.87

The 2022 Statement of Detailed Capital Expenditure reported a sum of \$300,868,152.59, which represents an increase of \$69,307,833.54 or 30% in capital spending when compared to the expenditure of \$231,560,319.05 for the year 2021. The actual capital expenditure of \$300,868,152.59 allocated for Public Sector Investment Programmes was maintained within the original projections of \$397,463,200.00, notwithstanding the original estimates being revised upward by \$114,347,505.39. Furthermore, the actual capital expenditure was 75.7% of the original capital estimates although capital financing amounted to \$453,258,326.40, exceeding the capital expenditure by \$152,390,173.81 in the year 2022.

2.88

It was observed that the estimates for 35 capital projects were revised under the Office of the Prime Minister and ten ministries by a total of \$114,347,505.39. Notably, 63% of this revision was associated with the Port Development Project.

2.89

The sum of \$97,172,414.14, which constitutes 85%, of the amount by which capital expenditure was revised is recorded as expended in Appendix III.

2.90

Notwithstanding the utilisation of 85% of the revision, funds allocated in the original estimates for several projects were, in some cases, neither fully nor partially expended. Thus, the Office of the Prime Minister and 8 ministries, whose estimates were revised, did not exceed their original projections, as shown in Table 1.20 and Figure 16.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.91

The maximum level of capital expenditure incurred under a singular project amounted to \$113,419,218.24, as attributed to the Ministry of Urban Development for the Port Redevelopment Project. Other noteworthy expenditures included \$21,267,069.15 for the Volcanic Eruption Emergency Project (VEEP), \$20,370,304.42 for the Regional Disaster Project, \$15,208,325.00 for the Diamond Hotel Project, and \$14,700,799.58 for the Capitalisation of the Contingency Fund, all of which were disbursed during the fiscal year 2022. The expenses for these four projects, in addition to the Capitalisation of the Contingency Fund, represented 61.5% of the total capital expenditure.

2.92

Table 1.20 and Figure 16 show a comparison of the Capital Estimates, Revised Estimates and Actual Capital Expenditure for 2022.

Table 1.20

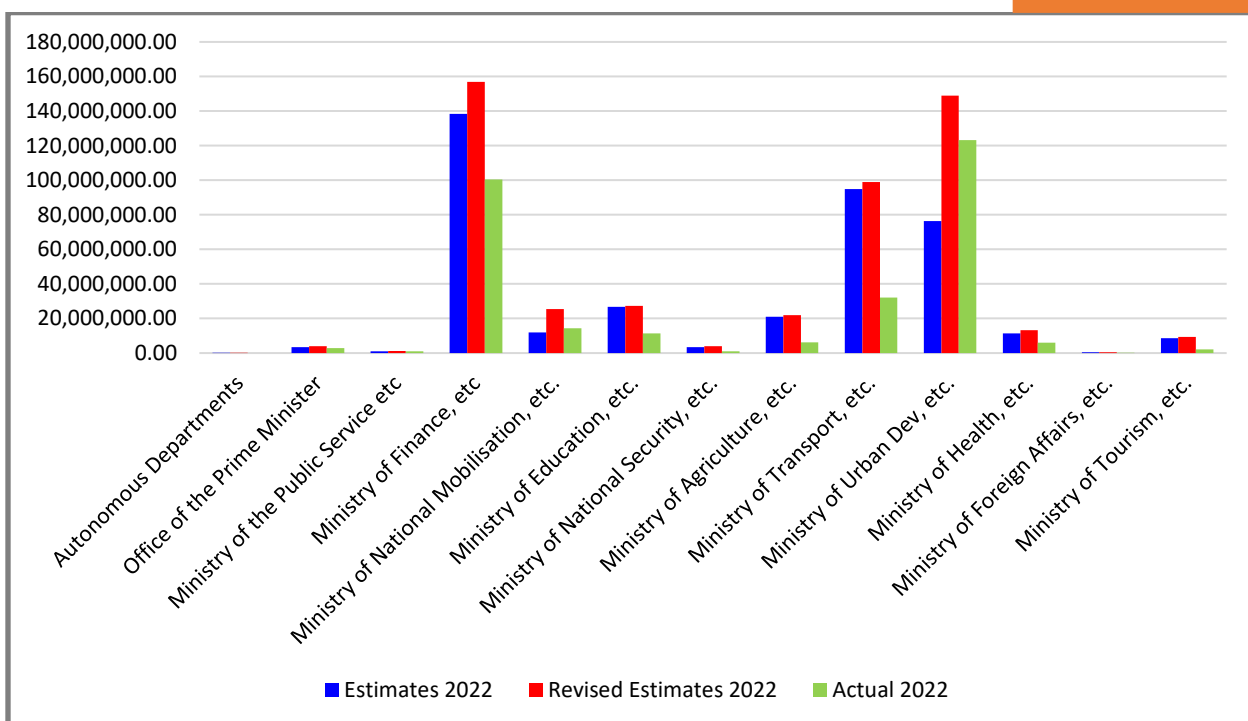
Description	Estimates (\$)	Revised Estimates (\$)	Actual Expenditure (\$)
Autonomous Departments	100,000.00	100,000.00	-
Office of the Prime Minister	3,482,600.00	3,882,600.00	2,946,449.75
Ministry of the Public Service, etc.	1,000,000.00	1,163,582.56	963,591.99
Ministry of Finance, etc	138,291,855.00	156,932,578.23	100,506,572.50
Ministry of National Mobilisation, etc.	11,957,100.00	25,531,413.51	14,391,083.57
Ministry of Education, etc.	26,656,190.00	27,249,572.99	11,448,240.83
Ministry of National Security, etc.	3,336,000.00	3,933,989.00	944,122.64
Ministry of Agriculture, etc.	21,046,321.00	21,991,317.99	6,206,903.43
Ministry of Transport, etc.	94,842,314.00	98,921,687.70	32,156,335.38
Ministry of Urban Dev, etc.	76,291,190.00	149,006,509.00	123,123,525.06



Table 1.20 Cont'd

Description	Estimates (\$)	Revised Estimates (\$)	Actual Expenditure (\$)
Ministry of Health, etc.	11,443,000.00	13,209,691.41	6,052,206.83
Ministry of Foreign Affairs, etc.	495,600.00	495,600.00	14,336.39
Ministry of Tourism, etc.	8,521,030.00	9,392,163.00	2,114,784.22
<b>Total</b>	<b>397,463,200.00</b>	<b>511,810,705.39</b>	<b>300,868,152.59</b>

Figure 16





2.93

An analysis of the revised capital expenditures in conjunction with the actual capital expenditures for the five-year period 2018 to 2022 showed that capital expenditures have experienced consistent growth throughout this timeframe. The funds allocated for Public Sector Investment Programmes in fiscal year 2022, despite being 41.2% below the revised estimates, constituted the highest expenditure recorded during this period.

2.94

Table 1.21 shows a comparison of Revised Estimates and actual Capital Expenditure for the financial years 2018-2022.

Table 1.21

Year	REVISED Estimates	Actual Capital Expenditure	Variance	Percent
	A (\$)	B (\$)	A-b (\$)	Spent
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%
2022	511,810,705.39	300,868,152.59	210,942,552.80	58.8%



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF CONTINGENT LIABILITIES

2.95 The International Public Sector Accounting Standard (IPSAS) defines a contingent liability as:

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

(b) A present obligation that arises from past events, but is not 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.

2.96 In accordance with the established Standard, contingent liabilities are not recognized but disclosed, unless the probability of an outflow of resources embodying economic benefits or service potential is deemed remote. Consequently, contingent liabilities are excluded from the Statement of Assets and Liabilities.

2.97 Although International Accounting Standards were not utilised in preparing the Financial Statements, the Government's financial statements including the Statement of Contingent Liabilities was prepared in accordance with Part 1X, section 49 (4), of St. Vincent and the Grenadines Finance Administration Act, 2004, for disclosure purposes.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.98

These liabilities represent an encumbrance of potentially significant amounts of resources in future periods and could therefore influence the future cash flows available to the Government.

2.99

Contingent Liabilities shown on the Statement are the outstanding balances on loans guaranteed by the Government.

2.100

The Statement indicated total contingent liabilities of \$73,676,123.61 at financial year end 2022. This is comprised of external contingent liabilities of \$33,666,532.51 and domestic contingent liabilities, of \$40,009,591.10. Contingent liabilities in financial year 2022 were less than half of the previous year's balance of \$152,285,800.17, signaling a 51.6% reduction of the Government's exposure risk. The 66.7% and 100% decreases in the two (2) Venezuela (ALBA & Petro Caribe) balances, were the main contributors to the decline in Contingent liabilities. As at December 31, 2022, the highest contingent liability was reflected under NIS student loan, which accounted for 31.2% of the balance.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF INVESTMENTS

#### Investments

**\$43,293,211.90**

2.101

Investments refer to the various channels utilised by the Government to grow its available financial resources. It includes returns, risk management, liquidity, stability, goal alignment, transparency, quality oversight, growth opportunities, cost-effectiveness, and market adaptability changes.

2.102

The Investments reflected on the Statement includes Trust Funds, Sinking Funds and Special Funds held at the BOSVG; and a Special Deposit account held at the ECCB. At the end of the 2022 financial year, the total investments reported was \$43,293,211.90. This reflects an increase of \$14,246,725.49 from the 2021 balance of \$29,046,486.41. Details about the reported investments and Special Deposits held at ECCB are outlined in paragraphs 2.103 to 2.106.

#### Trust Funds

**\$32,301.48**

2.103

Trust funds are funds designated by law as monies set aside or earmarked for specific spending purposes. They include any Short-term Investment by the Government on behalf of a third party. As of December 31, 2022, the Statement of Investment included three Trust Funds, whose total balance stood at \$32,301.48, reflecting a small increase of \$461.60 compared to last year's balance. However, like the previous year, the BOSVG Certificate of Balances only listed two Funds: the Haywood X-Ray Fund and the Simmons Bequest both earning interest 1.5%. The Major Bain Gray Fund, which has a balance of \$1,066.84, was not included in the Certificate of Balances.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Sinking Funds

**\$3,152,631.58**

2.104

Details of the sinking funds are discussed in the Statement of Sinking Fund section at page 89-90 of this report.

### Special Funds

**\$40,108,278.84**

2.105

The particulars regarding the Special Funds are outlined in the Special Fund section at page 98-99 of this report.

### SPECIAL DEPOSITS

#### Fiscal Reserve Account ECCB

**\$197,276.00**

2.106

The balance on this account has remained unchanged since the fiscal year 2020. The Investment Statement indicated a total of \$197,276.00 categorised as a Special Deposit within the Fiscal Reserve Account – ECCB. However, no confirmation was provided to substantiate the account balance.

### RECOMMENDATION

2.107

The Accountant General should:

- Further dialogue with the BOSVG to verify the existence and status of the Major Bain Gray Prize Fund with a balance of \$1,066.84, which was not reflected on the BOSVG' Certificate of Balances at the end of 2022.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF PUBLIC DEBT

2.108

In keeping with section 44 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, no money shall be raised on the credit of the Government except under the authority of the aforementioned Act or another Act of Parliament or of a resolution of the House of Assembly.

2.109

In addition to the various Acts and legislation that authorise borrowings which were in force prior to the financial year 2022, four (4) Acts and a resolution were passed in the House of Assembly in the financial year 2022, authorising the Government to raise:

- an amount not exceeding \$50,000,000 in aggregate by means of fluctuating overdraft or otherwise from First Caribbean Bank, RBTT Bank Limited, Republic Bank, or the BOSVG (Resolution passed in the House of Assembly on December 13, 2021);
- funds in or out of SVG to assist in financing the public sector investment programme, of amounts sufficient to produce as nearly the sum of \$125,000,000.00 (Act #2/2022);
- a loan to assist in financing the Port Modernisation Project from the Export-Import Bank of China on Taiwan of amounts sufficient to produce as nearly the sum of \$62,000,000.00 USD (Act #10/2022);



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- a loan to assist in financing the Strengthening Health System Resilience Project from the OPEC Fund for International Development of amounts sufficient to produce as nearly the sum of \$30,000,000.00 USD (Act # 15/2022); and
- funds in or out of SVG to assist in financing the public sector investment programme, of amounts sufficient to produce as nearly the sum of \$135,000,000.00 (Act #26/2022).

**2.110** As reported by the Accountant General in the Statement of Public Debt 2022, the Government's public debt amounted to \$2,066,037,264.79, representing an increase of \$226,495,398.59, or 12%, compared to the 2021 debt of \$1,839,541,866.20. However, the Public Debt is understated by \$37,640,756.68. The components of this understatement are highlighted at paragraphs 2.113 (1b), 2.113 (3), 2.113 (4), 2.115, 2.116, 2.117, 2.123 2.124 and 2.128.

**2.111** Notwithstanding the understatement, unconfirmed balances in domestic and external debt shown on the Statement exceeded the amount recorded in the Government's Meridian Public Debt recording system (hereinafter referred to as Meridian) by \$13,430,064.36 and \$2,785,660.94 respectively, a total of \$16,215,725.30, as highlighted in Table 1.23 and Table 1.24.

### DOMESTIC DEBT

**2.112** Domestic debt constitutes debt sourced within St. Vincent and the Grenadines. The amount reflected on the statement, which comprised outstanding bonds of \$491,050,635.93, and loan balances at BOSVG (\$63,628,190.93), ECCB (20,000,000),



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

National Insurance Services (NIS) (7,246,341.62), Treasury Bills of \$84,000,000.00 totalled \$665,925,168.48 at December 31, 2022, representing an increase of \$75,054,522.79 compared to the previous year's balance. However, Meridian indicated an additional loan balance of \$4,075,350.00 from the St. Vincent Electricity Services Ltd. (VINLEC) which was not shown on the Statement. With the exception of the BOSVG loan balances, no confirmation of these balances were obtained.

### Domestic Bonds

2.113

Domestic bonds are debt securities which are issued within St. Vincent and the Grenadines. The audit revealed the following:

1. Nineteen (19) additional domestic bonds of \$154,465,678.00 were recorded in the financial year 2022 as shown in Table 1.22.

Table 1.22

Additional Domestic Bonds	Rate of interest	Amount
1	2%	6,249,678.00
2	3.5%	32,480,000.00
2	4.50%	15,000,000.00
3	5%	20,909,000.00
4	5.5%	31,895,000.00
2	5.75%	14,000,000.00
1	6.5%	8,377,000.00
4	6.75%	25,555,000.00
<b>19</b>		<b>154,465,678.00</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

However, a total of \$146,597,324.68 was credited to Domestic Bond Transaction Receipts account, a difference of \$7,868,353.32. The difference was attributable to the following:

- a. No revenue was received for Government Bond 2027-J valued at \$6,249,678.00, which was included in the Statement of Public Debt in the financial year 2022.

### Accountant General's Comments:

Gov't Bond 2027-J valued at \$6,249,678.00 was an IADC loan taken over by Central Government requiring no receipt of revenue.

- b. Government Bond 2029-E of \$4,790,000.00 was recorded on the Statement of Public Debt with a value of \$4,930,000.00; resulting in the overstatement of Public Debt by \$140,000.00;

### Accountant General's Comments:

Gov't Bond 2029-E was originally recorded with a value of \$4,930,000, the amount received was \$4,790,000 and the bond value was subsequently adjusted to \$4,790,000. This change is reflected in 2023 financial year.

- c. A total of \$1,440,760.28 in bond receipts was incorrectly classified in the Government's accounting system- SmartStream; and

### Accountant General's Comments:

Bond receipt of \$ 440,760.28 was recorded as grant receipt to account 20 200 13221 1534. Bond receipt of \$1,000,000 was recorded as other loan receipts in account 20 33241 3999 3346.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- d. Bond receipts of \$37,915.04 were not recorded in the Government's accounting system- SmartStream; resulting in the understatement of capital revenue.

### Accountant General's Comments:

An amount of \$37,915.04 was not brought to account in Smartstream and is still in the operating account at the ECCB.

2. The additional Domestic bonds of \$148,216,000.00 issued during the year adjusted for an IADC loan of \$6,249,678.00 exceeded the \$125,000,000.00 authorised by Act No.2 of 2022 by \$23,216,000.00. Although Act No. 26 of 2022, authorising the Government to raise as nearly the sum of \$135,000,000.00, was also passed in the financial year 2022, the bonds were issued prior to the enactment of the latter Act.
3. The Government Bond 2026-C, valued at EC\$5,400,000.00, was issued and recorded in the Statement of Public Debt for the financial year 2019. It was subsequently listed in SmartStream in the financial year 2020 and the Statement of Public Debt as Government Bond 2026-G. As of December 31, 2022, the total domestic debt in the Statement of Public Debt included Government Bond 2026-G, which was valued at \$4,628,572.20. Consequently, the Public Debt is overstated by \$4,628,572.20.

### 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





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

again in 2020 using detail 6487. The necessary correction of this duplication will be reflected in the 2023 accounts.

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

4. Three (3) IADC land compensation private amortised bonds with a total value of \$898,887.30, recorded in Meridian, were not included in the Statement of Public Debt. Consequently, Public Debt is understated by \$898,887.30.

### Accountant General's Comments:

The three IADC Bonds were not brought to account in Smarstream since the IADC payables were taken over by Central Government and included in Public debt prior to issuing of these bonds.

5. It was noted that the Treasury Bills account in SmartStream did not contain transactions for treasury bills redeemed and reissued during the financial year. Treasury bills valued at \$84,000,000 were issued/redeemed in 2022.

### Accountant General's Comments:

The Treasury bill transactions during the financial year 2022 were not recorded in SmartStream.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Domestic Loans

2.114

One additional loan, an ECCB 2% Temporary Advance of \$20,000,000.00 was incurred in financial year 2022. The Government's financial statements correctly accounted for the loan and related loan receipts. However, the Statement of Public Debt did not reflect loans identified as loan omissions which were highlighted in prior years' audits as outlined in paragraphs 2.115 and 2.116.

2.115

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 Statement of Public Debt, resulting in an understatement of the Public Debt by \$3,504,801.00. Further, there is no evidence of evidence which indicates 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.

2.116

Loan receipts of \$4,075,350.00 were credited to the Domestic Loan Receipts account in financial year 2020. However, the corresponding loan, although accounted for in Meridian, was not included in the Statement of Public Debt. This has resulted in the understatement of Public Debt by \$4,075,350.00.

#### Accountant General's Comments:

The amount 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 8<sup>th</sup> January 2020 and was paid out to the Geothermal Company on the same



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

day (see control group 080120VOTE). The Loan was omitted in 2020 and was brought to account in 2023.

2.117

Further, a BOSVG loan with a balance of \$16,632.91 included on the Statement of Public Debt was not reflected on the BOSVG Certificate of Balances. This resulted in the overstatement of Public Debt by \$16,632.91.

### Domestic Bonds and Loan Balances

2.118

A comparison of domestic bonds and loan balances shown in the Public Debt Statement with the balances in the Meridian showed a net variance of \$13,430,064.36. As depicted in Table 1.23, the value of sixteen (16) bonds and loans, as recorded in Meridian, was \$13,430,064.36 less than the amounts shown on the Statement of Public Debt.

Table 1.23

Account #	Description	Balance as per Public Debt Statement	Balance as per Meridian System	Difference
6452	Gov't Bonds 2023-A	2,171,428.67	1,457,142.84	714,285.83
6457	Gov't Bonds 2024-B	5,357,142.81	2,862,238.09	2,494,904.72
6478	Gov't Bonds 2024-D	15,000,000.00	14,919,374.99	80,625.01
6458	Gov't Bonds 2025-B	12,499,999.97	8,928,571.39	3,571,428.58
6479	Gov't Bonds 2025-E	4,395,285.71	6,181,000.00	(1,785,714.29)
6472	Gov't Bonds 2026-C	3,857,142.88	3,085,714.33	771,428.55
6476	Gov't Bonds 2026-E	16,071,428.55	14,285,714.25	1,785,714.30
6477	Gov't Bonds 2026-F	21,428,571.44	17,142,857.16	4,285,714.28
6495	Gov't Bonds 2026-J	5,123,681.30	5,126,100.00	(2,418.70)
6473	Gov't Bonds 2027	6,250,000.00	5,625,000.00	625,000.00
6469	Gov't Bonds 2028 E	3,705,000.00	3,420,000.00	285,000.00
U213	Gov't Bonds 2029 F	7,778,642.86	8,257,500.00	(478,857.14)
6511	NIS 2024 Note\$15M	3,556,259.71	2,804,604.03	751,655.68
6512	NIS - Diagnostic Medical Centre	3,786,505.84	3,449,372.79	337,133.05



Table 1.23 Cont'd

Account #	Description	Balance as per Public Debt Statement	Balance as per Meridian System	Difference
6513	NIS - Modern Medical Complex - Phase 2	529,961.03	536,147.43	(6,186.40)
6514	NIS-Financing National Student loan 2017	1,625,694.23	1,625,343.34	350.89
<b>Total</b>		<b>113,136,745.00</b>	<b>99,706,680.64</b>	<b>13,430,064.36</b>

### Accountant General's Comments:

Several of these balances were updated in SmartStream in 2023. We are working with the Debt Unit to reconcile both systems.

### External Debt

2.119

External debt represents the total sum that the Government of St. Vincent and the Grenadines owes to other foreign lending agencies, including interest charges. It is comprised of bilateral and multilateral loans from twelve (12) creditors. As of December 31, 2022, the total external debt was \$1,400,112,099.21, reflecting an increase of \$151,440,878.71 compared to the 2021 balance.

2.120

Further, the Statement showed loans totalling \$11,100,618.00 owed to the Government of Trinidad and Tobago. The balance, which remained unchanged since the financial year 2017, represented:

- two (2) Liat 1974 Limited loans of \$4,050,000.00, and \$5,700,000.00 which were disbursed in 2003 and 2004, respectively. There have been no repayments on the loans since their disbursal; and
- a Sugar Factory Spare Parts loan, disbursed in 1985. The last payment made on this loan was in financial year 2001.



2.121

### External Loan Balances

A comparison of external loan balances as per Statement of Public Debt with the balances in Meridian revealed several variances as shown in Table 1.24.

Table 1.24

Account #	Description	Public Debt Statement balance	Meridian system balance	Difference
6602	International Monetary Fund	74,544,410.00	70,425,853.93	4,118,556.07
6603	International Development Association	581,702,024.00	573,823,104.96	7,878,919.04
6694	First line Securities	10,884,869.04	8,031,301.37	2,853,567.67
6610	North Star Trade Finance/ UK Export Finance	9,484,840.96	9,440,119.81	44,721.15
<b>Sub total</b>		<b>676,616,144.00</b>	<b>661,720,380.07</b>	<b>14,895,763.93</b>
6682	Kuwait Loan	17,635,459.00	16,874,798.06	760,660.94
6691	First Citizens Trustees SVCS/CMMB	6,885,000.00	4,860,000.00	2,025,000.00
<b>Subtotal</b>		<b>24,520,459.00</b>	<b>21,734,798.06</b>	<b>2,785,660.94</b>
6653	Caribbean Development Bank	394,819,726.00	403,305,842.67	(8,486,116.67)
6657	ALBA Bank/ El Fondo	28,023,843.60	48,952,354.03	(20,928,510.43)
<b>Subtotal</b>		<b>422,843,569.60</b>	<b>452,258,196.70</b>	<b>(29,414,627.10)</b>
<b>Net Difference</b>		<b>1,123,980,172.60</b>	<b>1,135,713,374.83</b>	<b>11,733,202.23</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.122

With respect to the IMF's balance, SVG outstanding purchases and loans as at December 31, 2022, depicted on the IMF's website (imf.org), was near equivalent (indicating an immaterial variance) to the balance reported on the Statement of Public Debt.

2.123

Additional documentation to confirm the Meridian balances for First Line Securities of \$8,031,301.37 and North Star Trade Finance/ UK Export Finance of \$9,440,119.81 was received from the Debt Unit. Therefore, Public debt is overstated by \$2,898,288.82.

2.124

Third-party confirmation of balances for the International Development Association loans showed a total balance of \$589,132,608.96 compared to the amounts of \$581,702,024.00 and \$573,823,104.96 reflected on the Statement of Public Debt and Meridian respectively. Therefore, public debt as per the financial statement is understated by \$7,430,584.96.

2.125

In the absence of confirmation for the Kuwait and First Citizens Trustees SVCS/CMMB balances that exceeded the figures recorded in Meridian by \$2,785,660.94 as exhibited in Table 1.24, shown at Accounts 6682 and 6691, the balances to be reflected in the Statement of Public Debt for these loans could not be determined.

2.126

Additionally, the balance as per CDB's confirmation provided by the Debt Unit was nearly equivalent (indicating an immaterial variance) to the CDB loan balance recorded in Meridian.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.127

Further, regarding the variance observed for ALBA Bank/El Fondo, the Debt Unit confirmed the transfer of USD \$2,400,000.00 and USD \$6,148,700.00 to the International Airport Development Company in 2015, as per Loan Agreement FBA-VC-001-2015 IADC. These loans were not included in the Statement of Public Debt for the 2022 financial year.

### Accountant General's Comments

The information for the AIBA loans were submitted to the Accountant General's Office in December 2024 and recorded in the 2024 financial year.

2.128

The documentation provided to explicate the variances in the CDB and ALBA balances indicates that Public Debt is understated by at least \$29,414,627.10. Further, capital revenue was understated by the same amount in the year the funds were received.

### Accountant General's Comments

The funds from the ALBA loans were sent directly to IADC from ALBA. The Accountant General's Office cannot record funds that it did not receive. In regard to CDB variances, these variances are due to balances in bank accounts of CDB funded projects outside of Smartstream.

### External Loans Incurred in 2022

2.129

Additional external loans totalling \$220,587,881.79 were accounted for in SmartStream in the financial year 2022. However, as depicted in Table 1.25 Meridian showed a total of \$230,332,706.70 was disbursed in external loans, a difference of \$9,744,824.91.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.130

Table 1.25 displays external loans disbursed under various projects in the financial year 2022, as documented in Meridian.

Table 1.25

Project	Amount Disbursed
Energy Efficiency Measures and Solar Project	1,966,939.74
Disaster Risk Reduction & Climate Change Adaptation	1,978,830.06
Sandy Bay Sea Defence Resilience	13,149.11
School Improvement Project	12,311,641.44
Project Management Support for MTW lands and Physical planning	837,373.56
Safety Nets for Vulnerable Populations affected by Coronavirus Disease	16,081,200.00
Port Modernisation Project	106,524,885.87
Port Rationalisation and Development study	3,288.88
Hotel Development Project	20,943,252.00
Human Development Service Delivery Project	9,465,352.71
Feeder and Agriculture Road Project	10,035,455.59
Technical Assistance - Canouan Airport Runway Rehabilitation	280,466.80
Modern Court House	6,750,000.00
Natural Disaster Management Rehabilitation and Reconstruction	2,448,084.93
OECS MSME Guarantee Facility Project	327,839.40
OECS Regional Competitiveness Project	1,350,000.00
South Leeward Highway Rehabilitation and Upgrade	237,637.88
SVG Digital Caribbean Project	4,531,771.80
SVG Regional Health OECS Project	2,970,000.00
SVG Volcanic Eruption Emergency Project	30,967,862.35
TECHVOC Education and Training Development	307,674.58
<b>TOTAL</b>	<b>230,332,706.70</b>

### Accountant General's Comments:

The differences are mainly because the School Improvement Project and the TECHVOC Project are still operating outside of Smartstream, thus balances in their bank accounts at BOSVG at year end are not accounted for in Smartstream.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.131

In addition to the discrepancies associated with external loans incurred, the following observations were noted:

2.132

A total amount of \$10,143,252.15 was documented as new loans under the CARICOM Development Fund (CDF) account. However, capital receipts totalling \$9,381,083.10 were credited to the CDF's capital revenue account. The discrepancy of \$762,169.05 was not recorded in SmartStream; therefore, capital revenue is understated by \$762,169.05.

### Accountant General's Comments:

The difference of \$762,169.15 was not accounted for in SmartStream. The loan receipts of 6,762,169.15 came into the operating account at ECCB, \$6,000,000 was brought home on June 16, 2022 and the balance is still in the operating account but was never brought to account in SmartStream.

2.133

Loan receipts credited in SmartStream under the capital revenue accounts for the International Development Agency (IDA) and CDB surpassed the additional loans recorded by \$21,801,166.31 and \$3,121,617.94, respectively, as loan receipts from prior years were accounted for in the Government's accounts during the financial year 2022.

### Accountant General's Comments:

In 2022 several IDA projects bank accounts outside of SmartStream were brought to account in SmartStream. These accounted for the excess of loan receipts recorded in 2022. Digital Transformation and VEEP USD bank accounts were brought to account in SmartStream in 2022 with bank balances of \$4,393,412.22 and \$13,923,465.64 respectively.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

In 2022 the COVID CDB project USD bank account was brought to account in SmartStream with a balance of \$5,097,034.76. These USD bank accounts were previously not recorded in SmartStream.

2.134

Capital receipts credited under the Kuwait and OFID-OPEC Fund for International Development were less than the additional loans journalised under their respective loan accounts by \$3,874,389.22 and \$1,612,042.47, respectively. These differences relate to revenue under various project accounts that were not accounted for in the financial year. Accounting for revenue and expenditure occurs when funds are disbursed to finance project expenditures, not when new loans are secured. Therefore, capital expenditure and capital revenue are understated by \$5,486,431.69.

### Accountant General's Comments:

All Revenue and Expenditure for 2022 under the Kuwait Loan were not brought to account by the Ministry of Transport. This accounted for the difference in revenue and loan disbursements for 2022. We are working with the Accounts Unit of the Ministry of Transport to eliminate this problem.

Some Revenue and Expenditure for 2022 under the OPEC fund for Int'l Development were brought to account in 2023, resulting in the difference. We continue to work with the Ministry of Transport to avoid these delays in bringing transactions outside of SmartStream to account.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Public Debt Maturity Structure

2.135

The maturity structure of the Government's Public Debt spans a 49-year period, from 2023 to 2071. The repayment periods for domestic and external debt extend from 2023 to 2037 and from 2023 to 2071, respectively. A detailed analysis of the repayment period for Public Debt at the end of the financial year 2022 is provided in Appendix V.

2.136

The total public debt included in the analysis amounts to \$2,078,099,509.99, which is \$12,062,245.20 more than the figure indicated on the Statement of Public Debt. The reasons contributing to this difference are illustrated below.

inclusion of domestic bonds previously omitted as highlighted at paragraphs 2.113(4) and 2.116;	4,974,237.30
exclusion of duplicate bond 2026-G as highlighted at paragraph 2.113 (3)	(4,628,572.20)
exclusion of Accountant General Overdraft Loan balance, which matured in 2022 and was shown as fully repaid on BOSVG Certificate of Balances; as highlighted at paragraph 2.117.	(16,632.91)
variance in external loan balances as highlighted in Table 1.25 External Debt as per Meridian was used in the calculation since maturity dates available were based on the composition of creditors' balances as detailed in Meridian; and	11,733,202.23
immaterial variance between external loan balances recorded in Meridian.	10.78
	<b>12,062,245.20</b>

2.137

### Cost of Servicing Public Debt

**\$241,632,247.49**

All debt charges are applied to the Consolidated Fund in accordance with section 74 (1) of the Saint Vincent and the Grenadines Constitution Order. These debt charges encompass interest, sinking fund charges, the repayment or amortisation of debt, and all



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

expenditure related to obtaining loans secured by the Consolidated Fund, as well as the servicing and redemption of the resulting debt.

**2.138** The Statement of Detailed Expenditure indicated total debt charges/servicing costs of \$241,632,247.49. This is distributed as \$96,602,198.04 for external debt and \$145,030,049.45 for domestic debt. However, the reported cost of servicing debt is overstated by \$3,000,000.00 due to an of overstatement of sinking fund contributions, as mentioned in paragraph 2.148.

**2.139** The cost of servicing debt increased slightly by 1.6% compared to the financial year 2021, rising from \$237,877,721.84 to \$241,632,247.49. All three components of external debt charges saw increases, resulting in a net rise of 26%. Foreign charges, which accounted for 1.2% of external debt, recorded the highest percentage increase of 168.7%. In contrast, domestic debt charges experienced a decline of 10%. With the exception of local charges, all domestic debt charges decreased. Sinking fund contributions as shown on the Statement recorded the most significant decrease of \$13,542,000.00 or 69.3%. However, the actual decrease is \$16,542,000.00 or 84.6%, as sinking fund contributions are overstated by \$3,000,000.00.

**2.140** The cost of servicing public debt, as a percentage of recurrent revenue and recurrent expenditure, showed slight increases of 1.2% and 1%, respectively, for 2022 compared to 2021, as demonstrated in 1.26.

**2.141** Table 1.26 shows Public Debt, Debt Servicing to Recurrent Revenue and Expenditure for the financial year 2022, with comparative figures for the financial year 2021.



Table 1.26

PARTICULARS	2022 \$	2021 \$	% CHANGE
<b>Total Debt</b>	<b>2,066,037,264.79</b>	<b>1,839,541,866.20</b>	12.3%
<b>Central Government Debt Servicing</b>	<b>241,632,247.49</b>	<b>237,877,721.84</b>	1.6%
<b>External Debt</b>	<b>96,602,198.04</b>	<b>76,669,335.93</b>	26.0%
Amortisation	69,974,336.97	52,916,044.31	32.2%
Interest Payments	25,427,230.82	23,306,495.62	9.1%
Foreign Charges	1,200,630.25	446,796.00	168.7%
<b>Domestic Debt</b>	<b>145,030,049.45</b>	<b>161,208,385.91</b>	-10.0%
Amortisation	103,126,888.35	104,156,131.67	-1.0%
Interest Payments	35,385,182.87	37,022,455.05	-4.4%
Local Charges	517,978.23	487,799.19	6.2%
Sinking Fund Contribution	6,000,000.00	19,542,000.00	-69.3%
<b>Recurrent Revenue</b>	<b>669,462,672.74</b>	<b>681,393,445.15</b>	1.8%
<b>Recurrent Expenditure</b>	<b>853,715,427.85</b>	<b>870,611,724.98</b>	1.9%
<b>Debt Service/Recurrent Revenue (%)</b>	36.1%	34.9%	1.2%
<b>Debt Service/Recurrent Expenditure (%)</b>	28.3%	27.3%	1.0%

### Public Debt and Debt Servicing 2018-2022

As shown in Table 1.27 and Figure 17, during the financial years 2018 to 2022, Public Debt and Debt Servicing increased by \$814.2m or 65% and \$33.8M or 16.3%, respectively. Over this five-year period, Public Debt has increased at a progressive rate, whereas debt servicing has experienced marginal increases.

2.142



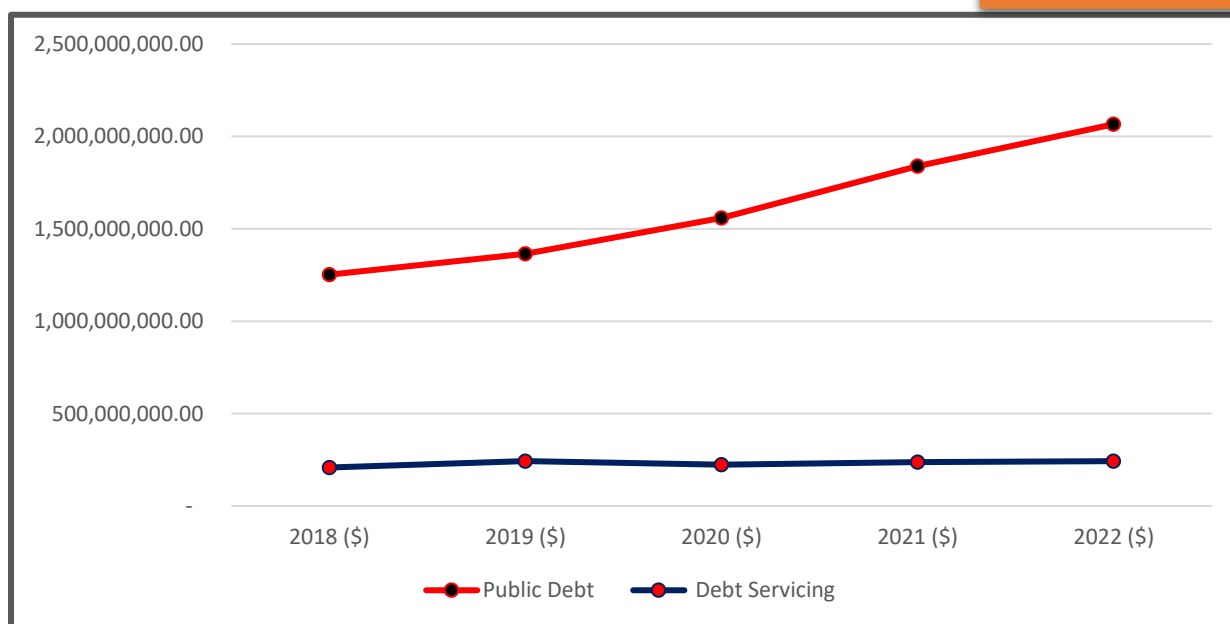
## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.27

PARTICULARS	2018	2019	2020	2021	2022
<b>Public Debt (Excluding)</b>	1,251.8M	1,364.1M	1,558.8M	1,839.5M	2,066.0M
Cumulative Increase (dollar\$)		112.3M	307.0M	587.7M	814.2M
Cumulative Increase (percentage %)		9.0%	24.5%	46.9%	65.0%
<b>Debt Servicing</b>	207.8M	242.4M	223.2M	237.8M	241.6M
Cumulative Increase (dollar \$)		34.6M	15.4M	30.0M	33.8M
Cumulative Increase (percentage %)		16.7%	7.4%	14.4%	16.3%

Figure 17





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### RECOMMENDATIONS

2.143

The Accountant General should:

1. ensure that adequate narrative is inserted in the comments field to justify the transactions under the loan and capital revenue accounts in SmartStream;
2. investigate and address, prior to submission of the Statement of Public Debt for auditing:
  - i. all discrepancies between information recorded in SmartStream loan and capital revenue accounts; and
  - ii. all variances between balances reported on the Statement of Public Debt and the balances recorded in the Meridian.
3. account for transactions incurred for Treasury Bills during the financial year, in the SmartStream.
4. ensure that all the Government's debt is reflected on the Statement of Public Debt.
5. dialogue with the Debt Unit to examine the balance owed to the Government of Trinidad and Tobago, to determine its accuracy and effect adjustments to the balance where necessary.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF SINKING FUND

#### Sinking Fund

**\$3,152,631.58**

2.144

In accordance with the Chart of Accounts, Sinking Fund is classified as a long-term investment by the Government. The General Loan Act, Chapter 253 and the General Loan and Stock Act, Chapter 254 of the Revised Laws of St. Vincent and the Grenadines, 2009, established the Sinking Fund as a mechanism for redeeming debentures that are due on a specific date. A savings account attracting interest of 2.5% was maintained at BOSVG for sinking funds.

2.145

As of December 31, 2022, the Statement reflected a balance of \$3,152,631.58 consistent with the BOSVG certificate of balance. This amount represented an increase of \$3,049,765.53 compared to the 2021 balance of \$102,866.05. The change in the balance was due to a deposit of \$3,000,000.00, interest received of \$49,801.53, and miscellaneous accumulated bank charges during the financial year.

2.146

In the Estimates of Revenue and Expenditure for the financial year 2022, Sinking Fund contributions of \$22,000,000.00 were provided for under Recurrent Expenditure. However, only \$3,000,000.00 was deposited into the Sinking Fund Investment Account, resulting in a shortfall of \$19,000,000.00. Despite this shortfall, the Sinking Fund balance will adequately cover the redemption of a fixed-dated Government Bond valued at \$1,650,000.00, which matures in the financial year 2023.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.147

In accordance with the accounting treatment set forth in the Government's Chart of Accounts for recording bond transactions, Sinking Fund expenditure should be recognised when funds are transferred from the Accountant General's Current account to the Sinking Fund Investment account. However, a comparison of the Sinking Fund Expenditure with the Sinking Fund Investment account revealed that, while \$3,000,000.00 was deposited into the Sinking Fund Investment account, \$6,000,000.00 was recorded as Sinking Fund expenditure, resulting in a difference of \$3,000,000.00. Further scrutiny of the expenditure account revealed that \$3,000,000.00 of the \$6,000,000.00 debited in the expenditure account 'to accrue payment request' was deposited in three installments of \$1,000,000.00 each in June, August, and September 2024.

2.148

Accounting for the accrual of Sinking Fund contributions instead of remittances to the Sinking Fund Investment account is contrary to the accounting treatment established in the Government's Chart of Accounts and the Cash Basis Accounting used in the preparation of the Government's financial statements. Cash basis accounting recognizes revenue when cash is received and expenditure when cash is paid. Further, the accrual of sinking fund contributions has resulted in the overstatement of the Sinking Fund expenditure and total recurrent expenditure by \$3,000,000.00.

2.149

### RECOMMENDATION

- Ensure that the accounting for Sinking Fund Contributions adheres to the accounting treatment outlined in the Government's Chart of Accounts and the Cash Basis Accounting.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF CONTINGENCY FUND

#### Establishment of the Contingencies Fund

2.150

Section 29 of The Finance Administration Act, CAP 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, established the Contingencies Fund to provide funding for urgent and unforeseen expenditures for which no other provision or no other sufficient provision exists.

#### Source of Funds

2.151

Section 8A of the Value Added Tax Act, Chapter 445 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, stipulates the appropriation of 1% of the VAT chargeable on a taxable supply or taxable import to the Contingencies Fund, effective from May 1, 2017. Additionally, Act No. 9 of 2018, which came into effect on June 1, 2018, provides for the imposition and collection of a Climate Resilience Levy (CRL) which is to be allocated to the Contingencies Fund as outlined in Schedule 2 of the Finance Administration (Amendment) Act, No. 22 of 2019. This levy is collected from all transient visitors staying in visitor accommodation at a rate of \$8 per night per room.

#### Receipts Payable to the Fund During the Financial Year 2022

2.152

For the period January to December 2022, total VAT collections amounted to \$217,917,981.07. Based on the Government's Accounting System – SmartStream, \$115,385,462.06 of this amount was collected at the Customs and Excise Department and \$102,532,519.01 at the Inland Revenue Department. In keeping with the VAT Act, a total



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

contribution of \$13,619,873.82, equalling 6.25% of the VAT receipts, was due to the Contingencies Fund for the financial year 2022. Similarly, the total amount received as the CRL amounting to \$874,692.51 was payable to the Fund, as outlined in Schedule 2 of the Finance Administration (Amendment) Act No. 22 of 2019.

2.153

Additionally, short deposits of \$1,366,743.73 and \$120,085.75, relating to previous years' VAT and CRL collections that were still outstanding at the end of the 2021 financial year, should have been deposited into the Contingencies Fund. Consequently, the total amount owed to the Fund for the financial year 2022 was \$15,981,395.81, which comprised \$14,986,617.55 in VAT receipts and \$994,778.26 pertaining to the CRL.

2.154

The bank statements for the Contingencies Fund revealed that deposits totalled \$11,479,657.20 in 2022. According to the Accountant General's computation supporting amounts payable to the Fund, only \$10,537,075.91 in VAT receipts was deposited instead of \$14,986,617.55, creating a shortfall of \$4,449,541.64 in the deposit to the Contingencies Fund. Similarly, \$942,581.34 was deposited from CRL receipts instead of \$994,778.26, resulting in a shortfall of \$52,196.92. As a result, \$4,501,738.56 representing deposits payable to the Contingencies Fund, remained outstanding at the close of the financial year 2022.

2.155

Table 1.28 displays the outstanding balance due to the Contingencies Fund at the end of the financial year 2022.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.28

Description	VAT	Climate Resilience Levy	Total
Prior year Short Deposits	\$1,366,743.73	\$120,085.75	\$1,486,829.48
Current year receipts payable to the Fund	\$13,619,873.82	\$874,692.51	\$14,494,566.33
<b>Total Receipts payable to the Fund</b>	<b>\$14,986,617.55</b>	<b>\$994,778.26</b>	<b>\$15,981,395.81</b>
Receipts deposited to the Fund during the year.	(\$10,537,075.91)	(\$942,581.34)	(\$11,479,657.25)
<b>Outstanding receipts payable to the Fund as at 2022 financial year</b>	<b><u>\$4,449,541.64</u></b>	<b><u>\$52,196.92</u></b>	<b><u>\$4,501,738.56</u></b>

2.156

In respect of VAT, the results showed that 6.67% instead of 6.25%, (representing 1% of the 16% VAT), was used to compute the VAT payable to the Fund. This percentage is contrary to section 8 A of the VAT Act which was not reflected in the amendment of the Finance Administration Act by Act No. 22 of 2019 to include Schedule 2. The rate of 6.67% shown in the schedule is not equivalent to the 1% of 16% VAT.

2.157

Based on the VAT rate of 6.67%, the VAT calculated and charged to the Capitalisation Expenditure account, as well as deposited into the Fund's bank account, was overstated by 0.42%.

2.158

A further examination of the total amount of \$14,700,799.58 charged to the Capitalisation Expenditure account in the financial year 2022 revealed that only \$1,884,303.88 and \$6,764,807.33, charged for the financial years 2021 and 2022 respectively, were deposited into the Fund's bank account in 2022. The remaining balance



of \$6,051,688.37, relating to the financial year 2022, was deposited in January and April 2023.

### Purposes of the Contingencies Fund

2.159

The purposes for which the Contingency Fund may be utilised are outlined in section 4 (2) of the Finance Administration (Contingencies Fund) Regulations, 2019, which state that subject to the provisions of section 29 of the Finance Administration 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%.
- (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 - 2022

2.160

Section 29 (2) of the Finance Administration Act 2004, CAP 252 of the Revised Laws of St. Vincent and the Grenadines, empowers the Minister, through a contingencies warrant signed by him, to authorise payments from the Contingencies Fund when he is satisfied



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

that there is an urgent and unforeseen need for expenditures that have either no provision or insufficient provision.

2.161 During the financial year 2022, there were no withdrawals from the Contingencies Fund.

### The Contingencies Fund Balance 2022 39,301,959.55

2.162 At December 31, 2022, the Contingencies Fund balance reported in the Statement of Contingencies Fund and confirmed by BOSVG, was \$39,301,959.55 as shown below.

Balance brought forward at January 1, 2022		\$27,347,953.95
<b>Deposits</b>		
VAT Receipts	\$10,537,075.91	
Climate Resilience Levy Receipts	<u>\$942,581.34</u>	
<b>Total Deposits</b>		\$11,479,657.25
Interest earned in 2022		\$474,348.35
Balance as at December 31, 2022		<u>\$39,301,959.55</u>

2.163 Section 5 of the Finance Administration (Contingencies Fund) Regulations, 2019, prescribes that the Fund shall not be less than 20% of the average of the actual current revenue for the last three years. Actual current revenue as defined by the Regulations means total actual revenue less grants and the proceeds of the sale of Government assets in each year.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.164

In accordance with the minimum balance stipulated by the Regulations, which is determined based on the average actual current revenue of \$961,538,571.37 for the financial years 2019 to 2021, as illustrated in Table 1.29, the balance of the Contingency Fund should be no less than \$192,307,714.27. In contrast, the Fund reflected a balance of \$39,301,959.55. However, an examination of the cumulative revenue collection for VAT and CRL from 2017 to 2022 indicates a total collection amounting to \$1,104,468,150.00 and an amount of \$81,982,640.89 computed thereon that is contributable to the Fund. Therefore, the Fund's balance is necessarily below the stipulated minimum.

Table 1.29

Details	2021	2020	2019	Total
Total Revenue	1,159,051,229.19	962,055,173.37	980,294,036.00	3,101,400,438.56
Grants	(37,668,899.78)	(63,238,588.91)	(74,086,831.27)	(174,994,319.96)
Sale of Government Assets	(2,412,913.49)	(35,560,608.69)	(3,816,882.32)	(41,790,404.50)
Actual Current Revenue	<b>1,118,969,415.92</b>	<b>863,255,975.77</b>	<b>902,390,322.41</b>	<b>2,884,615,714.10</b>
Average Actual Current Revenue				<b>961,538,571.37</b>



2.165

### RECOMMENDATIONS

1. Capitalisation of the Contingency fund should be done in accordance with Finance Administration (Contingencies Fund) Regulations, 2019.
2. 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 1% VAT collected as receipts for the Contingencies Fund, directly to the Contingency Fund bank account; and
  - iii. ensure that the total VAT and Climate Resilience Levy collected for the Contingency Fund are deposited to the Contingencies fund bank account within the financial year based on the Government's system of cash basis accounting.

### Accountant General's Comments

All revenue for VAT Resiliency levy are brought to account in the financial year. However, funds for a financial year are not always deposited into the Contingency fund bank account at BOSVG in that financial year.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF SPECIAL FUNDS

#### Special Funds

**\$40,108,278.84**

2.166

Special funds are public revenue funds created by or in accordance with any Act for a designated purpose. Section 39 of the Finance Administration Act, Chapter 252 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009, identifies the following as special funds:

- a. A fund of public revenue established by or under any other Act for a specific purpose;
- b. A fund established by the Minister through a Regulation; and
- c. A trust fund held by the Government.

2.167

Pursuant to sections 40 (1)&(2) of the Finance Administration Act, a special fund shall be administered, and expenditures from it shall be authorised as specified by the law or trust instrument establishing the special fund or any other related law. If there is no provision in the law or trust instrument establishing the special fund or any related law, the Minister of Finance may determine how it will be administered.

2.168

The Statement of Special Funds listed six (6) special funds with total balances of \$40,108,278.84 for the financial year 2022. Five of these Special Funds were reflected on



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

the BOSVG Certificate of Balances. Except for the Balcombe Investment account balance, which showed an immaterial variance, the balances shown on the Certificate of Balances were consistent with those shown on the financial statement. The other account presented as a special fund was the 'ECCB Fiscal Reserve Account'.

2.169

Although the 'ECCB Fiscal Reserve Account' appeared on both the Statement of Special Fund and the Statement of Investment, confirmation was not provided to verify the account balance. In accordance with section 43 (1) of the Finance Administration Act, the Minister of Finance may authorise the investment of money held as a special fund.

2.170

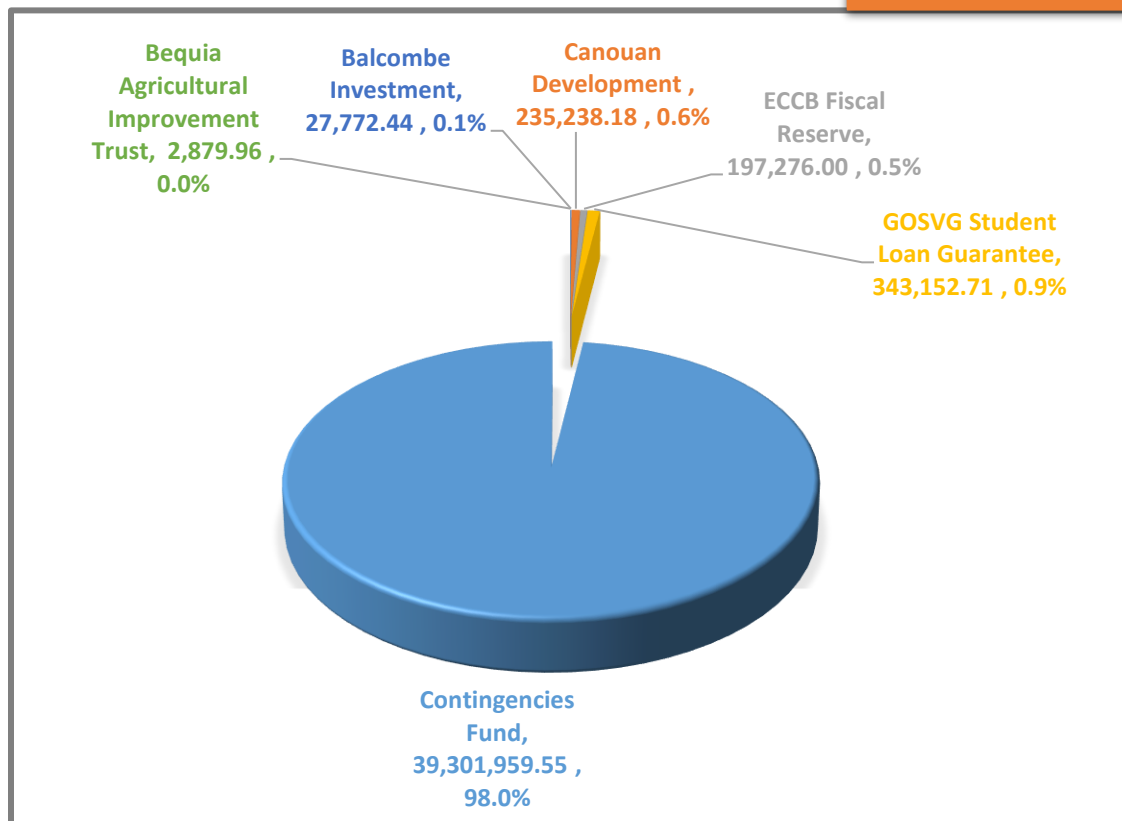
In comparison to the financial year 2021, the Special Fund balance increased by \$11,196,498.36, representing a growth of 38.7%. The Contingencies Fund, which comprised 98.0% of Special Funds, grew by \$11,954,005.60 and was the primary contributor to the increased balance. A detailed analysis of the Contingencies Fund is provided in the Contingencies Fund section on pages 91 to 97 of this report. Significant movement was also observed under the Student Loan Guarantee Liability account. The account, which decreased by \$775,230.54 or 69.3%, was the only account to record a decline and is attributable to the write-off of student loans by the BOSVG in the financial year 2022.

2.171

The composition of the Special Fund is shown in Figure 18.



Figure 18





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF ASSETS AND LIABILITIES

2.172 The assets and liabilities presented on the statement mainly comprised cash and bank balances, cash equivalents, advances made, investments, as well as short and long-term liabilities in the form of an overdraft, loans, bonds, deposits held, special funds and accounts payable. It does not include fixed assets owned by the Government. Assets and liabilities that are not highlighted in any other section of this report are examined in the ensuing paragraphs.

#### LIABILITIES 2022

#### Current (Short-Term)

##### Liabilities

##### Current Account

(\$35,342,046.58)

2.173 The Accountant General's Current Account showed an overdraft of (\$35,342,046.58), 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 (\$43,845,587.09), a difference of (\$8,503,540.51). A bank reconciliation statement was not provided; therefore, the reason/s for the variance could not be determined. The overdraft limit approved by resolution, for the year ended December 31, 2022, was \$50,000,000.00.

##### 2.174 Unreconciled Cash - Current, Development and World Bank Accounts (\$40,015,746.46)

The Unreconciled Cash accounts function as clearing accounts. Cheques printed or payments uploaded to the Government's online payment platform, to settle invoices credited to the Invoice Clearing Account, are recorded in this account. The account



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

balance is reduced when the cheques are cleared at the bank. As at December 31, 2022, the balances on the Unreconciled Cash Current, Development and World Bank Accounts were \$38,352,123.82, \$1,613,690.37 and \$49,932.27, respectively; a total of \$40,015,746.46. The balance on the Unreconciled Development Account decreased by 84.8%. However, the Cash-Current and World Bank accounts recorded significant increases of 39.4% and 4248%, respectively.

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

- 2.175 The credit balance of \$128,632.92 recorded on the Statement, was inconsistent with the debit balance of \$1,500.00 reflected in the cashbook, as required by the Accountant General. A review of the account in SmartStream showed no entries were effected during the financial year, to account for receipts by the Sub-Treasury.

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

- 2.176 A balance of \$500,346.82 was shown on the Crown Agent account at the end of the financial year. Transactions recorded in this account were predominantly to account for amounts due to the Crown Agent for periodicals and examinations fees. This balance has remained on the account since 2014.

### **Clearing Accounts/Accounts Payable** **(\$89,616,713.40)**

- 2.177 The Statement showed two Invoice Clearing/Accounts Payable accounts with balances totalling \$89,616,713.40. The balance represents amounts payable by the Government, for which cheques have not been printed, or payments have not been uploaded to the Government's online payment platform. When compared to the \$60,403,588.11 recorded in financial year 2021, The total balance increased by \$29,213,125.29.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.178

### Balancing Accounts

(\$68,294,544.38)

The Balancing Accounts, which comprised a Current Account Balancing account and six (6) Sub-Treasury Balancing accounts, showed a net balance of \$68,294,544.38. These accounts were established in 2009 to account for unreconciled differences in the Accountant General's Current and Sub-Treasuries SmartStream account balances when compared to the Accountant General's Current Account balance confirmed by the bank. The balance on the account was brought forward from financial year 2019.

2.179

### RECOMMENDATIONS

- A bank reconciliation statement 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. Reconciling items should be properly followed up and cleared on a timely basis.
- The Accountant General should conduct a thorough analysis of the Unreconciled Cash Current, Development and World Bank Accounts to determine the accuracy of the balances and to ensure that cheques printed, but not yet issued at the end of the financial year, are included in Accounts Payable.
- The Union Island Sub - Treasury Account should be analysed to determine the reason for the large credit balance on the account. Further, the necessary adjustments should be made to correct the balance to reflect the Treasury accounting policy.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

- Conduct an analysis on the Crown Agent Account which remained inactive to determine the accuracy of the balance.
- Reconciling items, identified during the preparation of the reconciliation statement for the Accountant General's Current Account, should be cleared in the Current Account Balancing account, where applicable. Further, the Sub- Treasury accounts should be analysed to determine the reason for the variances and the necessary adjustments made to clear the balance on the Sub-Treasury Balancing Accounts.

### ASSETS

#### Current Assets

**\$50,913,418.16**

2.180

Current assets comprised cash and bank balances held on thirteen (13) accounts at BOSVG Grenadines, two (2) accounts at ECCB and five (5) Sub Treasuries. The statement showed total Current Assets of \$50,913,418.16.

#### Bank of St. Vincent and the Grenadines Accounts

2.181

As shown in Table 1.30 thirteen (13) accounts, held at BOSVG, with balances totalling \$28,879,504.30, were included in Current Assets.

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

**Table 1.30**

<b>Account Name</b>	<b>Account Type</b>	<b>Interest Rate</b>	<b>2022 \$</b>	<b>2021 \$</b>
Development Account	DD	-	937,807.69	493,655.13
Basic Needs Trust Fund	DD	-	219,759.69	445,089.65
Basic Needs Trust Fund CDB Float Deposits	DD	-	323,200.93	3,473.93
Modern Medical	DD	-	426,130.76	426,130.76
General Sports Foundation	DD	-	575.60	575.60
Digital Transformation Project EC	Chequing	-	762,292.44	1,056,877.00
Digital Transformation Project USD	Chequing	-	4,393,412.22	-
COVID- 19 Response Programme EC	Chequing	-	2,104,067.86	-
COVID- 19 Response Programme USD	Chequing	-	5,097,034.76	-
Volcano Eruption Emergency Project EC	Chequing	-	605,913.44	-
Volcano Eruption Emergency Project USD	Chequing	-	13,923,465.64	-
Short-term deposit – Taiwanese Project	Savings	2.25%	64,689.06	345,721.47
Short-term deposit – Loan Monies	Savings	2.25%	21,154.21	2,508,102.07
<b>Total</b>			<b>28,879,504.30</b>	<b>5,279,625.61</b>

DD- Demand Deposits

**2.182**

Among the thirteen (13) accounts held at the BOSVG, the balances shown on the Statement of Assets and Liabilities for eight (8) accounts, were consistent with the balances reflected on the Certificate of Balances from the BOSVG. Bank reconciliation statements were provided by the Accountant General for four (4) of the five (5) accounts, whose balances were not congruent with the balances on the Certificate of Balances. A reconciliation statement was not provided for the Modern Medical account, whose





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

balance remained unchanged since financial year 2018, and was \$422,999.97 greater than the balance confirmed by the bank.

### Disaster Relief Fund

**\$34,278.96**

2.183

The Certificate of Balances from the BOSVG showed a Disaster Relief Fund savings account, attracting annual interest of 2%, with a balance of \$34,278.96. However, the amount and account were not reflected in SmartStream and the Statement of Assets and Liabilities. The balance was \$609,594.92 less than the \$643,873.88 reflected on the 2021 Certificate of Balances.

### Accountant General's Comments:

The Disaster Relief Fund Bank Account is not in SmartStream. It was brought to account in the July 2023 Accounts.

### ECCB Accounts

#### ECCB Operating Account

**\$21,610,000.00**

2.184

Loan and other receipts are deposited to the ECCB Operating Account until they are transferred to the Accountant General's Current account or the Development account. The statement reflected a balance of \$21,610,000.00, a decrease of \$7,466,900.00 when compared to the balance at financial year end 2021. A confirmation was not provided to verify this balance.

#### Fiscal Reserve II ECCB

**\$11,219.08**

2.185

In the financial year 2021, the ECCB Fiscal Reserve account was used to manage IMF and IDA loan receipts. A balance of \$11,219.08 remained on the account at the end of financial



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

year 2022, reflecting a decrease of \$25,300,004.61. The decrease is attributable to transfer of funds to the Accountant General's Current account and the Development account. A confirmation was not provided to verify this balance.

### Sub -Treasuries

**\$412,694.78**

A balance of \$412,694.78 in the statement represented cash held by five Sub-Treasuries: Kingstown, Georgetown, Bequia, Barrouallie, and Canouan, at the end of the financial year. However, significant discrepancies existed between the balances recorded in the cash book and those in the Treasury Accounts for the Bequia and Canouan Sub-Treasuries at the close of the financial year 2022. Table 1.31 shows the comparative year-end balances on the five (5) Sub-Treasuries accounts.

**Table 1.31**

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	5,744.71	333,544.08	327,799.37
<b>Total</b>		<b>7,844.71</b>	<b>412,694.78</b>	<b>404,850.07</b>

The significant difference of \$404,850.07 between the balances suggests that transactions were not recorded from the Sub-Treasuries accounts to the Accountant General's Current Account, as required by the Treasury's accounting policy.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Public Debt Control Account

**\$1,978,719,908.62**

2.188

In keeping with the Government's Chart of Accounts, the Public Debt Control account records all public debt until it is paid off. The Public Debt Control account showed a balance of \$1,978,719,908.62, \$226,495,398.49 more than the balance of \$1,752,224,510.13 as at December 2021. The increase was consistent with the increase in Public Debt; however, the balance on the Public Debt Control account was \$87,317,356.07 less than the Public Debt balance of \$2,066,037,264.69.

2.189

An incorrect classification of Treasury Bills in the amount of \$47,308,699.06 accounted for a portion of the difference of \$87,317,356.07. The remaining balance of \$40,008,657.01 could not be determined.

### Receivables

**\$727,601.94**

2.190

The receivable balance of \$727,601.94 for dishonoured cheques, increased by \$277,249.40 when compared to the balance of \$450,352.54, at the end of the financial year 2021.

### Consolidated Fund.

**(\$297,840,178.90)**

2.191

At January 1, 2022, the statement indicated a deficit of \$266,138,363.86 in the Consolidated Fund Account. The balance was adjusted for prior year misstatements amounting to \$160,766.26, along with a deficit of \$31,862,581.30, which was overstated by \$3,800,084.49, as outlined at paragraph 2.17. This resulted in an increased deficit of \$297,840,178.90 at the end of the financial year 2022.

2.192

In comparison to 2021, the Consolidated Fund deficit increased by \$31,701,815.04.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### RECOMMENDATIONS

2.193

The Accountant General should:

- conduct reconciliation on the Modern Medical Bank Account to ascertain the reason/s for the differences between the balance on the Statement and Certificate of Balances from BOSVG, as at 31<sup>st</sup> December, 2021 and make the necessary adjustments for reconciling items identified;
- provide confirmation of balances for the ECCB accounts;
- analyse the balances on the Sub -Treasuries accounts and make the appropriate adjustments in the accounts;
- assess the recoverability of the Accounts Receivable balance and adjust the balance if necessary; and
- analyse the Public Debt Control account to determine the reason for the variance between the balance on the account and the Public Debt balance and effect the appropriate adjustments in the accounts to reconcile the balances.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF GENERAL DEPOSITS

**Total General Deposits 2022** **-\$42,086,725.63**

2.194 In accordance with section 42 (1) of the Finance Administration Act, a deposit refers to money other than that which is required to be deposited in the Consolidated Fund or the Contingencies Fund or that is to be deposited in a special Fund.

2.195 General deposits presented in the statement comprise accounts 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 intended purpose for which the relevant deposits were established, as detailed in the following paragraphs.

2.196 According to the Detailed Statement of General Deposits, 70 deposit accounts were maintained, with a total balance of \$42,086,725.63 for the financial year 2022. Although the number of deposit accounts remained unchanged from 2021, the balance in 2022 shows a decrease of \$5,571,303.68 compared to 2021.

**Statutory Bodies** **-\$11,741,288.55**

2.197 In 2022, there were 35 registered statutory bodies St. Vincent and the Grenadines. Of these, nine (9) maintained deposit accounts within the Government Accounts, totalling



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

deposits of \$11,741,288.55. This reflects an increase of \$59,555.00 compared to the previous year's balance of \$11,681,733.55. The rise is attributed entirely to transactions made in the Port Authority's account, which was the sole active account during the financial year.

### Deposits - Departmental Accounts

**-\$25,433,252.89**

2.198

Departmental deposit accounts represent distinct deposit accounts established for the various government departments to record and track funds held on behalf of the respective departments. They are the Government's primary deposit accounts, representing 34 of the 70 deposit accounts.

2.199

For the financial year 2022, departmental deposit accounts recorded a total balance of \$25,433,252.89 or 60.4% of the \$42,086,725.63 recorded as total deposits. This amount represented a decrease of \$5,981,070.33 compared to the \$31,414,323.22 recorded in 2021. Thirty-one (31) accounts showed credit balances amounting to \$27,037,157.32, while three (3) displayed a total of \$1,603,904.43 in debit balances, resulting in a net balance of \$25,433,252.89.

2.200

A debit balance indicates that the deposit account was overdrawn and an unauthorised advance was issued. Moreover, these debit balances resulted in the understatement of the balances shown in the financial statements for deposits and advances.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Deposits – Individuals

**-\$4,131,820.16**

2.201

Individual deposit accounts relate to funds collected by the Government on behalf of private citizens and various non-governmental organisations. For the financial year 2022, fifteen (15) Individual Deposit accounts existed, which collectively amounted to a credit balance of \$4,131,820.16. This reflects an increase of \$195,777.93 from the balance of \$3,936,042.23 maintained at the conclusion of the previous financial year. Furthermore, the balance encompasses \$71,563.63, which is noted in the Statement and Treasury Account as "Individual Deposit Accounts written off."

### Deposits - Local Government

**-\$344, 337.74**

2.202

The Local Government Account includes one account held in respect of the Kingstown Town Board. In the year 2022, the account exhibited a balance of \$344,337.74, representing an increase of \$154,433.72 in comparison to the preceding year's balance of \$189,904.02.

### Other Governments

**Net Credit - \$436,026.29**

2.203

Other Government deposit accounts are accounts held by the Government of St. Vincent and the Grenadines on behalf of other governments. These deposit accounts were used prior to 2016 to record transactions related to pension payments made on behalf of other Governments for retired judges. For the financial year 2022, the Statement of General Deposits indicated that there were eleven (11) deposit accounts. A total of six accounts showed credit balances amounting to \$795,121.34, whereas five accounts combined for a debit balance of \$359,095.05. These balances have remained unchanged since 2016.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.204

The debit balance of \$359,095.05 signifies that the Accountant General disbursed amounts exceeding the deposits held on behalf of the respective governments.

### Inactive Deposit Accounts

2.205

In accordance with section 42 (5) of the Finance Administration Act, a deposit that remains unclaimed for five years shall, subject to the provisions of any law, cease to be a deposit and accrue to the Consolidated Fund. It further states that the Minister may direct the refund of a deposit, or any part of it, to a person who subsequently satisfies the Minister that they are entitled to it.

2.206

A review of the deposit accounts in SmartStream revealed that twenty-nine (29) deposit accounts have recorded no deposits or withdrawals since the financial year 2016. Twenty-four (24) accounts recorded total credit balances of \$13,628,757.40, accounting for 32.4% of the deposits. However, no adjustments have been made to these accounts.

### RECOMMENDATIONS

2.207

It is recommended that the Accountant General should:

- 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;
- implement controls to ensure that amounts disbursed from the deposit accounts do not exceed the deposits held;





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

---

- analyse deposit accounts which have remained inactive in excess of five years to determine whether the balances should be maintained as deposits and make recommendations for adjustments to the accounts where necessary; and
- analyse the accounts under Other Governments to determine the accuracy of the balances and effect adjustments where necessary.



## AUDIT OFFICE





Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### STATEMENT OF ADVANCES

**2.208** Section 32 (1) of the Finance Administration Act authorises the Accountant General, under the authority of an advance warrant issued at the hand of the Minister, to make advances of money from the consolidated fund or from money held as deposits.

**2.209** According to section 32 (3) of the Act, all advances must be recovered within twelve months following the end of the financial year in which they were granted. However, an examination of the Advance statement indicated that the balances in multiple accounts remained outstanding. This delay in clearing these advances heightened the risk of understating the expenditures for the financial year during which the advances were issued and granted.

**2.210** The outstanding advances are categorised under four (4) accounts in the Detailed Statement of Advances as follows:

-  Government Officers
-  Other Advances
-  Receivables
-  Other Governments



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.211

### Total Balance of Advances 2022

**\$14,541,622.28**

In 2022, the total advances balance rose by \$497,823.87 or 3.5 per cent, increasing from \$14,043,798.07 in 2021 to \$14,541,622.28. This rise primarily originated from two sources: Receivables, which increased by \$277,249.40, and Other Governments, which grew by \$182,009.40. A comparison of the individual balances for 2022 and 2021 is shown in Table 1.32 and Figure 19.

Table 1.32

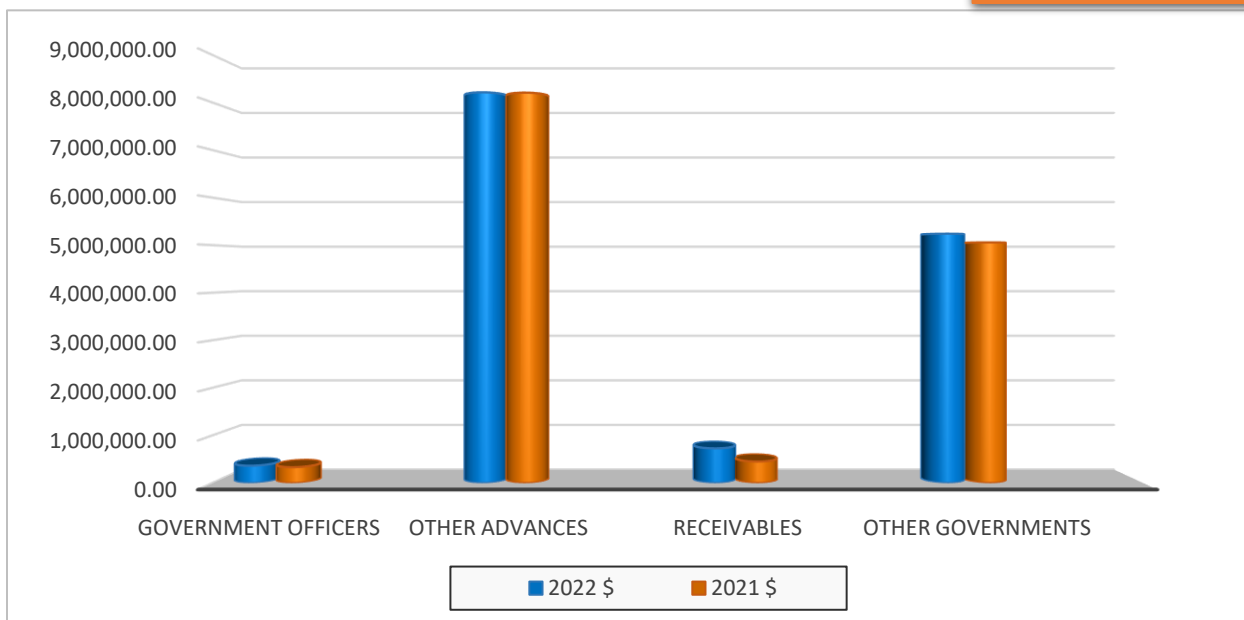
CATEGORY	2022 \$	2021 \$	INCREASE/(DECREASE)
Government Officers	362,801.73	330,828.24	31,973.49
Other Advances	8,211,570.14	8,204,978.56	6,591.58
Receivables	727,601.94	450,352.54	277,249.40
Other Governments	5,239,648.47	5,057,639.07	182,009.40
<b>TOTAL</b>	<b>14,541,622.28</b>	<b>14,043,798.41</b>	<b>497,823.87</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Figure 19



### Government Officers

**\$362,801.73**

2.212

As of December 31, 2022, the financial statement indicated a debit balance of \$362,801.73 for advances issued to Government Officers, which is \$31,973.49 higher than the 2021 balance of \$330,828.24. Of this total, \$179,998.12, or 49.2%, represents advances to retired individuals.

2.213

This balance should have been recovered from the officers upon disbursement of their retirement benefits, and the requisite journal entries executed in Smartstream to decrease the balance on the Advance Account.

2.214

Furthermore, government officials who receive travel advances related to their official duties are obligated to report their expenditures within one month of their return to the



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

State. The Government's established policy stipulates that non-compliance will result in deductions from the salaries of the officers. The outstanding balance on the Advance Account indicates that the Accountant General's Office has not implemented the policy of recovering overdue amounts from the officers' salaries.

### Other Advances

**\$8,211,570.14**

2.215

As of December 31, 2022, the Statement of Advances indicates a net balance of \$8,211,570.14, reflecting an increase of \$6,591.58 compared to the previous year's balance of \$8,204,978.56. Seventeen (17) accounts within this category primarily consist of advances made to the Government's Foreign Missions and Consulates. One outstanding balance from the financial year 2021 was settled during 2022, reducing the accounts in this category from 17 to 16.

2.216

Additionally, seven of the sixteen accounts remained inactive throughout the fiscal year 2022. The two individual accounts with the highest balances, each exceeding \$1 million, were attributed to the Permanent Representative of SVG to the UN and the Consulate in Toronto.

2.217

Table 1.33 presents the advance balances for the SVG High Commission, Embassies, and Consulates in 2022 and the changes in these balances compared to 2021.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.33

OFFICES	2022 \$	2021 \$	INCREASE /(DECREASE) \$	PERCENTAGE INCREASE/(DECREASE)
Permanent Representative-SVG UN	1,694,595.31	1,811,707.58	(117,112.27)	(6%)
Toronto Consulate	1,470,980.78	1,441,576.18	29,404.60	2%
Consulate General New York	705,939.24	678,269.24	27,670.00	4%
Embassy of SVG Cuba	610,086.28	601,738.35	8,347.93	1%
Embassy of SVG Taiwan	583,670.91	579,523.72	4,147.19	1%
Embassy of SVG Venezuela	562,628.88	426,049.06	136,579.82	32%
High Commission SVG London	428,361.31	386,881.67	41,479.64	11%
Washington Mission	229,980.15	368,905.48	(138,925.33)	(38%)
Total	<b>6,286,242.86</b>	<b>6,294,651.28</b>	<b>(8,408.42)</b>	<b>(0.1%)</b>

2.218

In comparison to the fiscal year 2021, six of the eight account balances demonstrated an increase. The most considerable increase of \$136,579.82, which constitutes a 32% rise, was noted under the Embassy of SVG Venezuela. The substantial balances in these accounts indicate that expenditures incurred by the respective offices are not accurately reflected in Smartstream.

2.219

Earlier audit reports highlighted significant account balances to the Accounting Officer, recommending a detailed review of the accounts and required adjustments. However, only the balances for the Permanent Representative-SVG UN and the Washington Mission were reduced. Specifically, the Washington Mission's balance decreased by 38%, whereas the Permanent Representative-SVG UN's balance declined by 6%.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Receivables

**\$727,601.94**

2.220

In 2022, the receivables resulting from dishonoured cheques experienced an increase of \$277,249.40, rising from \$450,352.54 in 2021 to \$727,601.94 in 2022.

### Other Governments

**\$5,239,648.47**

2.221

The balances in this category show payments made by the Accountant General for pensions and gratuities on behalf of regional governments. As of December 31, 2022, the Statement reveals that twelve (12) accounts had debit balances amounting to \$5,239,648.47. This reflects an increase of \$182,009.40 from the 2021 balance of \$5,057,639.07. Four (4) account balances have remained unchanged since 2000. Among the other eight (8) accounts that have experienced annual increases, three (3) recorded repayments since the 2016 financial year. The payments made by 3 governments in the financial years 2017, 2019, and 2021 varied from 1.5% to 81.8% of the outstanding balance at the time of the repayment.

2.222

It must be noted that while pensions and gratuities payments made by the Accounting General on behalf of other governments were accounted for in the financial statements, similar payments made by regional governments on behalf of SVG during the audit year and earlier periods, were excluded from the accounts. Therefore, the accounts do not accurately reflect the balances due to or outstanding by the regional governments.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

2.223

### RECOMMENDATIONS

- Outstanding balances in the Advance Accounts must be reviewed, and appropriate corrective actions should be implemented to recover, clear, or write off these advances as per section 17 (1) of the Finance Administration Act.
- The internal controls need enhancement to ensure that advances are cleared promptly in accordance with the accounting policies.
- Policies and procedures must be enforced to ensure that Public Officers exercise due diligence when accepting cheques from businesses and individuals. Furthermore, reference should be made to the Dishonoured Cheque List prepared by the Accountant General. and
- The Accountant General needs to verify the balances owed or due to the regional Governments and effect the necessary adjustments in the accounts. Additionally, follow-up actions should be implemented to collect or settle the outstanding amounts, as these debts could grow to unmanageable levels.





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### PART III

#### AUDIT OBSERVATIONS - MINISTRIES AND DEPARTMENTS

3.1

Part III summarises the key observations and issues related to compliance that arose from audits carried out in specific ministries and departments in 2022. The information includes the different areas of revenue and expenditure examined, along with the audit findings and recommendations detailed in the audit reports submitted to the relevant accounting officers.

3.2

#### MINISTRY OF FOREIGN AFFAIRS, FOREIGN TRADE AND CONSUMER AFFAIRS

A compliance audit was conducted at the Ministry of Foreign Affairs, Foreign Trade and Consumer Affairs for the period 2015 to 2019. The significant findings and recommendations are outlined below:

#### Vote Books

3.3

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

- (i) the amounts voted in the estimate, quarterly allotments and the expenditure-reducing balances, in some instances, were not recorded in the vote books, contrary to regulation 19 of the Finance Administration Regulations, 2009;



- (ii) there were some instances where the expenditure accounting Heads and Sub-heads were not documented in the vote books. In addition, the dates were not inserted, and some information was recorded in pencil;
- (iii) several transactions were not initialled by the Head of the Department or his delegate as evidence of authorisation of payments;
- (iv) 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
- (v) there were in excess of sixty (60) Virement Warrants that were issued to the Ministry of Foreign Affairs etc., for the period under review, which were not recorded in the vote books, to account for the amounts debited and credited to the expenditure vote accounts.

### 3.4

#### *Recommendations*

- 1) *The vote books should be maintained and reconciled in accordance with regulations 19 – 21 of the Finance Administration Regulations, 2009;*
- 2) *All transactions should be recorded in ink, in the vote books; and*
- 3) *All Virement Warrants should be documented in the vote books to account for the amounts debited and credited to the expenditure vote accounts.*



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Equipment Ledger and Inventory Sheets

3.5

An Equipment Ledger was not maintained in accordance with the relevant Store Rules; consequently, we were unable to ascertain whether all items purchased or otherwise acquired were issued and allocated to the appropriate stations. Nevertheless, all inventory sheets were prepared, with the exception of those for fiscal year 2020, which were only partially updated.

### Recommendation

3.6

*An Equipment Ledger and Inventories Sheet should be maintained in accordance with Store Rules No. 48 – 52 to ensure accountability and safekeeping of the Government's assets.*

### Vehicle Log Book

3.7

The vehicle log books for the vehicle bearing Registration Number G 846, for the fiscal years 2015 to 2017 were not submitted for audit inspection. The log books provided were not sufficiently maintained in accordance with the Government's authorised policy.

The following shortcomings were observed:

- (i) there were instances where the distances travelled and purposes of journeys were not recorded in the vehicle log books;
- (ii) there were some cases where the odometer departure and return readings were not recorded in the vehicle log books; hence, the total mileage travelled could not be ascertained; and



- (iii) there were occurrences where the Head of Department and the driver's signatures were not affixed to the vehicle log books as authorising and confirming the journeys travelled, respectively.

### 3.8

#### **Recommendations**

- 1) *All vehicle log books for the period under review should be submitted for audit inspection; and*
- 2) *The vehicle log books should be properly maintained by entering all necessary information into the sections provided in the vehicle log books, including the signature of the Head of Department or delegate and the driver's signature, to ensure effective management of the Government's vehicles.*

### 3.9

#### **Import License**

All the relevant supporting documentation and approvals were attached to the applications for Import Licences. However, the deviations identified below were observed.

- (i) The requisite fee of \$5.00, payable in stamps, was omitted from eight (8) Applications for Import Licences; and
- (ii) Fifteen (15) license numbers issued for Import Licences, were duplicated during the months of April 2016 and July 2017.



3.10

### Recommendations

- 1) *The requisite fee of \$5.00, payable in stamps, should be affixed to all applications for import licence in accordance with the Import and Export (Control) Regulations, CAP. 165, of the Revised Laws of St. Vincent and the Grenadines, 2009; and*
- 2) *Diligence should be exercised in the issuance of Import Licence numbers to avoid duplication of licence number.*

### Export License

3.11

The requisite fees for the export of goods were paid in accordance with the relevant regulations. Nevertheless, the following divergences were observed:

- (ii) the receipt number and date were not quoted on some of the applications for export licences. Consequently, it could not be determined whether the applicable fees were paid prior to the exportation of goods;
- (iii) there were eight (8) Applications for Export Licences which did not have an attached Certificate of Inspection and receipt from the Central Water and Sewerage Authority to signify that approval was granted and the requisite fee of \$200.00 was paid, respectively, prior to the exportation of scrap metals; and
- (iv) an Application for Export License Register is not maintained to capture significant information recorded on the Applications for Export License, such as the license number, quantity of goods exported, the amount paid, the receipt number and date.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

3.12

### Recommendations

- 1) *The receipt number, date and amount paid should be recorded on the Applications for Export Licence, to indicate that the fees were paid and to enable verification of the amounts in accordance with the requisite Regulation;*
- 2) *The certificate of inspection and the receipt evidencing payment of the fee, issued by the Central Water and Sewerage Authority for shipping scrap metal, should be attached to the Application for Export Licence to confirm that approval was granted and payment made, respectively, prior to the exportation of goods; and*
- 3) *An Application for Export Licence Register should be maintained to capture important information recorded on the Applications for Export Licence, to avoid omission of relevant information such as, the receipt number, date, and amount paid by the exporters.*
  - a. *the remaining stock;*
  - b. *date exhausted receipt books were written off; and*
  - c. *the responsible Officer's signature*
- 4) *Receipt books should be kept in safe custody.*

3.13

### Trader's Licence

Trader's License applications for 2015 were not submitted for audit inspection. However, the related trader's license records for 2016 to 2019, which were presented and audited, disclosed the following shortcomings:



- (i) applications presented, were not filed according to areas 1,2,3 & 4, in accordance with the Department's established policy;
- (ii) between February 24, 2016, and February 21, 2017, there were instances wherein the value of stock held by traders did not exceed \$500.00; nevertheless, fees were levied for Trader's Licenses, in contravention of section 4(2) of the Price and Distribution of Goods Act, CAP 161, as stipulated in the Revised Laws of St. Vincent and the Grenadines, 2009. This led to an excess collection of \$210.00 from nine traders, as illustrated in the Table 1.34.

Table 1.34

Name of Applicants	Licence No.	Stock Value \$	Fee Paid \$	Receipt No.	Date of Receipt
<b>Area 1</b>					
Roxanne Little	0997	300.00	20.00	224865	06/07/16
<b>Area 2</b>					
Friston Butler	578	300.00	20.00	218971	24/02/16
Dean Roberts	776	400.00	20.00	220622	31/06/16
<b>Area 3</b>					
Violet Browne	780	200.00	20.00	220589	30/03/16
Norvey Mufford	782	300.00	20.00	819644	17/03/16



Table 1.34 Cont'd

Name of Applicants	Licence No.	Stock Value \$	Fee Paid \$	Receipt No.	Date of Receipt
Stephanie Priam	726	300.00	20.00	220149	18/03/16
Adell Corke	1305	400.00	50.00	230360	19/10/16
Area 4					
Titus Snagg	1176	300.00	20.00	114291	06/09/16
Anna Granderson	1342	300.00	20.00	118544	21/02/17
Total				210.00	

(iii) there is no provision on the Application for Trader's Licence form or in the Trader's Licence Register to record the value of a trader's stock. Consequently, in some cases, the stock value was not provided to verify the fees' accuracy. Applications for Trader's Licence forms for which the stock value was not recorded are shown in the table below.



**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Table 1.35

Name of Applicant	Licence No.	Stock Value \$	Fee Paid \$	Receipt No.	Date of Receipt
<b>Area 1</b>					
Keith Douglas	928	-	50.00	222908	20/05/16
Trinity Agencies	1011	-	100.00	244706	17/08/17
Veronica Joseph	1225	-	10.00	259637	05/07/18
Diamond Girl Lingerie		-	125.00	285728	04/12/19
Augustus John & Veronica Edwards	166	-	50.00	131276	-
<b>Area 2</b>					
Kay Daniel	921	-	20.00	222706	13/05/16
Rohan Cupid	999	-	100.00	223046	06/07/16
Nolly Patrick	745	-	10.00	254181	19/03/18
Charles Baptiste	975	-	25.00	256869	10/05/18
Felix E Findlay	1299	-	25.00	261658	20/08/18
Kjuana Robinson	908	-	25.00	275187	06/05/19
Greta Sam	958	-	25.00	276219	27/05/19
<b>Area 3</b>					
Scandy Baptiste	936	-	20.00	242456	15/06/17
<b>Area 4</b>					
Alice Mulraine	642	-	50.00	237494	13/03/17
Ann Bernard Harvey	1051	-	25.00	144277	-



- (iv) several of the fees paid for the trader's licence, did not correlate with the value of stock recorded on the Application Forms, in accordance with section 6 of the Price and Distribution of Goods Act; and
- (v) annual returns of arrears of revenue and monthly reports of recovery of arrears of revenue were not prepared and submitted to the Accountant General by the Permanent Secretary of the Ministry of Foreign Affairs, Foreign Trade and Consumer Affairs, in accordance with regulation 99 of the Finance Administration Regulations, 2009.

### Recommendations

- 1) *Applications for Trader's Licence should be filed according to area, in accordance with the Department's established policy;*
- 2) *Traders' Licence should be issued in accordance with section 4(2) of the Price and Distribution of Goods Act, CAP 161 of the Revised Laws of St. Vincent and the Grenadines, 2009, to avoid the over and under collection of revenue;*
- 3) *The Applications for Trader's Licence and the Trader's Licence Registers should be designed to capture the Value of Stock, to determine whether the correct fees are collected in accordance with CAP 161, section 6 of the Price and Distribution of Goods Act, of the Revised Laws of SVG, 2009;*
- 4) *Fees collected for trader's licence should be derived from the value of trader's stock, in accordance with section 6 of the Price and Distribution of Goods Act; and*



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

3.15

*5) Annual returns of arrears of revenue and monthly reports of recovery of arrears of revenue should be prepared and submitted to the Accountant General by the Permanent Secretary, in accordance with regulation 99 of the Finance Administration Regulations, 2009.*

It was concluded that, based on the audit procedures, the operations of the Ministry of Foreign Affairs, Foreign Trade, and Consumer Affairs for the period from 2015 to 2019 were not in accordance with the established criteria.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### PART IV

#### AUDIT OF STATUTORY BODIES

4.1

The authority of the Director of Audit to conduct audits of the financial statements of statutory bodies is predicated upon:

- section 13 (1) of the Audit Act, chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009; and
- the governing legislations of the respective statutory bodies.

4.2

The audit universe of statutory bodies consists of 35 entities located in St. Vincent and the Grenadines. The audit of five (5) entities are undertaken by the Audit Office, while an additional five are conducted by external auditors, as permitted by Section 9 (1) (ii) of the Audit Act, Chapter 245 of the Laws of St. Vincent and the Grenadines, Revised Edition, 2009. The low percentage coverage ratio of 10% can be attributed to the limited availability of trained officers in financial statements auditing.

4.3

The reports of all audits conducted by the Director of Audit are submitted to the Minister, to be laid in the House of Assembly.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

4.4

The following provides an overview of the statutory body audits performed during the fiscal year January 1 – December 31, 2022. The Audit Office conducted one (1) statutory body audit, and two (2) audits were conducted by external auditors.

### Audit of Statutory Bodies Conducted by the Audit Office

#### St. Vincent and the Grenadines Bureau of Standards

4.5

The principal activities of the Bureau of Standards involve promoting the widespread adoption and implementation of standards that align with national and internationally harmonised benchmarks, as well as fulfilling the obligations set out in weights and measures legislation. The audit of the financial statements for the year ending December 31, 2017 was concluded, and the audit report was issued on February 17, 2022. The report expressed an unqualified opinion.

### Audit of Statutory Bodies Conducted by External Auditors

#### Financial Services Authority

4.6

The Financial Services Authority (FSA) has the responsibility for regulating, supervising and developing the international financial services and non-bank financial services sector in St. Vincent and the Grenadines.

4.7

The audit of the financial statements for the year ended December 31, 2021 was conducted by Grant Thornton Chartered Accountants. An unqualified opinion was issued on June 16, 2022.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

---

4.8

### St. Vincent and the Grenadines Postal Corporation

The St. Vincent and the Grenadines Postal Corporation primarily offers postal services, postal money order sales and encashment, the production and sale of both regular and commemorative stamps, and money transfer services through Money Gram.

4.9

The financial statements for the years ended December 31, 2020 and 2021, were audited by KDLT Chartered Certified Accountants. Unqualified opinions were issued on the May 16, 2022 and September 21, 2022, respectively.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### PART V

## CONTROL AND MANAGEMENT OF PUBLIC FINANCE

### Responsibility for the Control and Management of Public Finance

5.1

Section 4 (1), Part II of the Finance Administration Act CAP 252 confers responsibility for managing and controlling public money inter alia upon the Minister, the Director General and the Accountant General. Further, section 6 of the said act allows the Accountant General to delegate any of his/her responsibilities except for issuing financial instructions to a Public Officer. A Public Officer is designated as an Accounting Officer pursuant to section 8 of the Finance Administration Act.

5.2

Critically, in the discharge of his/her duties, Accounting Officers are responsible for ensuring that adequate and effective internal control mechanisms are developed and implemented to ensure that the Government's assets and resources are protected against irregularities and fraud. Such responsibilities are not absolved by the proper discharge of duties by the Accountant General or by audits conducted by the Director of Audit.



### General Observations

#### Arrears of Revenue Returns

5.3

Regulation 99 of the Finance Administration Regulations, 2009 states:-

99 (1) A collector of revenue shall, in respect of revenue for whose collection he is responsible

(a) submit, not later than thirty days after the end of the reporting financial year, to the Accountant General in the form prescribed by the Accountant General, return of arrears of revenue for the reporting financial year and the previous six financial years; and

(b) submit, not later than seven days after the last day of the month, monthly reports of arrears of revenue from the reporting financial year and the previous six financial years that are recovered in the reporting month.

(2) If the day mentioned in sub-regulation (1) (a) or (b) is not a business day, then the return shall be filed on the next following business day.

(3) A nil annual return or a nil monthly report shall be submitted by each collector of revenue when no arrears of revenue have accrued in the financial year or there is no recovery of arrears in the month, as the case may be.

5.4

Notwithstanding the aforementioned, the financial statements submitted by the Accountant General for the fiscal year 2022 once again lacked the statement of revenue





## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

arrears by detailed object code as required by section 49 (4) (k) of the Finance Administration Act. In the Public Accounts Report of 2021, the Director of Audit cited the Accountant General's Treasury Circular, TR/12, dated January 5, 2021, which reaffirmed the obligations of revenue collectors under Regulation 99. A similar notification was thereafter issued on January 20, 2022, which also included the requirement for the submission of Half-Yearly Returns of Receipt Books by July 19<sup>th</sup> and January 7<sup>th</sup> annually, as well as the annual Returns of Arrears of Revenue to be submitted no later than thirty days following the conclusion of the reporting financial period. Regrettably, it appears that the revenue collectors remained non-compliant with these obligations.

5.5

The statement of arrears of revenue holds considerable significance for the management of public revenue, and the practice of non-compliance with the filing requirement indicates a substantial violation of accountability and transparency. Moreover, it is imperative that the Government remains informed of the total amounts owed to the state, as this information is an essential element of fiscal planning and informs fiscal policies. Additionally, it affects the level of debt financing, as any shortfall in revenue projections must be addressed through alternative sources, including borrowing or the deferral of government-planned expenditures.

5.6

Consequently, it is recommended that the Accountant General exercise her authority to ensure that the Accounting Officers responsible for revenue collection prepare and submit the monthly and annual reports on revenue arrears within the timeframe stipulated by Regulation 99 of the Finance Administration Regulations, 2009.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### Special Warrants

5.7

Section 28 (1) of the Finance Administration Act confers upon the Minister of Finance the authority to approve special warrants that authorise disbursements from the Consolidated Fund. Such disbursements may be required to address unanticipated expenses that are either unallocated or insufficiently allocated, pending the authorisation of expenditures in a Supplementary Appropriation Act. Nonetheless, this section stipulates that the total amount of authorised spending through special warrants, which is not ratified by supplementary appropriation acts, shall not exceed the limit established by resolution of the House of Assembly.

5.8

Additionally, section 28 (2) stipulates that: ***“A special warrant may be issued provided that the amount in the Contingencies Fund does not exceed the amount established by resolution of the House of Assembly for the Contingencies Fund.”***

5.9

On December 13, 2021, the House of Assembly adopted a resolution establishing the ceiling for special warrants at \$40,000,000. Nevertheless, throughout the financial year 2022, 120 special warrants were issued, culminating in an aggregate value of \$80,139,511.48, thereby surpassing the authorised amount by \$40,139,511.48. Additionally, this excess expenditure was not brought to the House via a supplementary estimate in 2022 as provided for in section 28 (3) of the Finance Administration Act.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

5.10

The total number of special warrants issued in 2022 demonstrated a modest decrease of three compared to the 2021 financial; and a reduction in the dollar value amounting to \$17,872,693.16, representing a decrease of 18.2%.

### Virement Warrants

5.11

Section 30 of the Finance Administration Act, CAP 252, 2009 Revised Edition, states:

***“.....if, in the opinion of the accounting officer, the exigencies of the service render it necessary or expedient to vary the amount assigned to any programme within an expenditure vote as shown in the annual or supplementary estimates of expenditure for a financial year, he may, subject to any order of the Minister under subsection (3), direct by means of a virement warrant under his hand that savings arising from an item of expenditure vote contained in the annual or supplementary estimates approved by appropriation Act or supplementary appropriation Act be applied in aid of another item in the expenditure vote contained in the annual or supplementary estimates if the amount of the appropriation is not thereby exceeded.”***

5.12

During the financial year 2022, 168 virement warrants were issued, amounting to \$12,515,243.02, which were all in compliance with the legislation.

### Imprest Warrants

5.13

According to section 33 of the Finance Administration Act, the Accountant General, authorised by an imprest warrant from the Minister, can issue imprests from the consolidated fund to public officers for small payments that are impractical to process through the Treasury. However, any officer issued an imprest must retire it by the end of



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

---

the financial year or any earlier date specified in the imprest warrant or by the Accountant General.

5.14

At the end of the financial year 2022, an outstanding amount of \$8,077.71 was reflected on the imprest accounts.

5.15

In instances where a public officer neglects to retire an imprest as stipulated in subsection (2), such imprest shall be regarded as a liability of the public officer to the Government. Consequently, the Accountant General may invoke the right of set-off in accordance with section 37 of the aforementioned Act concerning the noted indebtedness.

### Surprise Surveys

5.16

The Audit Office employs surprise surveys as a key monitoring tool to ensure that adequate controls and governance structures are established for proper accountability and management of the Government's financial resources. Surprise surveys are conducted spontaneously and periodically at revenue offices throughout St. Vincent and the Grenadines. A greater frequency of these surveys enhances the vigilance of the Audit Office's and is expected to improve compliance with financial rules and regulations while minimising incidences of financial irregularities and mismanagement.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

---

5.17

During the financial year 2022, 28 surprise cash surveys were conducted. Fifteen of these were executed at revenue offices in Kingstown and its surroundings, while 13 were performed at revenue offices in the out-districts.

5.18

The results of the surprise surveys revealed no significant misconduct or mismanagement of financial resources.



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### APPENDIX I

#### LIST OF AUTHORITIES FOR EXPENDITURE 2022

Estimates of Revenue & Expenditure	➡	Passed in the House of Assembly on December 13, 2021
Appropriation Act, 2022	➡	Act #1/2022 of 14/1/2022 - \$1,329,152,493.00
Provisional General Warrant	➡	No. 1/2022 dated 29/12/2021
General Warrant	➡	General Warrant 2022 signed by the Minister of Finance on 14/01/2022
Supplementary Appropriation Act, 2022	➡	Act#14/2022 - \$70,395,469.00
Special Warrants	➡	120 - \$80,139,511.48
Virement Warrants	➡	168 - \$12,515,243.02



# AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

## APPENDIX III

### REVISED CAPITAL EXPENDITURE SPENT

Project Title	Estimates \$	Revised \$	Actual Expenditure \$	Revised Spent (excess of actual over estimates) \$
<b>Office of the Prime Minister</b>				
Employment Support and Training Programme	2,500,000.00	2,900,000.00	2,882,627.13	382,627.13
	<b>2,500,000.00</b>	<b>2,900,000.00</b>	<b>2,882,627.13</b>	<b>382,627.13</b>
<b>Ministry of Public Service, etc.</b>				
Establishment of employee Assistance Programme	-	163,582.56	152,448.47	152,448.47
	-	<b>163,582.56</b>	<b>152,448.47</b>	<b>152,448.47</b>
<b>Ministry of Finance, etc.</b>				
Purchase Furniture & Equipment Phase 11	500,000.00	700,000.00	631,714.05	131,714.05
Regional Disaster Vulnerability Reduction Project	6,677,000.00	20,934,408.91	20,370,304.42	13,693,304.42
Capitalisation of Contingency Fund	12,000,000.00	15,500,000.00	14,700,799.58	2,700,799.58
OECS Regional Health Project	2,582,000.00	2,646,118.32	2,601,299.46	19,299.46
Procurement of Equipment - Customs	-	82,490.00	-	-
ENGENDER Project	271,180.00	377,886.00	369,398.04	98,218.04
Home Construction	-	430,000.00	4,905.00	4,905.00
	<b>22,030,180.00</b>	<b>40,670,903.23</b>	<b>38,678,420.55</b>	<b>16,648,240.55</b>
<b>Ministry of Mobilisation, etc.</b>				
Housing Reconstruction Rehabilitation Project	6,000,000.00	18,904,626.24	7,797,890.85	1,797,890.85



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Project Title	Estimates \$	Revised \$	Actual Expenditure \$	Revised Spent (excess of actual over estimates) \$
Housing Infrastructure Improvement Project	250,000.00	382,000.00	382,000.00	132,000.00
Home Reconstruction Project	4,754,300.00	5,291,987.27	5,268,840.13	514,540.13
	<b>11,004,300.00</b>	<b>24,578,613.51</b>	<b>13,448,730.98</b>	<b>2,444,430.98</b>
<b>Ministry of Education, etc.</b>				
Purchase of Furniture and Equipment Phase IV	850,000.00	1,194,729.00	1,148,270.86	298,270.86
Education and Development	147,850.00	185,829.99	33,032.46	-
Redevelopment of Mary Hutchinson Primary School	1,050,000.00	1,260,674.00	1,106,158.62	56,158.62
	<b>2,047,850.00</b>	<b>2,641,232.99</b>	<b>2,287,461.94</b>	<b>354,429.48</b>
<b>Ministry of National Security, etc.</b>				
Purchase of Vehicles for National Security	-	359,100.00	358,904.42	358,904.42
Retrofitting of National Security Administration	-	238,889.00	215,423.55	215,423.55
Conserving Biodiversity and Reducing Land	800,000.00	877,898.92	77,898.92	-
	<b>800,000.00</b>	<b>1,475,887.92</b>	<b>652,226.89</b>	<b>574,327.97</b>
<b>Ministry of Agriculture, etc.</b>				
Capitalization of the Medicinal Cannabis Authority	2,000,000.00	2,222,834.69	2,222,834.69	222,834.69
Rural Development -BNTF 10	1,719,700.00	2,363,963.38	1,780,463.38	60,763.38
Natural Disaster Management Reconstruction	5,500,000.00	6,054,994.00	2,437,289.30	-
Natural Disaster Management Risk Reduction	13,000,000.00	13,229,594.47	2,669,531.94	-
	<b>22,219,700.00</b>	<b>23,871,386.54</b>	<b>9,110,119.31</b>	<b>283,598.07</b>
<b>Ministry of Transport, etc.</b>				
Upgrading of School Premises	1,000,000.00	3,913,022.43	3,762,049.18	2,762,049.18
Purchase of Heavy Equipment - MTW	500,000.00	525,917.13	525,917.13	25,917.13





# AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Project Title	Estimates \$	Revised \$	Actual Expenditure \$	Revised Spent (excess of actual over estimates) \$
Purchase of School Bus	-	355,845.67	351,599.02	351,599.02
	<b>1,500,000.00</b>	<b>4,794,785.23</b>	<b>4,639,565.33</b>	<b>3,139,565.33</b>
<b>Ministry of Urban Development, etc.</b>				
Kingstown Cleanup Campaign	276,800.00	1,396,650.00	1,164,070.44	887,270.44
Port Redevelopment Project	42,500,000.00	114,095,469.00	113,419,218.24	70,919,218.24
	<b>42,776,800.00</b>	<b>115,492,119.00</b>	<b>114,583,288.68</b>	<b>71,806,488.68</b>
<b>Ministry of Health, etc.</b>				
Purchase of Equipment for MCMH	500,000.00	1,050,000.00	1,040,285.26	540,285.26
Purchase of Incinerator	-	394,954.11	-	-
Infectious Disease Control Project II	-	41,606.30	35,033.51	35,033.51
Dengue Eradication Campaign	1,250,000.00	2,030,131.00	1,646,103.47	396,103.47
	<b>1,750,000.00</b>	<b>3,516,691.41</b>	<b>2,721,422.24</b>	<b>971,422.24</b>
<b>Ministry of Tourism, etc.</b>				
Tourism and Private Sector Development Project	350,000.00	600,126.00	450,068.48	100,068.48
Villa Beach Facility	-	354,607.00	102,848.56	102,848.56
Brighton Salt Pond Beach Facility-Phase 11	-	45,000.00	-	-
UNDP MSMEs Tourism Project	-	221,400.00	211,918.20	211,918.20
	<b>350,000.00</b>	<b>1,221,133.00</b>	<b>764,835.24</b>	<b>414,835.24</b>
<b>Total</b>	<b>106,978,830.00</b>	<b>221,326,335.39</b>	<b>189,921,146.76</b>	<b>97,172,414.14</b>

**AUDIT OFFICE**

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

**APPENDIX IV****EXCESS EXPENDITURE WITHOUT THE APPROPRIATE AUTHORITY 2022**

ACCOUNT	DESCRIPTION	ESTIMATES \$	REVISED \$	ACTUAL \$	MORE THAN REVISED ESTIMATES \$
<b>MINISTRY OF NATIONAL MOBILISATION, ETC.</b>					
21111	Social Protection Services – Personal Emoluments	725,752.00	725,752.00	974,439.92	248,687.92
	<b>SUB TOTAL</b>	<b>725,752.00</b>	<b>725,752.00</b>	<b>974,439.92</b>	<b>248,687.92</b>
<b>MINISTRY OF EDUCATION, ETC.</b>					
21113	Special Education Services - Allowances	21,260.00	21,260.00	25,663.88	4,403.88
21113	Adult and Continuing Education - Allowances	233,366.00	233,366.00	233,989.32	623.32
21113	Secondary Education - Allowances	679,120.00	679,120.00	749,273.21	70,153.21
	<b>SUB TOTAL</b>	<b>933,746.00</b>	<b>933,746.00</b>	<b>1,008,926.41</b>	<b>75,180.41</b>
<b>MINISTRY OF NATIONAL SECURITY, ETC.</b>					
27211	Prisons - Social Assistance Benefit in Cash	12,800.00	4,800.00	5,393.00	593.00
	<b>SUB TOTAL</b>	<b>12,800.00</b>	<b>4,800.00</b>	<b>5,393.00</b>	<b>593.00</b>
<b>MINISTRY OF FOREIGN AFFAIRS, ETC.</b>					
22212	Foreign Missions - Operating Expenses	475,000.00	545,000.00	567,255.72	22,255.72
	<b>SUB TOTAL</b>	<b>475,000.00</b>	<b>545,000.00</b>	<b>567,255.72</b>	<b>22,255.72</b>
<b>MINISTRY OF TOURISM, ETC.</b>					
22221	Policy Planning and Administration - Rental of Assets	219,240.00	370,800.00	372,006.56	1,206.56
	<b>SUB TOTAL</b>	<b>219,240.00</b>	<b>370,800.00</b>	<b>372,006.56</b>	<b>1,206.56</b>
	<b>TOTAL</b>	<b>2,366,538.00</b>	<b>2,580,098.00</b>	<b>2,928,021.61</b>	<b>347,923.61</b>



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

### APPENDIX V

#### PUBLIC DEBT REPAYMENT STRUCTURE

Maturity Year	Domestic Debt	External Debt	Total Debt	% of Total Debt Due	Cumulative % of total Debt settled
2023	144,937,738.70	1,659,692.00	146,597,430.70	7.1%	7.1%
2024	32,426,886.96	740,401.45	33,167,288.41	1.6%	8.7%
2025	65,234,585.32	17,172,734.03	82,407,319.35	4.0%	12.6%
2026	123,247,675.62	11,117,418.30	134,365,093.92	6.5%	19.1%
2027	77,419,852.40	53,918,909.60	131,338,762.00	6.3%	25.4%
2028	41,495,694.23	18,080,325.11	59,576,019.34	2.9%	28.3%
2029	61,500,109.73	21,243,006.24	82,743,115.97	4.0%	32.3%
2030	44,619,034.56	103,535,060.69	148,154,095.25	7.1%	39.4%
2031	-	41,934,777.34	41,934,777.34	2.0%	41.4%
2032	-	17,061,349.79	17,061,349.79	0.8%	42.2%
2033	17,872,623.15	2,742,881.96	20,615,505.11	1.0%	43.2%
2034	-	64,191,874.85	64,191,874.85	3.1%	46.3%
2035	15,000,000.00	51,934,202.22	66,934,202.22	3.2%	49.5%
2036	17,500,000.00	5,806,620.36	23,306,620.36	1.1%	50.6%
2037	25,000,000.00	52,362,019.24	77,362,019.24	3.7%	54.4%
2039	-	10,444,402.95	10,444,402.95	0.5%	54.9%
2040	-	2,917,603.40	2,917,603.40	0.1%	55.0%
2042	-	12,155,871.18	12,155,871.18	0.6%	55.6%
2043	-	61,338,565.55	61,338,565.55	3.0%	58.5%
2044	-	4,815,989.27	4,815,989.27	0.2%	58.8%
2045	-	156,212,980.97	156,212,980.97	7.5%	66.3%
2046	-	38,625,429.10	38,625,429.10	1.9%	68.2%
2047	-	128,716,159.16	128,716,159.16	6.2%	74.3%
2051	-	3,999,550.77	3,999,550.77	0.2%	74.5%
2052	-	13,377,358.05	13,377,358.05	0.6%	75.2%
2054	-	87,446,764.98	87,446,764.98	4.2%	79.4%
2055	-	910,680.27	910,680.27	0.0%	79.4%
2057	-	25,662,936.24	25,662,936.24	1.2%	80.7%



## AUDIT OFFICE

Report of the Director of Audit on the Public Accounts of St. Vincent and the Grenadines 2022

Maturity Year	Domestic Debt	External Debt	Total Debt	% of Total Debt Due	Cumulative % of total Debt settled
2058	-	86,088,714.30	86,088,714.30	4.1%	84.8%
2060	-	127,349,888.04	127,349,888.04	6.1%	90.9%
2061	-	165,967,862.36	165,967,862.36	8.0%	98.9%
2064	-	4,208,983.21	4,208,983.21	0.2%	99.1%
2071	-	18,104,296.34	18,104,296.34	0.9%	100.0%
Total	666,254,200.67	1,411,845,309.32	2,078,099,509.99	100.0%	-



## **AUDIT OFFICE**

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

Tel: (784) 457-1541, (784) 457-2563 (784)4561111 Ext 4601

Fax: (784) 451-2190

E-mail: [office.audit@gov.vc](mailto:office.audit@gov.vc)