



Government of Saint Lucia

**Report
of the
Director of Audit
for the
Financial Year 2012/2013**

ACKNOWLEDGEMENTS

I wish to acknowledge the valuable work of my staff. As well, I wish to acknowledge and extend my appreciation for the co-operation and courtesy we received from all employees and management of the various ministries and departments that we audited.

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MESSAGE FROM THE DIRECTOR OF AUDIT

The Revised Laws of St. Lucia Cap 15.19 (Audit Act) outlines the mandate, roles and responsibilities of the Director of Audit.

During the last decade there have been tremendous changes in the public sector. As such, new demands have been placed on the Audit Office. In order for the Office to effectively respond to these new demands we embarked on the development of a strategic plan.

It is therefore my pleasure to present the *Strategic Plan, 2012 - 2015* for the Office of the Director of Audit. This is our first strategic plan in over twenty (20) years. It is my hope that this strategic plan document will assist management in charting the direction of the office for the next four years. The plan will help us to effectively respond to our stakeholders and to remain relevant in the midst of all the changes in the external environment. The plan also represents our mission, vision and values which are the key drivers of our success.

One of the primary responsibilities of the Office of the Director of Audit is to assist Parliament in holding the Government accountable. Therefore, in developing this plan we consulted with members of Parliament, the Executive, and internal staff. The strategic plan establishes a strategy for reaching out to Parliament, as Parliament undertakes significant reforms in an effort to realign its processes by adopting best international practices in an effort to bring about increased accountability within Government. Taking actions to implement the strategic plan will ensure our ability to help Parliament achieve its goals.

As a result of this plan, the Office of the Director of Audit must be realigned and obtain additional resources to better address the strategic issues that it faces. In addition, we will hold ourselves accountable for the effective implementation of this strategic plan.

I wish to thank the external stakeholders and everyone at the Office of the Director of Audit who contributed to our strategic plan. I also wish to thank the CCAF-FCVI for funding the development of this plan. Finally, I wish to express my appreciation and gratitude to Mr. Bill Rafuse, a CCAF Associate who worked with us in developing this strategic plan.



Averil James-Bonnette
DIRECTOR OF AUDIT

Office of the Director of Audit

Government of St. Lucia

Strategic Plan 2012—2015

In 2012, the Director of Audit initiated a strategic planning process to identify the strategic priorities for her office over the next four years. This resulting strategic plan represents a common vision for the office that emerged from discussions and workshops with all staff along with the input of key stakeholders from Parliament and the senior civil service.

The strategic plan will be used to guide the work of the office and to communicate its results with the House of Assembly and the public. It will serve as the means for demonstrating how the office fulfils its mandate on behalf of all St. Lucians.

	The Office of the Director of Audit
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The Office of the Director of Audit is an independent constitutional office that exists to serve Parliament. Independence from Government is vital if the Audit Office is to perform its work effectively and make unbiased judgments. Through the *Constitution* and the *Audit Act*, Parliament has legislated the independence of the Director of Audit and confirmed the position as answerable and subservient only to Parliament. The *Audit Act* stipulates that the Director of Audit shall not be under the control or direction of any other person or authority in the exercise of her functions.

The Director of Audit is the auditor of the Public Accounts of St. Lucia, as well as all government ministries and departments, and is responsible for making enquiries necessary to report to Parliament on Government's finances and operations. She may conduct examinations as required by Parliament and provide advice to government officers and employees on matters identified during an audit.

Each report of the Director of Audit shall call attention to anything that she considers to be of significance and of a nature that should be brought to the attention of the House of Assembly, including any cases in which she has observed that:

- (i) accounts have not been faithfully and properly maintained or Public Monies have not been fully accounted for or paid, where so required by Law, into the Consolidated Fund;
- (ii) essential records have not been maintained or the rules and procedures applied have been insufficient to safeguard and control public property to secure an effective check on the assessment, collection and proper allocation of the revenue and to ensure that expenditure have been made only as authorised;
- (iii) money has been expended without due regard to economy (the acquisition, at the lowest cost and at the appropriate time, of human and material resources in appropriate quantity and quality) or efficiency (the conversion, in the best ratio, of resources into goods and services); or
- (iv) satisfactory procedures have not been established to measure and report on the effectiveness or programmes (the achievement, to the best degree, of the objectives or other intended effects of a programme, an organisation or any activity), where such procedures could appropriately and reasonably be implemented.

The *Audit Act* allows the Director of Audit, upon request, to have free access to and make copies of all registers, reports, documents or data in whichever form, relevant to the work of the Director of Audit under the law and to furnish her, or a representative designated by her in writing, with any relevant information or explanation which she may require.

The Office of the Director of Audit conducts its work in accordance with the the International Standards of Supreme Audit Institutions. The Audit Office is a member of the International Organization of Supreme Audit Institutions (INTOSAI). The Office also seeks guidance from other professional bodies and audit-related best practices around the world.

Strategic Plan 2012—2015

Our Strategic Plan 2012-2015 comprises four components: our vision, mission, values, and strategic objectives. We have identified five strategic objectives as our current priorities and they are each supported by actions that will be undertaken in support of our strategies.

We will monitor our progress in implementing the planned actions and we will update our action plans as necessary. We will review the Strategic Plan in its entirety in 2015.

Our Vision

Our vision for the office of the Director of Audit

An independent and innovative audit office recognized for excellence in serving Parliament and in promoting effective and accountable government.

Our Mission

The Office of the Director of Audit exists to assist Parliament in holding the Government to account for its management of the country's finances and Public Service. We do this by monitoring and reporting on whether monies appropriated by Parliament were applied as appropriated; whether expenditure conforms to the authority that governs it; and on the efficiency, economy, and effectiveness of Government operations.

Our values guide us in achieving our mission and vision. They guide our day-to-day actions and serve as a constant reminder of our commitments. They are a statement of the high standards we hold in conducting ourselves and our work, and of the results we strive to achieve.

Independence

We report to Parliament and are fair, objective, and non-partisan in our approach. We adhere to our independence standards and professional codes of ethics, avoiding real and perceived conflicts in our relationships and the conduct of our work.

Integrity

We work together and with others in an open, honest, and trustworthy manner while respecting the confidentiality of the information we obtain. We strive every day to meet the highest standards of professional conduct.

Innovation

Through innovation, we find better ways to conduct our work and to serve Parliament. We seek new audit approaches and methodologies to improve our quality, efficiency, and effectiveness. We value the ideas and creativity of our staff.

Excellence

We meet the highest standards of professionalism in our work with Parliament and those we audit. We are committed to continuously improving our processes and practices, and to consistently delivering products and services of the highest quality.

Our Strategic Objectives

The following five strategic objectives support the realization of our vision. It is anticipated that these objectives can be achieved over the next two to three years; the strategic plan will be revisited and updated at that time.

A number of planned actions have been identified for each strategic objective and will be implemented over the coming months and years.

Achieve independence for the Office of the Director of Audit as defined by the International Standards of Supreme Audit Institutions (ISSAIs ¹).

1. Obtain (Constitutional) authority to table reports directly with Parliament
2. Propose a new Audit Act to modernize powers and provisions
3. Achieve greater independence from government for financial resources and staffing
4. Develop and introduce a performance management framework to measure and report the audit office's financial and operational performance
5. Work with parliamentarians and their staff to achieve an active and effective Public Accounts Committee

¹ <http://www.issai.org/composite-347.htm>

1. Select, conduct, and report audits that will inform Parliament of the most significant, relevant matters related to the Government's financial reporting and performance.

1. Use risk-based and other approaches, such as one-pass planning, to identify significant, relevant matters for performance, program, and financial audits
2. Consult with parliamentarians, PAC members, and other stakeholders in identifying potential audits
3. Prepare a multi-year audit plan outlining planned audit activity
4. Increase the number of performance and program audits, and increase their proportion of the overall work program to 70 percent
5. Liaise with the Accountant General to finalize audits of late government accounts as quickly as possible
6. Focus the content of Annual Accounts audit reports on matters of significance to parliamentarians
7. Establish an effective mechanism to follow-up implementation of audit recommendations

2. Implement and consistently apply INTOSAI auditing standards and new audit methodologies to improve the quality, efficiency, and effectiveness of our work.

1. Adopt audit selection and scoping approaches that identify significant, relevant matters of concern to Parliament and the public
2. Integrate IT tools and techniques in audit work processes
3. Introduce electronic working papers; e.g., CaseWare, TeamMate
4. Revise/streamline audit processes to improve efficiency
5. Update manuals and methodology for all audit practices
6. Adopt standardized templates to facilitate conformance with ISSAIs
7. Improve quality control systems at the office and individual audit levels
8. Prepare audit reports that are clear, concise, and timely, and that include audit recommendations to assist management in eliminating the underlying cause of identified deficiencies
9. Conduct internal and peer quality assurance reviews of financial and performance audits to confirm conformance with audit standards

3. Increase our audit capacity and effectiveness by acquiring additional audit resources, including specialist capabilities; state-of-the art technology and tools; and the training required to apply new audit methodologies, tools, and techniques.

1. Establish a new organization structure to align with priorities and resources
2. Obtain funding for additional audit staff, including specialist positions and external consultants/experts
3. Develop specialist units within the audit office; e.g., financial audit, performance audit, human resources, and IT audit
4. Recruit persons with specialist skills; e.g., legal and IT
5. Train current staff in specialist areas
6. Train staff on the International Public Sector Accounting Standards (IPSAS)
7. Train staff on government's major IT systems such as SmartStream, SIGTAS, and ASYCUDA

4. Communicate our audit role and results clearly and directly to Parliament and the public to increase the understanding and impact of our work, and the public profile of our office.

1. Establish and implement a communications strategy covering all aspects of the office's work
2. Develop a tabling strategy to manage the timing of our work and to coordinate our reporting with Parliament's schedule
3. Appoint a senior staff member as parliamentary liaison officer
4. Appoint one or more senior staff members as technical advisors to the PAC
5. Develop a standard structure and format for financial, performance, and program audit reports
6. Issue press releases for each audit report tabled in Parliament
7. Identify a senior staff member as communications/public relations officer to engage with the press and public, and to put a 'face' to the audit office
8. Enhance the audit office website to be more interactive with users; update the website information frequently, including posting audit reports

Office of the Director of Audit

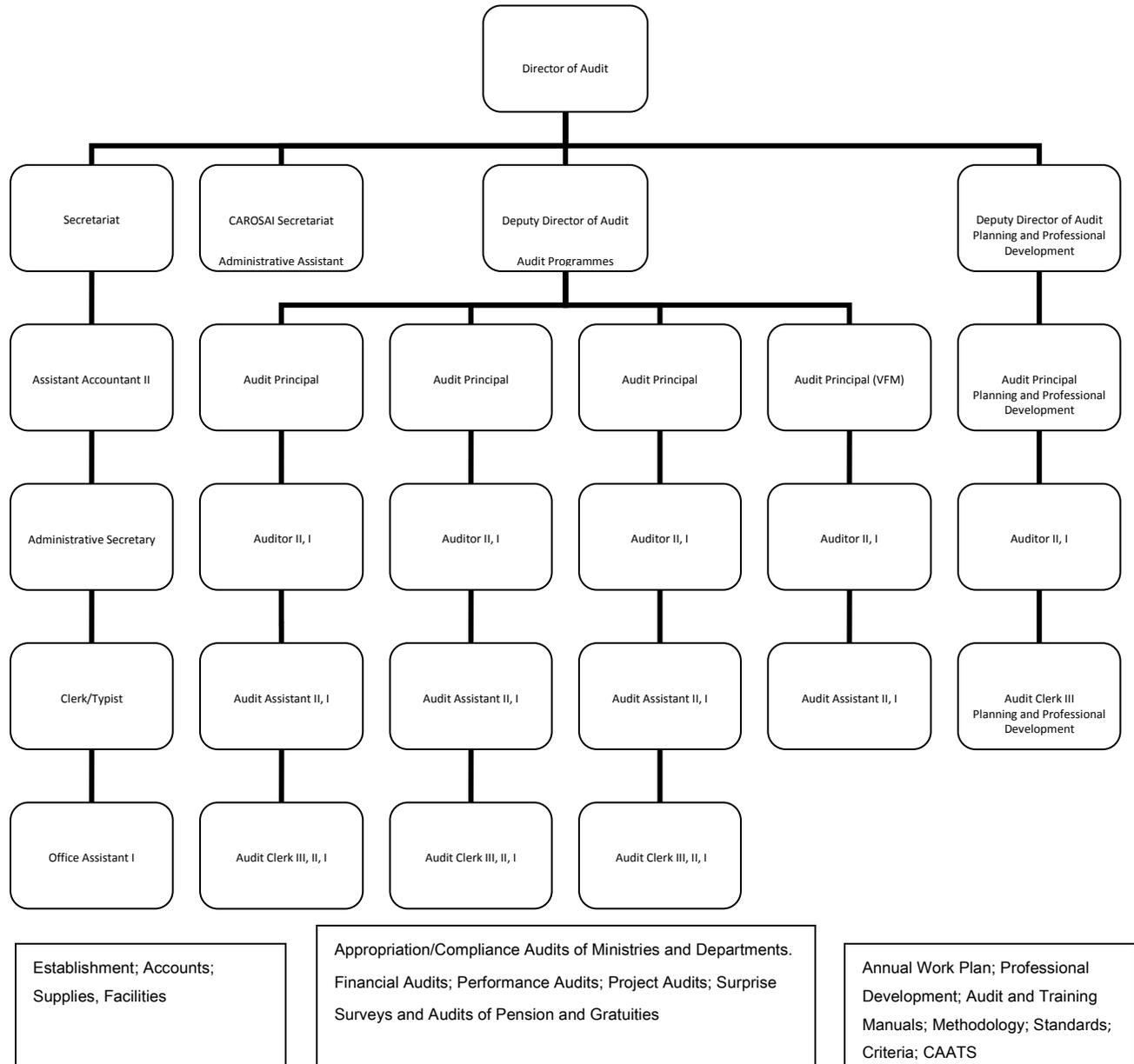
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SECTION I

ORGANIZATIONAL STRUCTURE

1.1 For the financial year, the Office had twenty eight (28) staff members including five (5) support staff, although the structure calls for thirty five (35). The organization structure is made up as follows:



Financial, Operational Performance and Audits

- 1.2 Reports from all of our audits provide management with credible information to improve performance of government organizations. We provide assurance/financial audit reports on the financial statements of the Government of St. Lucia which centers on the central government ministries and departments. We also provide those reports to the World Bank on the use of loan and grant funds. We also examine transactions for compliance with legislation as well as to determine whether the program objectives were met.
- 1.3 In addition, we examine whether money has been expended without due regard to economy (*the acquisition at the lowest cost and at the appropriate time, of human and material resources in appropriate quantity and quality*) or efficiency (*the conversion in the best ratio, of resources into goods and services; or*
- 1.4 *satisfactory procedures have not been established to measure and report on the effectiveness of programme (the achievement to the best degree, of the objectives or other intended effects of a programme, an organization or any activity) where such procedures could appropriately and reasonably be implemented.*

Administration, Accounts and Secretarial Support Services

- 1.5 The Audit Office must be equipped with the right people, process and tools to support achieving its goals efficiently. Adequate and appropriate human resources, information technology, and finance, play a critical role in enabling our auditors to focus on achieving the office's goals.
- 1.6 The Accounts Section is responsible for financial management, including preparing the Office's budget, keeping the financial records, reconciling the accounts and paying bills.
- 1.7 The Secretariat is responsible for records management and correspondence and the Deputy Director of Planning and Administration is responsible for all administrative matters including managing space, leave and other services.

Planning and Professional Development Section

- 1.8 The Planning and Professional Development Section is responsible for ensuring that staff members have the necessary information technology resources and the office uses the appropriate audit methodology to conduct audits. The section is also responsible for ensuring that information technology resources are efficient and secure.

BUDGET

1.9 For the financial year 2012/2013 the Government of Saint Lucia approved a budget of \$1,891,700 for the Office of the Director of Audit. Of this amount \$1,572,141.00 was allocated for salaries.

1.10 The programme detail estimated and actual expenditure for the financial year 2012/2013 comprised the following:

CODE	Details of Expenditure	ANNUAL ESTIMATES 2012/2013	ACTUAL 2012/2013
01	Audit Administration		
101	Personal Emoluments	295,777	284,990
102	Wages	6,536	6,271
105	Travel and Subsistence	8,004	8,004
109	Office and General Expense	24,936	60,288
113	Utilities	110,000	129,053
115	Communication	3,000	5,897
116	Operating and Maintenance Services	27,937	35,197
118	Hire of Equipment and Transport	800	300
	TOTAL PROGRAMME EXPENDITURE	476,990	530,000
02	Audit Operations		
101	Personal Emoluments	1,276,364	1,159,600
105	Travel and Subsistence	132,150	100,827
108	Training	4,000	1,708
115	Communication	2,196	2,196
	TOTAL PROGRAMME EXPENDITURE	1,414,710	1,264,330
	TOTAL AGENCY EXPENDITURE	1,891,700	1,794,330

Work Plan for Performance Audits 2012/2013

Goal 1: To conduct quality performance audit using best practice methodology

Goal 1 Overall Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
1.1) To conduct a performance audit on the Boys Training center for which an audit plan incorporating best practice methodology was used.	<ol style="list-style-type: none"> 1. Present audit team with audit plan, ALM and other documents prepared by CCAF fellow for executing audit on return to the Office 2. Disseminate information to team by holding team meetings and consultations 3. Execute audit according to plan 4. Prepare Report on results of audit 5. Provide feedback to CCAF 	<ul style="list-style-type: none"> • Quality of audit findings and analysis • Sufficiency and appropriateness of audit evidence • Quality of audit reports produced by individual team members • Extent to which audit objectives are met • Ease in carrying out audit steps • Feedback from stakeholders 	<ul style="list-style-type: none"> • Survey Report and Audit Plan • Audit Programmes • Interview reports • Working paper files • CCAF training material • Other reference materials and publications 	July 2012 to March 2013	Director of Audit (DA) Deputy Director of Audit (DDA) Audit Principal (AP) Audit Team
1.2) Adopt a risk based approach to conducting performance audits	<ol style="list-style-type: none"> 1. Adaptation of Templates 1-3 of CAROSAs Risk Based Approach for Financial Audits for use in the pre-planning phase of the performance audit 	<ul style="list-style-type: none"> • Identification and evaluation of appropriate risks • documentation on entity 	<ul style="list-style-type: none"> • Completed Risk-based approach templates 1-3 • Risks identified and actions taken to mitigate those risks 	July 2012	DDA AP Audit Team

Work Plan for Performance Audits 2012/2013

Goal 1: To conduct quality performance audit using best practice methodology

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
1.3) Carry out a quality assurance review of the performance audit on the Boys Training Center	1. Prepare documentation for audit	<ul style="list-style-type: none"> • Feedback provided to management • Findings of the audit • Implementation of recommendations in subsequent audits 	<ul style="list-style-type: none"> • Audit plan • CAROSAI Quality Assurance Handbook • Working Paper files • Quality Assurance Report 	March 2013	DDA QAR team
2.1 To use the Audit Logic Matrix (ALM) in the planning process of the bio medical waste management audit	2. PA team to prepare, update and use the ALM for current audit on biomedical waste management	<ul style="list-style-type: none"> • How well the team used the Audit Logic Matrix in the planning, examination and reporting phases of the audit • Audit Plan linked to ALM • Time taken to complete the audit 	<ul style="list-style-type: none"> • Preliminary survey material • Technical reports • Research material • Audit Plan • Audit programs • Audit Logic Matrix updated when necessary 	April to July 2012	AAC AP Audit Team

Work Plan for Performance Audit Section 2012/2013

Goal 2: . To Integrate Environmental Issues in Performance Audits

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
2.2 To continue current Performance Audit with an environmental focus.	1. Continuation of pilot audit on bio-medical waste disposal	<ul style="list-style-type: none"> • Impact of report • Extent of acceptance and implementation of audit recommendations 	<ul style="list-style-type: none"> • OAG training material • CCAF training material • INTOSAI training material • WPF compilation • WGEA Website • Survey report/Audit Plan • Audit Programmes • Audit Working Paper files • Audit Report 	AAC Meetings March 2012, May 2012	DA DDA AP Audit Team

Work Plan for Financial Audits 2012/2013

Goal 1: Improve staff proficiency in auditing financial statements of World Bank funded projects and GOSL accounts

<p>1.1) Increase skill set/job competency in auditing the Financial Statements of World Bank funded projects and GOSL accounts.</p>	<p>1. Conduct one (1) day orientation exercise one (1) month before financial statements are received;</p> <p>2. On-going working sessions with team members;</p>	<ul style="list-style-type: none"> • Number of employees in attendance; • Number of activities included in the orientation exercise; • Staff support and enthusiasm; • Application of concepts in executing the audit; Length of time taken to complete tasks assigned; • Number of working sessions held; 	<ul style="list-style-type: none"> • Operations Manual; • Terms of reference for auditors • Loan/Credit Agreements; • Project Appraisal Documents • World Bank Guidelines (Procurement/ Selection and Employment of Consultants • Past audit reports on the financial statements; • Revised Laws of Saint Lucia Cap, 15.01 (FR, PSR, FA); • Attendance Sheet; • Training material; 	<p>April – September 2012</p>	<p>DDA – PD Audit Principals</p>
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Work Plan for Financial Audits – 2012/2013

Goal 2: To Improve the Quality of the Working Papers and the Audit Reports

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
2.1) Improve the planning process to ensure that statutory requirements are met within statutory deadlines.	<ol style="list-style-type: none"> 1. Conduct follow-up exercise of the prior year audit findings. 2. Plan the audit in accordance with the requirements of INTOSAI Standards; 3. Prepare audit plan at least two (2) weeks before commencement of the audit; 4. Review and/or update audit programs before commencement of the audit; 5. Conduct the audit and issue an opinion within three (3) months of receiving the financial statements; 	<ul style="list-style-type: none"> • Degree of staff familiarization with the INTOSAI Standards; • Application of INTOSAI Standards when planning the audit; • Number of audit programs reviewed and/or updated; • Length of time taken to executive the audit and issue the report (actual vs budgeted time); 	<ul style="list-style-type: none"> • INTOSAI Standards • Revised Laws of Saint Lucia Cap, 15.01 (FR, PSR, FA); • Approved audit plan; • Approved audit programs; • Completed task analysis reports; • Job progress reports; • Prior year audit reports; 	April – September 2013	DDA Audit Principal Team Members

Work Plan for Financial Audits – 2012/2013

Goal 2: To improve the quality of the Working Papers and Audit Reports

<p>2.2) Improve the quality of the working papers and the audit report.</p>	<ol style="list-style-type: none"> 1. Assessment of prior year working papers to determine areas for improvement; 2. Conduct a half-day training exercise on compilation of working papers (evidence gathering, cross referencing and reporting); 3. Conduct a half-day training exercise in report writing; 4. Develop standardized checklist for working papers; 5. Conduct one-on-one working sessions with staff during the performance of the audit; 6. Discussion with DA on improving the quality of audit report; 	<ul style="list-style-type: none"> • Quality of the working papers; • Sufficiency and appropriateness of evidence gathered; • The extent to which objectives of the audit programs are met; • Ease in carrying out audit steps; • Quality of reports produced by individual team members; • Types of reviews given to staff; • The number of one-on-one sessions held with staff; • Staff enthusiasm and understanding; • Application of concepts in preparing the working papers; 	<ul style="list-style-type: none"> • Audit manual; • Training material; • Working papers; • Past Audit Reports; 	<p>April – September 2012</p>	<p>April – September 2012</p>
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Work Plan for Training and Professional Development for the Financial Year 2012/2013

Training and Professional Development

Goal 1. Overall Objectives To Improve Staff Performance and job competencies	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
1.1) Provide training workshops and on-the job training relevant to staff needs	<ol style="list-style-type: none"> 1. Execute training programs in response to staff needs obtained from the assessment. 2. Seek technical assistance as well as funding to implement training programs in specific selected topics based on needs assessment. 3. Coordinate with MOP for training opportunities available to staff. Continually update orientation programme developed for new staff. 4. Evaluate/determine the training needs of staff on a periodic basis. 5. Seek training for staff in SIGTAS/ASCQUDA/and other computer software 	<ul style="list-style-type: none"> • Number of training programmes delivered • Number of staff trained. • Activities included and implemented in the training plan • Technical assistance received • Number of Ministry of the Public Service sponsored workshops attended by staff Results of training needs assessments 	<ul style="list-style-type: none"> • Staff personal files. • Training needs assessment. • Input from staff and management • Funding available from the World Bank Project • Ministry of the Public Service • Estimates (Training funds available) for 2012/13 for the Office of the Director 	April 2012 – March 2013	DA DDAs Audit Principals

Work Plan for Training and Professional Development for the Financial Year 2012/2013

Training and Professional Development

Goal 1. Overall Objectives To Improve Staff Performance and job competencies	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
1.2) Provide staff with updated audit tools and documentation	<ol style="list-style-type: none"> 1. Update Audit Manual 2. Update Audit programs. 3. Update professional bulletins 4. Develop computer software manuals 5. Make available a customized Risk based auditing templates 1- 3 6. Make available the Quality Assurance Manual (QAR) to staff 	<ul style="list-style-type: none"> • Updated Audit Manual • Number of audit programmes updated and kept current • Professional bulletins updated (topics and contents) • Number of QAR audits conducted • Number of audit conducted using the risk-based auditing template 1-3 	<ul style="list-style-type: none"> • Audit manual • Audit programmes • QAR manual • Risk-based auditing templates 1-3 	April 2012 – March 2013	DDA Audit Principals Other Staff

Work Plan for Training and Professional Development for the Financial Year 2012/2013

Training and Professional Development

Goal 2 To increase the number of staff with professional qualifications	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
2.1) Assist staff in obtaining professional designations	<ol style="list-style-type: none"> 1. Develop a structured learning and development program to support ACCA 2. Provide two hour sessions to students 3. Provide mentoring to those writing exams 	<ul style="list-style-type: none"> • Number of staff assisted • Success rate of staff at examination • Number of 2 hr tuition sessions conducted 	<ul style="list-style-type: none"> • Examination results 	On-going	DDA – Planning and Professional Development Audit Principals

Work Plan for Operational Audits for the Financial Year 2012/2013

Operational Audits – Complete all audits by the end of the financial year

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
1.1) To Improve the quality of audit planning and reporting for Operational/Program audits by March 2013.	<p>1. Workshop style meetings for Senior Management to develop Audit Methodology on operational/program audits and determine guidelines for audit planning process. (Adoption of Templates 1 – 3 of risk based approach for auditing.)</p> <p>2. Training session on guidelines for report writing for Operational/Program audits. (learning by doing)</p>	<ul style="list-style-type: none"> • Number of meetings/sessions held • The extent to which the knowledge acquired is put into practice • Acceptance and implementation of our recommendations • Stakeholder feedback 	<ul style="list-style-type: none"> • INTOSAI standards • GOSL Regulations • Audit manual • Generally Accepted Auditing Standards • Best practices by other SAIs 	October 2012 - March 2013	Director of Audit Deputy Director of Audit Audit Principals

Work Plan for Operational Audits for the Financial Year 2012/2013

Operational Audits – Complete all audits by end of the financial year

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
	3. Reduce on time taken between the completion of Audit working paper file and report submission to DDA and DA. - develop time Saving measures (interim reviews)	<ul style="list-style-type: none"> • Number of meetings/ sessions held • The extent to which the knowledge acquired is put into practice • Acceptance and implementation of our recommendations • Stakeholder feedback 	<ul style="list-style-type: none"> • INTOSAI standards • GOSL Regulations • Audit manual • Generally Accepted Auditing Standards • Best practices by other SAIs 	October 2012 - March 2013	Director of Audit Deputy Director of Audit Audit Principals

Work Plan for Operational Audits for the Financial Year 2012/2013

Operational Audits – Complete all audits by end of the financial year

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
<p>2.1) To complete all Operational/Program audits by March 2013.</p>	<ol style="list-style-type: none"> 1. Assemble audit team with persons who have capabilities, knowledge and core competencies to execute audit efficiently. 2. Plan audits with due regard for timeline and staffing needs and other external factors which may affect audit (eg. sick leave, study leave etc.) 3. Ensuring all team members understanding the assignments given and effectively communicating to staff about the assigned tasks. 	<ul style="list-style-type: none"> • Number of audits completed within financial year • Number of Audits done within budgeted time • How often work is reviewed • How many team meetings are held • How many progress reports are submitted • Whether or not work is submitted on or near schedule. 	<ul style="list-style-type: none"> • Working Paper files (Audit plan - Task assignment and budget • Time sheets • Job progress reports 	<p>October 2012 - March 2013</p>	<p>Director of Audit</p> <p>Deputy Director of Adut</p> <p>Audit Principals -</p>

Work Plan for Financial Audits 2012/2013

Operational Audits – Complete all audits by end of the financial year

Goal 1 Objectives	Activities	Measures of Effectiveness	Data	Time-frame for Assessing Progress	Staff Responsible
2.1) To complete all Operational/Program audits by March 2013.	4. Monitoring of staff more closely to ensure that the assigned tasks are completed within budget.	<ul style="list-style-type: none"> • Number of audits completed by the deadline • Number of hours used in excess of the budget 	<ul style="list-style-type: none"> • Progress report • Time sheet • Audit plans 	ongoing	Audit Principals

SUMMARY WORK PLAN 2012/2013

GOAL	AUDIT CLIENTS	STATUS
<u>Conduct our audits efficiently, competently and impartially with due regard to the application of acceptable professional auditing, accounting and ethical standards</u>		
<u>Operational Audits</u>		
Contracts – Hurricane Tomas	Ministry of Infrastructure	Rescheduled
Follow up Child Maintenance	Ministry of Justice	Completed
Independence Day Activities	Prime Minister’s Office	Completed
Salaries and Allowances to Ministers	Parliament Office	Rescheduled
Disposal of Obsolete Chemicals & Waste Chemicals	Ministry of Agriculture	Rescheduled
Overtime Payments	Customs & Excise	Rescheduled
Government Procurement Processes – Storeroom Expenditure	Ministry of Finance	Ongoing
	Various Ministries and Departments	Completed
<u>Performance Audits</u>		
Bio Medical Waste Management Practices Boys Training Centre		Completed Ongoing
<u>Financial Statement Audits</u>		
To conduct audits of the financial statements of the GOSL, World Bank funded projects and statutory bodies in guidance with the International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI) and to issue appropriate opinions in accordance with the World Bank Guidelines, the stated accounting policies of the GOSL and the IFRS.		
OECS Skills for Inclusive Growth	Ministry of Education/PCU	Completed
Hurricane Tomas Emergency Recovery Project	Ministry of Finance/PCU	Completed
Public Service Enhancing	Public Service/PCU	Completed
Second Disaster Management Project	Finance/PCU	Completed
Government of St. Lucia Accounts	Accountant General	Completed
Saint Lucia Bureau of Standards (SLBS)	SLBS	Completed
<u>Foreign Mission Audits</u>		
London High Commission	Ministry of External Affairs	Completed
Consulate Fort de France	Ministry of External Affairs	Completed in 2013/14

STAFF MOVEMENT

CONFIRMATION

1.11 An Office Assistant 1 was confirmed during the year

TRANSFERS

1.12 The CAROSAI Administrative Assistant was transferred to the Ministry of External Affairs. The officer was replaced by the Administrative Assistant from the Ministry of Housing who subsequently retired.

1.13 One officer was transferred from the Ministry of Commerce, Business Development, Investment and Consumer Affairs to the Office of the Director of Audit as Audit Assistant 1.

TRAINING

1.14 CCAF-FCVI Inc. (CCAF) is a national, non-profit research foundation, established in 1980, incorporated under the Canada Corporations Act under the name Canadian Comprehensive Auditing foundation – Fondation Canadienne pour la verification intégrée (later formally and legally changed to CCAF-FCVI).

1.15 CCAF is headquartered in Ottawa, Canada, and has been actively supporting Supreme Audit Institutions (SAIs) in the Caribbean since 1981 with funding provided by the Canadian International Development Agency (CIDA). To date, 32 participants from Caribbean audit offices have participated as CCAF ‘Fellows’, spending a nine-month period working with an audit team in the Office of the Auditor General of Canada or a provincial audit office. One officer from this Office attended the fellowship program during the year.

1.16 Through its International Legislative Audit Assistance Program, CCAF has a long-term partnership with the office of the Director of Audit and provides capacity building support to our office through several means, including in-country courses. In April 2012 the CCAF in collaboration with the Audit Office conducted a course titled ***“Accountability, Governance, Risk, Control and Reporting on Performance”***.

1.17 The course was designed to bring together the different actors in the accountability process: the Office of the Director of Audit, central government agencies and departments, and members of Parliament. A key objective of the course was to

strengthen the working relationship between these parties and to build a common understanding of each of their roles in regards to accountability and governance.

1.18 Participants gained an understanding of governance, accountability and performance reporting, as well as the interrelationships between these concepts. They also discussed how control fits within the overall the overall accountability process, and how it relates to the concept of risks. The Deputy Director of Audit – Planning and Professional Development and three Audit Principals attended.

1.19 The CCAF continued to actively support the Office of the Director of Audit during the year 2012/2013 by sponsoring three other courses including:

CCAF-FCVI – International Legislative Audit Assistant Program for Improved Governance & Accountability – Audit Logic Matrix

1.20 Members of the Performance Audit team, the Deputy Directors and one Audit Principal attended.

CCAF-FCVI – International Legislative Audit Assistant Program for Improved Governance & Accountability – Stakeholder Relations

1.21 The first program was attended by the management team, while the Deputy Director, Administration, two (2) Audit Principals and members of the Performance Audit team attended the second program. Also in attendance were major stakeholders of Parliament including members of the Public Accounts Committee (PAC) and representatives of the media houses.

Strategic Planning Workshop

1.22 All members of staff attended this workshop.

INTOSAI DEVELOPMENT INITIATIVE (IDI) SPONSORED TRAINING

1.23 At the 20th International Organization of Supreme Audit Institutions INTOSAI Congress, held in South Africa in November 2010, a comprehensive set of International Standards of Supreme Audit Institutions, ISSAIs, which cover the core audit disciplines of financial, compliance and performance audits, were adopted. The adoption of the ISSAIs represent a milestone in the strengthening of the global public sector auditing profession and will serve as a key tool for securing greater uniformity in the way public sector auditing is conducted.

1.24 The INTOSAI Development Initiative (IDI) has been given the mandate to facilitate the implementation of the standards with a comprehensive capacity building programme

for the implementation of the financial, compliance and performance audit ISSAIs at level four of the ISSAI framework. The World Bank and the IDI have entered an agreement where the World Bank will support a capacity building programme on the implementation of the ISSAIs for the period 2011-2014.

1.25 Two main objectives of the programme will be to:

- Create capacity for implementation of ISSAIs in the English speaking regions of the world.
- Facilitate target Audit Offices in the five regions in becoming ISSAI compliant in financial audit (including compliance audit) and performance audit.

During the year the IDI sponsored the following training:

IDI - Product Development Workshop for the ISSAI implementation Initiative – 3i Programme

1.26 One officer attended this workshop which was held in Norway.

E-learning Course- Risk-based Approach to Financial Audit (RBAFA)

1.27 Two workshops were held in conjunction with the United Nations Institute for Training and Research (UNITAR). Three (3) officers participated in the first cohort and four (4) officers participated during the second cohort.

3i Management Workshop for the Implementation of the International Standards for Supreme Audit Institutions (ISSAIs)

1.28 This workshop was held in Suriname and attended by the Director and the Deputy Director.

Online E-course on iCATs of the ISSAI Certification Programmes under the 3i Programme.

1.29 Three officers successfully completed this E-course.

Other Training

ACCA Workshop- Auditing made Simple

- 1.30** The Deputy Director – Planning and Professional Development and three (3) Audit Principals attended. It was funded by the Caribbean Office of the ACCA and conducted in conjunction with the Institution of Chartered Accountants of the West Indies (ICAEW).

Fiduciary Capacity Building Workshop

- 1.31** This workshop was facilitated by the Ministry of the Public Service. The Deputy Director Planning and Professional Development attended the workshop.

Case Ware Training

- 1.32** This training was funded by the World Bank under the OECS Skills for Inclusive Growth Project, and facilitated by an auditor of the Audit Office of the Cayman Islands. Fourteen (14) members of staff attended.

Review of Saint Lucia’s Human Resource Management (HRM) Legal Framework

- 1.33** A two-day Review of Saint Lucia’s HRM Legal was conducted by the Ministry of the Public Service. This workshop was funded by the World Bank under the Saint Lucia Enhancing Public Service Performance Project. The Director of Audit attended.

Performance Appraisal Workshop

- 1.34** Several one-day workshops were conducted by the Ministry of the Public Service. Various staff members attended these workshops.

Stress Management Training Programme

- 1.35** A series of half-day stress management training programmes were conducted by the Ministry of the Public Service. The Director of Audit, Deputy Directors, four (4) Audit Principals, six (6) auditors attended during four (4) such programmes.

Supervision and People Management Workshop

- 1.36** This workshop was funded and conducted by the Ministry of the Public Service. Four Audit Principals and three Auditors attended.

Ethics in the Workplace

1.37 Two half-day workshops were conducted by two Audit Principals and were attended by twenty-one (21) members of staff.

Writing Job Descriptions

1.38 The Ministry of the Public Service, Information and Broadcasting conducted a Training Workshop on Writing Job Descriptions during the period June 25 to July. The training was conducted by the Culver Group Incorporated, Canada.

1.39 The aim of the programme was to improve the quality of job descriptions produced in the Public Service. The training is designed to equip participants with the knowledge and skills required to undertake assignments of writing job descriptions and importantly, to prepare them to transfer knowledge gained to colleagues within their respective Ministries. Upon completion of the programme participants were expected to:

- gather and organize data;
- determine essential functions, knowledge, skills and abilities necessary to perform effectively on the job;
- develop standards of performance;
- understand and undertake job analyses;
- prepare job specifications;
- understand and explain the importance of a job description and be able to write proper job descriptions; and
- develop a practical guide -" how-to-do manual for job descriptions"

1.40 The Deputy Director – Planning and Professional Development attended this training. Upon completion the officer trained two (2) Audit Principals, and the Deputy Permanent Secretary in the Attorney General’s Chambers. The job descriptions for the Office were updated as a result of our participation in the training.

AUDIT OF THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF SAINT LUCIA

- 2.1** The Director of Audit provides an independent opinion on the financial statements prepared by the Accountant General. The duties of the Director of Audit are set out in Section 84 of the Constitution.
- 2.2** Section 84(2) (b) of the Saint Lucia Constitution requires the Director of Audit to audit and report on the Public Accounts of Saint Lucia. Section 3(2) of the Audit Act defines the Public Accounts to include the Accounts of Public Bodies, Statutory Bodies, and Government Companies. However, the new Finance Act passed in the House of Assembly in January 1997, defines accounts of Saint Lucia prepared by the Accountant General to mean accounts that relate directly to the Central Government. Consequently, only Central Government transactions are reported in these accounts.
- 2.3** Annual financial statements are tabled in Parliament and are referred to the Public Accounts Committee, which is supposed to report to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying Audit Report. Representatives of the Government and of the Director of Audit attend the Public Accounts Committee (PAC) review proceeding when held, to provide testimony and other information requested by the Committee.
- 2.4** Unfortunately, the Committee has not held meetings for several years. The PAC plays a very important role in the accountability process and therefore must carry out its functions in order to hold those entrusted with the responsibility to spend public monies accountable.
- 2.5** In a report issued by the National Audit Office of the United Kingdom as part of a World Bank IDF Grant for Strengthening of Fiduciary Oversight in the Caribbean through Caribbean Audit Institutions IDF Grant No. TF094361 of which the Office of the Director of Audit of St. Lucia was involved, it was noted that here in St. Lucia, as a result of the PAC not functioning, there is a thin cycle of accountability because the recommendations of the Director of Audit's reports are not likely to be implemented. One unintentional effect from the non-functioning of the PAC is to place the Audit Office 'in limbo'. Operational audit independence within the Ministry of Finance's budget means that there is no body to whom the Director is operationally accountable and that the Director has a low priority in the annual call on resources. The PAC should fulfill this role because this is the advice that links professional public sector audit into the scrutiny role of the legislature. When this role is not operating effectively it:

- reduces the beneficial impact audit work can have strengthening internal control and improving standards of financial management;
- does not encourage audit reporting improvements at the highest level;
- does not follow up recommendations at the highest level to demonstrate parliamentary impact; and
- does not consider at the highest level the business aspect of running the Audit Office effectively, efficiently and economically.

Consequently, the Parliament should make every effort to activate the PAC as soon as possible.

- 2.6** The Finance (Administration) Act requires annual accounts to be prepared, certified and submitted to the Director of Audit within three months of the financial year-end. The Audit Act provides for the Director of Audit to submit the accounts to the Minister of Finance within three months who shall cause the statements to be laid before the House of Assembly. Therefore, the legislation provides for the time frame of no more than six months for the accounts to be laid before Parliament. The Minister may by direction in writing addressed to the Accountant General extend the period within which the accounts may be transmitted and any directions must be laid before Parliament at its next meeting.
- 2.7** The Office of the Director of Audit completed the audit of the financial statements for the years 2004 to 2006. These audit reports were issued to Parliament under separate cover.
- 2.8** In that report the issue of the accounts being woefully late and the resulting impacts were identified. We also acknowledged that the Accountant General's Department is working assiduously to bring the accounts up to date.

OPERATIONAL AUDIT RESULTS

ELECTORAL DEPARTMENT

BACKGROUND

- 2.9** The Electoral Department is the entity charged with the administration of the Elections Act, Cap 1.02 of the Revised Laws of Saint Lucia 2008, subject to control and direction of the Electoral Commission.
- 2.10** The Chief Elections Officer responsible for the Electoral Department takes all appropriate measures in accordance with the Elections Act for the registration of electors in each electoral district and for the conduct of the election of members to the House.
- 2.11** To effectively deliver its mandate the Electoral Department needs adequate financial resources. Like all Ministries and Departments, the Electoral Department's budget is approved by the Ministry of Finance and funds are appropriated by Parliament.

AUDIT OBJECTIVE

- 2.12** The Office of the Director of Audit conducted an audit of the financial activities of the general elections. The objective was to determine whether the funds expended were authorized, used for the purposes intended and properly accounted for in the central government's accounts.

SCOPE AND METHODOLOGY

- 2.13** The audit focused on the period April 01, 2011 to March 31st, 2012.
- 2.14** We were guided by the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) in conducting this audit. The key tasks associated with the audit approach involved examining documentation, systems and processes, reviewing policies, procedures and regulations and interviewing staff. We also, documented the internal controls in place and tested for breaches and or weaknesses in the internal control systems.

AUDIT FINDINGS AND CONCLUSIONS

- 2.15** The audit determined that there was inadequate funding for some general elections activities and a lack of adequate internal controls governing the accounting operations of the Department.
- 2.16** These weak controls included lack of segregation of duties, un-reconciled accounts, plant and equipment register was not maintained in the prescribed format; and there were instances where expenditure was not authorized.
- 2.17** In addition, the Electoral Department purchased voting stamps with the intention of reducing spoilt votes but these stamps were not used because the Department had not obtained Parliamentary approval.

DETAILED AUDIT FINDINGS

INADEQUATE FUNDING

- 2.18** For the financial year 2011/2012 the Department prepared and submitted a budget of \$2,379,229.89 to the Office of the Budget, Ministry of Finance for approval. The budget categorized expenditure into three phases as follows:

Phase one	- \$ 713,338.43
Phase two (Pre-election activities/registration of voters)	- \$ 245,133.46
Phase three (General Elections)	- <u>\$1,420,758.00</u>
Total:	\$2,379,229.89 =====

- 2.19** We noted that the Office of the Budget approved an amount of \$2,000,000 under the capital head 1402209-0200000-1004 for the financial year 2011/2012. This amount was \$379,229.89 less than the amount that was submitted for approval. We noted that the Electoral Department incurred expenditure of \$2,421,129.04 or 1.75% higher than the original budget.
- 2.20** The audit found that the Department incurred expenditure for which monies were not allocated. In addition, the Department incurred expenditure in excess of the original budget for some activities.

I. Subsistence paid to police officers accounted for a significant portion of the budget

- 2.21** Police officers are required at each polling station to maintain public order and to create a favorable climate in which democratic elections can take place.
- 2.22** The Department budgeted an amount of \$81,000.00 (1,800 persons@\$45.00 each) for payment of subsistence to police officers and polling station staff. The total estimated polling station staff was 1,253 at a total subsistence of \$56,385.00; and 547 police officers at a total subsistence of \$24,615.00.
- 2.23** In discussions with the Electoral Department we learned that the Department was not informed in advance of the total number of police officers who would be assigned to work on elections day.
- 2.24** Total subsistence paid to police officers amounted to \$78,117.06 or 96% of the total budgeted amount. We were unable to determine with certainty the number of police officers for which subsistence was provided. However, from the invoices examined we calculated that 1,214 breakfasts, 1,474 lunches and 1,381 dinners were provided for police officers; in all instances more than twice the number that was budgeted.

II. Additional staff was hired for which budgetary provision was not made

- 2.25** Additional expenditure was incurred because six clerks and one driver were hired for registering voters. The six clerks were hired for the period November 10 -30, 2011 and three of these clerks were retained for the period December 1, 2011 to February 29, 2012. The driver was hired for the period August 2011 to July 2012. The total cost incurred for salaries for these additional staff was \$38,696.62

III. Payment of special allowances in excess of the original budget

- 2.26** In a memorandum to the Accountant General dated February 4, 2012, the Chief Elections Officer informed the Accountant General that the Electoral Commission approved payment of a special allowance to senior officials of the Electoral Department. These officers were required to work long hours, assist with the workload and supervise those involved in the process during the period leading up to and after the election period. The senior staff members identified was the Chief Elections Officer, Deputy Chief Elections Officer, Assistant Chief Elections Officer, Assistant Accountant and Electoral Commission members.

2.27 A special allowance at a rate of \$1,000 per person for six persons amounting to a total of \$6,000.00 was included in the original budget. We verified that the Chief Elections Officer and the Deputy Chief Elections Officer were paid \$4,000 each and the Assistant Chief Elections Officer, Assistant Accountant and the three members of the Electoral Commission were paid \$3,500 each. The total amount paid was \$18,500 which was \$12,500 more than the original budget. We noted that a letter dated February 9, 2012 from the Cabinet Secretary indicated that approval was granted for the payment of \$3,500 as special allowance to the Electoral Commission members.

IV. Purchase of Equipment for which no provision was made in the budget

2.28 The original budget detailed the type of equipment and quantity that were required; however, the Department purchased additional equipment costing \$30,871.51 for which funds were not budgeted.

Recommendations

2.29 The Department should be given the funds requested to enable it to effectively carry out the election activities.

2.30 The Department should liaise with the Police Department to obtain an estimation of the number of police officers that it plans to deploy for elections in order to develop a realistic budget for subsistence.

2.31 The Department should properly plan its activities in order to clearly identify its budgetary needs.

LACK OF ADEQUATE INTERNAL CONTROLS

2.32 Internal controls consists of all measures taken by management for the purpose of protecting its resources against waste, fraud and inefficiency; ensuring accuracy and reliability in accounting and operating data; securing compliance with the policies and evaluating the level of performance in the organization.

2.33 We noted instances where internal controls were inadequate.

I. Segregation of duties

- 2.34** Segregation of duties is an internal control measure intended to prevent or decrease the occurrence of errors or intentional fraud. This is done by ensuring that more than one person is involved in all phases of a transaction.
- 2.35** The accounts section of the Electoral Department comprised an Assistant Accountant and two Accounts Clerks.
- 2.36** In discussion with the Assistant Accountant we were informed that both Accounts Clerks were authorized to create purchase orders, receive goods and create invoices for payment. The Assistant Accountant was responsible for approval of purchase orders and invoices.
- 2.37** We observed that at times one officer was responsible for creating the purchase order, receiving the goods and creating an invoice for payment. Consequently, there was no segregation of duties in those instances. This practice increased the department's susceptibility to risk of error. We must emphasize that notwithstanding the size of the department it can still manage to establish effective segregation of duties.

II. Reconciliation of accounts

- 2.38** It is important for financial information to be accurate, complete and consistent. Therefore, it is important to reconcile the accounts because reconciliation assists in identifying and correcting errors.
- 2.39** The capital expenditure account 1402209-0200000-1004 for general elections was not reconciled. Total expenditure computed as per invoices and journals was \$2,257,036.11 while the amount recorded in the Accountant General's accounts was \$2,421,129.04.
- 2.40** The Accountant could not provide us with an explanation for the difference of \$164,092.93. Therefore, we were unable to determine whether the expenditure reported by the Accountant General's Department was accurate.
- 2.41** We also noted that reallocation warrant number 140 for an amount of \$129,037.46 was not posted in the Accountant General accounts.
- 2.42** Had the accounts been reconciled these deficiencies would have been identified and corrected.

III. List of specimen signatures was not provided

- 2.43** A list of specimen signatures for persons authorized as approvers, certifiers and receivers was not presented for auditing. As a result, we were unable to determine

whether persons who approved, certified or received goods were authorized to do so and whether the expenditure incurred was authorized.

IV. Recording of plant and equipment

2.44 The Revised Laws of St Lucia Cap 15.01 (Procurement and Stores Regulation) No. 43 (1) requires that all items of plant and equipment be entered in a Plant and Equipment Register in which shall be recorded:

- (a) the description of the plant or equipment;
- (b) the name of the manufacturer;
- (c) the registration and serial numbers;
- (d) the date receive;
- (e) the source of supply;
- (f) any period of warranty; and
- (g) ancillary equipment and spares supplied

2.45 The audit revealed that equipment totaling \$311,604.68 was purchased during the financial year. See attached list.

2.46 We requested a copy of the department's Plant and Equipment Register. We were given a register in which items such as toilet paper, furniture polish and air freshener were recorded in addition to office equipment. The register captured the date received, particulars, quantity received, and issued as well as the section to which the items were issued.

2.47 In our opinion, the register did not contain the requirements of the Procurement and Stores Regulation. Therefore, it did not qualify as an equipment register.

V. No documented evidence was seen for mileage paid

2.48 To ascertain whether claims for mileage were correct and that the miles claimed were actually travelled, the Electoral Department should require a certified statement of the places visited, dates and distance travelled and the nature of the duties performed. Responsibility for the correctness of the claim should rest with the officer making the claim.

2.49 We noted instances where mileage claims were made and paid but a certified statement of the places visited, dates and distance travelled and the nature of the duties performed was not submitted by the officer making the claim. By not obtaining this information the Department did not satisfy itself that the payments made to the persons listed in the table below were for legitimate travel expenditure.

Position	Mileage paid
Election Clerk	300 miles
Election Clerk	288 miles
Election Clerk	300 miles
Returning Officer	400 miles

VI. No evidence was seen to substantiate whether services were acquired at the best possible prices

2.50 In incurring expenditure on behalf of the Government the Department should obtain goods and services at the best possible prices. This would ensure that public funds are expended with due regard to economy.

2.51 The Department had a one day retreat for staff (42 staff members) on December 29, 2011 at Sandals Halcyon, at a total cost of \$10,650.00.

2.52 We were informed by the Assistant Accountant that prices for this event were obtained from the Coconut Bay Resort and Sandals Halcyon. The quotation from Coconut Bay Resort was received over the phone and was cheaper than Sandals Halcyon; however, the date requested was not available. We did not see the price quotation submitted by Sandals. Normal procurement practices for services require that at least three quotations should be obtained in writing. This would ensure transparency and give assurance that services were contracted with due regard to economy.

2.53 In order to establish adequate internal control and reduce the Department's vulnerability to fraud, loss and abuse we recommend the following:

Recommendations

- 2.54 The department should reconcile the capital expenditure account 1402209-0200000 - 1004
- 2.55 Where appropriate, controls where the cost may exceed the benefit should be established to compensate for the size of the accounting department.
- 2.56 A Plant and Equipment Register should be maintained in the prescribed form according to the Revised Laws of St. Lucia (Procurement and Stores Regulations) No. 43.
- 2.57 All information should be properly filed so that it can be easily retrieved when needed.
- 2.58 The Department should obtain a certified statement from officers claiming mileage. The statement should indicate the place visited, dates and distance travelled and the nature of the duties performed.
- 2.59 At least three quotations should be obtained for procuring goods and services and they should be filed for record keeping.

UNAUTHORIZED EXPENDITURE

I. Officers received relocation allowances to which they were not entitled

- 2.60 Relocation of a public officer means his transfer from one work station to another that is so far removed from his normal place of work, or his normal place of abode, that such officer is required to take up residence or maintain a separate place of abode, at the location of the new work station. [*Cabinet conclusion #765 of 1995 and Memorandum dated May 28, 1995 by Ministry of Personnel, Establishment and Training*].
- 2.61 Relocation is classified into four categories namely temporary, short-term, long-term and permanent. In this report the definition of temporary and short-term will be explained.
- 2.62 Temporary relocation applies when an officer is transferred to work a station that requires the maintenance of a separate place of abode, for a period of three months or less. Short-term relocation applies when an officer is transferred to a work station that requires the maintenance of a separate place of abode for a period exceeding three

months but not exceeding six months. [*Cabinet conclusion #765 of 1995 and*

Memorandum dated May 28, 1995 by Ministry of Personnel, Establishment and Training].

- 2.63** According to Cabinet Conclusion number 765 of 1995 (No. 6 and 7) officers on temporary relocation should be paid a subsistence allowance at current rates and officers on short-term relocation should be paid a relocation allowance of \$500.00 effective June 1, 1995.
- 2.64** Examination of documents revealed that persons employed as Out-door Registration Supervisors and Registration Clerks were required to work at another work station for a period of seven or fourteen days in the months of August and September. These employees were paid subsistence at the current rate and relocation allowance of \$500.00. From the sample examined we observed that one officer was paid three separate allowances of \$500.00 during the period August 8 to September 8, 2011.
- 2.65** As previously stated officers on short-term relocation should be paid a relocation allowance of \$500.00 for the full duration of the relocation period and officers on temporary relocation are entitled to subsistence allowance. Based on this information the officers paid relocation allowance did not qualify to receive this allowance.
- 2.66** Since all reallocation period qualified as temporary relocations that is within less than three month, then only subsistence allowances should have been paid to these officers.

II. Officers were paid overtime for which they were not entitled

- 2.67** According to the Collective Agreement between the Government of Saint Lucia and the Civil Service Association overtime is payable to the staff at present eligible for overtime and to other agreed upon between the employer and the Association from time to time. This section has remained unchanged since the 1986/92 collective agreement.
- 2.68** The Ministry of the Public Service in a letter dated February 5, 2001 to the St Lucia Civil Service Association clarified the grades at which officers were entitled to receive overtime. According to the letter, at the completion of the reclassification exercise the newly classified grade 7 was identified as the highest grade of staff eligible to receive overtime.
- 2.69** Therefore, only officers at grade seven and below were entitled to receive overtime.

2.70 The audit found that two officers one a Civic Voter and Education Officer at grade 11 and another, a Systems Network Administrator at grade 9 were paid overtime totaling \$6,409.71 and \$6,424.17 respectively. The Department stated that these officers were entitled to the overtime because they were paid under wages. However, we saw no evidence in the collective agreements between the Government and the various unions to suggest that all persons under wages irrespective of their grade should be paid overtime.

2.71 We are of the view that this overtime should not have been paid. The officers should have been given time off in lieu of overtime.

III. Rental charges paid for polling stations were not in accordance with the existing legislation

2.72 Revised Laws of Saint Lucia Cap 1.02 Elections Regulations Section 51 states that each polling station or registration centre rented for polling day or registration of electors shall be paid a sum not exceeding \$150.00.

2.73 The Elections Regulations Section 51 was amended in 2006 by Statutory Instrument No. 173 of 2006. The amount of \$40.00 for rental was deleted and substituted by the amount of \$150.00.

2.74 The total sum spent on rental for general elections 2011 was \$11,350.00. The cost of rent ranged from \$300.00 to \$3,250.00.

2.75 These amounts were not in keeping with the Elections Regulation Section 51 which requires that an amount not exceeding \$150.00 shall be paid for each polling station or registration centre rented for polling day or registration of electors.

Recommendations

2.76 Relocation allowances should be paid only to persons who qualify to receive such allowances in accordance with existing policy.

2.77 Overtime payment should be paid only to officers who are eligible according to the Collective Agreement between the Government of Saint Lucia and the Unions.

2.78 In the future, the Department should seek an amendment to the Elections Regulations to increase the rental fee to reflect the prevailing market rates for rental of properties.

VOTING STAMPS PURCHASED WERE NOT USED

- 2.79** It was the intention of the Electoral Department to change the way that voting was done and make it more efficient. In this regard, it was decided that voting stamps would be used which would assist in reducing the number of spoilt votes. Parliamentary approval was required to use the stamp.
- 2.80** The Department proposed the use of voting stamps to the Prime Minister in May 2011. The Department did not receive the approval from Parliament for use of the voting stamp because Parliament did not meet. Nonetheless, the stamps were purchased at a cost of \$24,000 in June 2011. Consequently, the Department was not able to use the stamps for the 2011 general elections.

Recommendation

- 2.81** In future, items requiring Parliamentary approval should be purchased only after the approval is received.

Listing of Equipment Purchased

Description of Item	Quantity Purchased	Total Cost
Ballot Boxes	600	\$72,192.40
HP Desktops	6	\$14,100.00
Terastation	1	\$6,454.56
HP Fax Machine	1	\$450.00
HP Elite Laptops	3	\$12,110.39
Kyocera Copier/printer	1	\$59,284.75
Cisco Wireless Router	1	\$345.00
Infocus Projector	1	\$1,995.00
Dell Server	1	\$6,999.00
HP Scanjet	3	\$1,939.95
Liebert GXT3 UPS	1	\$21,646.95
Valcam Cameras	3	\$19,047.78
Camera umbrellas	3	\$1,159.84
Valcam Tripods	3	\$1,038.48
Custom Laminate	1	\$63,575.46
Finger Print Scanners	3	\$5,241.96
Card Printers	2	\$17,388.16
Voice Recorder	1	\$250.00
Shredder	1	\$2,692.00
Compaq Laptops	2	\$3,498.00
Canon Adding Machine	1	\$195.00
Grand Total		\$311,604.68

FAMILY COURT

BACKGROUND

- 2.82** The Family Court is a magisterial court of record which includes on its schedule the following pieces of legislation:
- Revised Laws of St. Lucia, Cap. 2.03, Family Court Act;
 - Revised Laws of St. Lucia, Cap. 3.09 Children and Young Persons Act;
 - Revised Laws of St. Lucia, Cap 4.08 Affiliation Act No. 33;
 - Revised Laws of St. Lucia, Cap. 4.06 Separation and Maintenance Act;
 - Revised Laws of St. Lucia, Cap. 4.09 Attachment of Earnings (Maintenance) Act; and
 - Revised Laws of St. Lucia, Cap. 4.04 Domestic Violence (Summary Proceedings) Act.
- 2.83** The Director of Family Court is responsible for the overall responsibility of its day-to-day operations.
- 2.84** The Legal jurisdiction of the Court includes:
- Child Maintenance;
 - Spouse Maintenance;
 - Domestic Violence;
 - Attachment of Earnings;
 - Juvenile (care and protection and juvenile offences);
 - Custody;
 - Access and Visitation; and
 - Mediation.
- 2.85** The Court serves summons; issues orders and various enforcement warrants; issues domestic violence orders, notice of proceedings, fit person's order for the care and protection of children at risk as well as commitment of juvenile boys at the Boys Training Centre.
- 2.86** One of the main objectives of the Court is to support families in complex family disputes by deciding on matters according to law promptly and effectively.

INTRODUCTION

2.87 The Office of the Director of Audit last conducted an audit of the operations of the Family Court in 2003. The audit focused on the financial year 2000/2001. The audit revealed some significant weaknesses and breaches in internal controls which included:

- The Family Court did not request monthly bank statements or reconciled its bank account with the cash book on a monthly basis. The explanation given was that monies were not withdrawn from the account; therefore it was not necessary to request the statements for reconciliation purposes. Consequently, we could not verify whether all cash at bank at March 31, 2001 was properly recorded and disclosed in the entity's accounting records.
- The audit discovered a shortage of suitors' cash of \$4,226.40 on November 07, 2002. The shortage was brought to the attention of the Director of Family Court. In a letter dated January 10, 2003 from the Director of Family Court to the Magistrate, First District Court, it was reported that the cash was subsequently verified on November 07, 2002 and the shortage was reported as \$10,383.65, an amount significantly higher than that reported by the auditors. The letter stated that at the end of December 2002, the shortage was reduced to \$5,005.00 but no explanation was given for the reduction.
- Large sums of money were kept on hand

2.88 In order to address these deficiencies we recommended the following;

- The Family Court adheres to Financial Regulation No. 116 (1) & (2). The Regulation requires that the bank balance be verified with the cash book balance at least monthly and that a reconciliation statement should be prepared in respect of each such verification by the accounting officer authorized to operate the account and copied to the Accountant General.
- The loss be dealt with in accordance with Financial Regulations No. 154(1) & (2). According to the regulation, prompt action must be taken to account for any shortage or loss once it has been certified by the accounting officer or receiver of revenue. The shortage or loss must be accounted for against an advance account in the name of the person responsible.
- The Family Court complies with Financial Regulation 45 (1). Collectors of revenue are required to pay the whole of the amounts received daily into a bank to the credit

of the Consolidated Fund Service Account; and that the Family Court utilizes a chequing system to disburse maintenance funds.

2.89 It has been quite a number of years since this audit and as such, this Office thought it would be prudent to conduct a follow up audit to:

- Ascertain whether the recommendations made by the Director of Audit in July 2003 were implemented; and
- Assess the current system of internal controls governing the collections and disbursements of child maintenance and to make recommendations where necessary.

SCOPE AND METHODOLOGY

2.90 The scope of the audit included the periods subsequent to the financial year 2000/2001 with particular emphasis on the financial years 2010/2011 and 2011/2012. During those years new systems were implemented.

2.91 As part of our audit procedures we assessed the internal controls governing collections and disbursements of child maintenance. We conducted interviews with management of the Ministry of Legal Affairs and key staff of the Family Court; we reviewed and analyzed the legislation governing the Family Court and the current procedures implemented for the collection and disbursement of child maintenance.

2.92 Also, we examined the accounting records and documents relevant to our audit and tested for breaches in controls and other significant changes since our last audit.

RESULTS OF THE FOLLOW-UP AUDIT

2.93 The audit showed that out of the three recommendations made in our management letter of July 2003, the recommendation to deposit daily receipts and use a checking system to disburse funds was fully implemented. Our recommendation to reconcile the bank account was implemented for a nine month period. To date, we have no evidence that the Court acted on our recommendation to account for the loss discovered during the audit.

2.94 Since 2003, there have been significant improvements in the system for collection and disbursement of child maintenance. The Court moved from a cash payment system to a chequing system. Payments above \$200.00 were paid via cheque and amounts below \$200.00 were paid by cash.

- 2.95** From October 2010, further changes were made to the child maintenance payment system. The Family Court and the Bank of Saint Lucia, entered into a joint venture whereby the Bank would facilitate depositing of the child maintenance allowances directly into the bank accounts of the beneficiaries. As a result, the system of issuing cheques was completely abandoned in December 2010.
- 2.96** This joint venture has brought about some tremendous benefits to the court in that; it has eliminated the need for beneficiaries to collect child maintenance at the Family Court. As a result, the payment process has shortened. Cash is deposited at the bank on a daily basis, thus eliminating the accumulation of large sums of cash. This has reduced the Court's vulnerability to the risk of theft and or misappropriation of cash.
- 2.97** The audit found that the Family Court developed and implemented a Procedures Manual in which the procedures and processes for collecting and disbursing of child maintenance were clearly defined.
- 2.98** Despite the improvements made by the Court, our audit revealed a few deficiencies within the existing system as well as matters which were not sufficiently addressed since our audit of 2000/2001. They include:
- **The bank account was not reconciled**
- 2.99** The family court child maintenance bank account (No. 901015776) was reconciled for only nine months (January 2010 to November 2010). The Accountant explained that he discontinued reconciling the account because of his heavy work load compounded by a shortage of staff in the accounts section.
- 2.100** The bank confirmation received from the Bank of Saint Lucia showed a closing cash balance of \$38,497.88 at March 31, 2012. Given that the bank account was not reconciled we could not confirm the accuracy of the closing cash balance.
- 2.101** We are very concerned that the bank account balance has not been reconciled within the last two years. The Court collects monies on behalf of third parties. Therefore, it is absolutely necessary for there to be robust financial systems in place to ensure proper accountability for those funds.
- 2.102** We wish to draw to management's attention that the practice of not reconciling the bank accounts exposes the Court to the possibility of misappropriation of funds and possible fraud. By reconciling the bank account the Court would have the assurance that all cheques written, deposits made and bank charges, if any, have been satisfactorily accounted for by the Court as well as the Bank. It is through reconciling the

bank account on a regular basis that errors will be identified and correct bank balances will be established.

Recommendation

2.103 The family court child maintenance account should be reconciled on a monthly basis and copies of the reconciliation should be forwarded to the Accountant General's Department.

- **Paysheets were not reconciled with the bank statements**

2.104 As a result of paying child maintenance directly to the bank accounts of the beneficiaries, daily pay sheets were prepared and sent to the Bank of Saint Lucia for processing. The pay sheets provided the bank account details and the amount to be paid.

2.105 Our audit found that these pay sheets were not reconciled to the bank statements to ensure that the correct amounts were paid to the beneficiaries.

2.106 We noted that the pay sheets reflected individual payments while the bank statements showed block figures. As a result, it was a tedious task to add the individual amounts on the pay sheets to arrive at the block figures on the bank statement.

2.107 In this case, it may be advisable for the court to request a statement from the Bank confirming the correctness of amounts that were paid to the individual accounts.

Recommendation

1.108 The necessary documentation that would allow the Court to independently confirm whether the amounts on the pay sheets were correctly paid to the beneficiaries should be obtained from the Bank.

- **Accounting for the cash shortage was not done**

2.109 The Family Court did not take the necessary action to account for the shortage of suitors cash that was reported during the audit of 2000/2001. We found no evidence that an advance account was created in the name of the person responsible for the loss.

2.110 The exact amount of the shortage remains uncertain. At the time of the audit, we found a shortage of \$4,226.40. Subsequently, the Family Court reported the shortage as \$10,383.65. Shortly thereafter the Court reported that the shortage had been reduced to \$5,005.00, with no explanation or supporting evidence.

2.111 The non-action on the part of the Courts in this regard has implications for the accounts of the Government of Saint Lucia.

INDEPENDENCE DAY CELEBRATIONS

BACKGROUND

2.112 For the financial years 2010 to 2011 \$550,000 was approved each year for Independence Anniversary celebrations and \$300,000 for the year 2012. These amounts were allocated under account 2101209-0200000-1004 – Office of the Prime Minister. The yearly amounts were allocated as follows:

2009/2010

- Imprest warrants 101 for \$188,000 and 102 for \$300,000 were issued to the Ministry of Education.
- Of the funds received the Ministry of Education transferred \$33,000 to the Governor General for Investiture and a reception.
- Governor General’s Office received \$62,000 to fund activities for Nobel Laureate Week.

2010/2011

- The Ministry of Education received a sum of \$250,000 via reallocation warrant number 91 of 2010/2011.
- The balance of imprests of \$300, 000 was not used.

2011/2012

- Prime Minister’s Office received \$300,000.00

AUDIT OBJECTIVE

2.113 The objective of the audit was to determine whether expenditure incurred for the celebration of independence was used for the purposes intended and there was proper accountability for the funds

SCOPE AND METHODOLOGY

2.114 The audit focused on the period April 01, 2009 to March 31st, 2012.

2.115 We were guided by the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) in conducting the audit.

2.116 As part of our audit we reviewed relevant documentation, the internal controls over the expenditure and payment functions and interviewed the staff of the Office of the Prime Minister and the Ministry of Education.

SUMMARY OF FINDINGS

2.117 The audit determined that the Ministry of Education did not reconcile the bank and expenditure accounts and failed to remit to the Inland Revenue Department a total \$14,890 which was deducted from suppliers. In addition, the audit disclosed that expenditure of \$85,000 incurred for Independence anniversary celebrations for 2012 was not paid by the Office of the Prime Minister as at December 2012.

2.118 There were also some weaknesses in the internal controls of the agencies responsible for executing the Independence Anniversary celebrations.

DETAILED AUDIT FINDINGS

- **Accounts were not reconciled**

2.119 Our audit found that the capital expenditure account 2109209-0200000-1004 was not reconciled for the periods 2009/2010, 2010/2011 and 2011/2012.

- **List of specimen signatures was not submitted**

2.120 The Ministry of Education did not submit to us a list of specimen signatures for persons authorized to certify invoices for the period 2009/2010 and a list of signatures for persons authorized to approve payments for the financial year 2010/2011.

2.121 The Governor General's Office did not submit a list of specimen signatures for persons authorized to certify invoices for the period 2009/2010.

2.122 The invoices examined were stamped certified correct however; we were unable to determine whether only duly authorized personnel certified these invoices.

Recommendations

2.123 **Effectively file and store all financial records to ensure compliance with the Financial Regulations.**

2.124 **Prepare on an annual basis, a list of specimen signature for persons authorized to certify payment instruments.**

- **Cheques were not properly cancelled**

2.125 The Revised Laws of St Lucia Cap 15.01 Financial Regulation No. 120 (2) requires that each spoilt cheque be marked or stamped across its face cancelled and initialed by a designated officer.

2.126 We reviewed a sample of cheques written at the Governor General's Office for the period 2009/20120. We noted that three of those cheques – numbers 460, 465 and 466 were attached to the counterfoil in the cheque book; however they were not written/stamped cancelled and initialed by a designated officer.

Recommendation

2.127 Ensure proper cheque cancelling procedures that are in accordance with the Financial Regulations.

- **No evidence of receipt of goods**

2.128 The goods receive process provides assurance that payments are made only for goods that are received in a satisfactory condition. It also establishes responsibility for goods going astray because someone takes responsibility for having received the goods.

2.129 We reviewed the goods received process to ensure that goods were received according to specification. Our audit procedures indicated that for the sample of invoices selected there were instances where there was no evidence indicating that the goods were received. The invoices were not stamped received and signed. These invoices were:

Date	Vendor	Items purchased	Amount \$
Office of the Prime Minister 2011/2012			
24.02.2012	Brydens and Partners	Drinks	205.02
06.03.2012	SMJ Beverages (St Lucia) Limited	Drinks	1,312.50
15.02.2012	International Product Distributors	Banners	16,574.00
24.02.2012	Garnet & Clara Greene Enterprises	Groceries	1,342.98
26.02.12	Super J	Groceries	1,126.84
Ministry of Education 2009/2010			
17.02.2010	Home Depot	Kitchen utensils	502.55
24.03.2010	Office Shop	Antique laid paper	252.00
12.02.2010	James Polius	buntings	1,000.00
23.02.2010	MainLan – IT Solutions	Toner	975.00
Ministry of Education 2010/2011			
21.02.2011	SMJ Beverages (St Lucia) Limited	Drinks	1,008.00
03.03.2011	Brydens & Partners Ltd	Toner	535.00
28.02.2011	Caribbean Imprints	Plaques	379.50
Governor General's Office 2009/2010			
23.02.2010	Main Lan – IT Solution	Toner	975.00

2.130 The invoices seen for the Ministry of Education for the period 2010/2011 were stamped received however they were not signed.

Recommendation

2.131 Invoices should be stamped and signed by an appropriate officer indicating that goods were received.

- **Expenditure incurred but not yet paid**

2.132 For the year 2011/2012 an imprest in the amount of \$300,000.00 was authorized. Actual expenditure for that year was verified as \$532,021. This includes expenditure paid and recorded in the Accountant General's accounts of \$447,021 and expenditure incurred but not yet paid of \$85,000. Additional funding of \$154,100 via virement warrant #603 was approved. Therefore, total funding approved for independence anniversary celebrations in 2012 was \$454,100. Consequently, the budget was over by \$77,921.00.

2.133 We confirmed that at December 2012, expenditure totaling \$85,000 was not paid. This expenditure included \$50,000 incurred by Ministry of Youth Development, \$15,000 incurred by the Ministry of the Public Service and 20,000 for the National Arts Festival.

Recommendation

2.134 Pay the amount of \$85,500 that is still outstanding for the year 2012.

DONOR FUNDED PROJECTS

FINANCIAL STATEMENT AUDIT RESULTS

2.135 The Office of the Director of Audit is required to audit the financial statements for the projects financed by the World Bank.

2.136 We completed the audit of four projects for the financial year ended 2012/2013 namely:

- Second Disaster Management Project (SDMP)
- OECS Skills for Inclusive Growth
- Hurricane Tomas Emergency Recovery Project (HTERP)
- Saint Lucia Enhancing Public Service Project

2.137 The backgrounds of these projects are as follows:

SECOND DISASTER MANAGEMENT PROJECT (SDMP)

2.138 The Government of Saint Lucia (GOSL) signed a financing agreement with the World Bank for the financing of the Second Disaster Management Project (SDMP). The funds of the World Bank are from the resources of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IBRD will provide US\$3,700,000.00 by way of a Loan No. 7238-SLU and the IDA will provide SDR 2,600,000.00 under the Credit No. 3936-SLU which is equivalent to approximately US\$3,800,000.00. The GOSL is expected to provide counterpart financing in the sum of US\$1,402,890.00 which is equivalent to EC\$3,771,284.90. The expected cost of the project is approximately US\$8.9 million.

2.139 On June 15, 2007 and September 14, 2007 the Government of Saint Lucia requested additional financing from the World Bank which was approved by the World Bank on November 6, 2008. The effective date for additional financing was February 4, 2009. The additional financing was for US\$3,000,000.00 (Credit No. 4498 SLU) to be provided by the IDA and counterpart funds of US\$960,000.00. The revised project cost is US\$12,890,000.00.

2.140 The project aims at reducing the country's vulnerability to adverse natural events such as hurricanes, tropical storms, floods, landslides, earthquakes and storm surges through investment in risk management activities. This would be achieved by strengthening the following:

- Infrastructure against the impact of adverse natural events through the implementation of physical mitigation measures.

- The response capacity in case of adverse natural events through capacity building, equipment purchase and investment in emergency infrastructure; and
- The institutional capacity of various ministries and agencies dealing with disaster management through the provision of adequate facilities, critical equipment, technical assistance and training.

OECS SKILLS FOR INCLUSIVE GROWTH PROJECT

2.141 The Government of Saint Lucia (GOSL) signed a financing arrangement with the World Bank for the financing of the Saint Lucia OECS Skills for Inclusive Growth Project. The funds are resources of the International Development Association (IDA). The IDA will provide Standard Drawing Rights (SDR) \$2.4 million under the Credit Agreement (Credit 4300 -SLU) with is approximately US\$3.5 million. The total project cost is estimated at US\$5.320 million of which GOSL is financing the equivalent of US\$.873 million. The Private Sector will provide the remaining US\$.948.

2.142 The broad objectives of the Project are two-fold, namely, to increase the employability and career mobility of unemployed youth and to strengthen the policy framework for the delivery of training by:

- Increasing quality and market value of training through the introduction of occupational standards, competency based training and certification.
- Enhancing institutional capacity to implement and plan training programs and social assistance to unemployed. This will be pursued through regional collaboration within the area of training, investing in institutional strengthening and developing of policy action plans.
- Contribution to a better match between provisions of education and training with labour market demand. This will be pursued by piloting a new modality for demand-driven training delivered through a public-private partnership, and by increasing coordination between employers and education and training institutions.

ST. LUCIA ENHANCING PUBLIC SERVICE PERFORMANCE PROJECT

- 2.143** The World Bank (WB) approved a grant under the Institutional Development Fund (IDF) in the amount of US\$421,200 to finance the proposal “Enhancing Public Service Performance in St Lucia.” The grant has been approved under the condition that the Government of Saint Lucia (GOSL) makes in-kind contribution by providing Office and Training facilities, staff time and administrative support for implementation of the activities included in the proposal.
- 2.144** The grant proposal is in response to a request made by the GOSL for technical assistance to review of the public service pay and classification plan and to strengthen the Ministry of the Public Service. The Proposal was prepared in April 2009 and approved on May 12, 2009. However, the proposal was subsequently modified in May 2009 to include a capacity building activity to undertake functional reviews. The grant became effective on July 10, 2009 (upon signature of the letter of agreement). The closing date for the grant is October 7, 2012.
- 2.145** The objective of the IDF is to strengthen the capacity of the Ministry of Finance and the Ministry of the Public Service to tackle two crucial and closely related, interrelated challenges to improve public service performance in Saint Lucia. To this end the following is expected:
- (1) At the aggregate level, to manage a sustainable wage bill during times of fiscal stress and increased pressures for public employment.
 - (2) At the agency level, to enhance performance and productivity by decentralizing some aspects of human resources management and strengthening the performance appraisal system.
- 2.146** The project consists of two components, namely, Capacity Building on Managing Personnel Expenditure and Capacity Building for Reforming Saint Lucia’s Human Resources Management (HRM) Legal Framework.

HURRICANE TOMAS EMERGENCY RECOVERY PROJECT

- 2.147** The credit proposal for this project was in response to a request made by the Government of Saint Lucia (GOSL) for technical assistance to review the public service pay and classification plan and to strengthen the Ministry of the Public Service.
- 2.148** The objective of the project is to support the recovery and reconstruction of the Recipient in the aftermath of Hurricane Tomas

- At the aggregate level, to manage a sustainable wage bill during times of fiscal stress and increased pressures for public employment; and
- At the agency level, to enhance performance and productivity by decentralizing some aspects of human resources management and strengthening the performance appraisal system.

Project Components

2.149 The project will have four (4) components:

- (i) Support for Early Recovery – Support to the early recovery of the government’s key economic sectors from the impact of hurricane Tomas, through the provision of goods, technical advisory services and Emergency Operating Costs (US\$1.5 million);
- (ii) Institutional Strengthening and Hazard and Risk Analysis – This component seeks to strengthen the institutional capacity at national level including the of the Ministries of Finance, Housing and Physical Development to (1)evaluate and integrate natural hazard and climate change risks reduction into national development policy and decision-making process using geo information, (2) carry out various risk assessment and impact evaluation studies in highly affected areas and specific sectors and (3) review the National Disaster management Plan and improving disaster management capacity (US\$1.5 million);
- (iii) Reconstruction and Rehabilitation of Damaged critical Public Infrastructure - Carrying out reconstruction and rehabilitation activities of damaged infrastructure in Transport, Health and education sectors (US\$11 million); and
- (iv) Project Management and Monitoring Support – This component will strengthen and develop the institutional capacity of the PCU for project management and execution, including procurement financial management monitoring, and supervision of project activities through the acquisition of goods, provision of advisory technical services, training and operating cost (US\$1 million).

2.150 The specific objectives of the audits were to:

- Issue an opinion as to whether the Project financial statements present fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative investments at the end of the period, in accordance with the requirements of

the respective agreements with the Bank and other co-financing organizations.

- Issue and opinion on whether the supplementary financial information for the Project is fairly presented, in all material respects.
- Issue an opinion on whether the implementing agency's compliance with the terms of the loan agreement and applicable laws and regulations (with regard to the financial respects).
- The Special Account Statement used for managing the funds provided by the Bank presented fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with the provisions for the use of the funds established in the corresponding agreements with the Bank.
- Issue an opinion as to whether: (a) the expenditures reported are eligible for financing; and (b) loan funds have been used only for Project purposes.
- Issue a report with respect to the adequacy of the internal control structure of the implementing institution in regard to the project.
- conduct a 100% review and audit of the expenditure and related documentation submitted along with the withdrawal application to claim expenditures as Retroactive Financing to be paid under Category 1.
- to determine that all project funds are used in accordance with the conditions of the Grant Agreement, with due attention to economy and efficiency, and only for the purposes for which the financing were provided.
- that goods and services financed were procured in accordance with Grant Agreement.
- the implementing entities have keep all necessary supporting documents, records and accounts in respect of all project ventures including expenditures reported via SOEs or designated accounts. Clear linkages should exist between the books of accounts and reports presented to the Bank.

2.151 Unqualified opinions were issued at the end of the audits. The Auditor's opinions and reports were issued separately to the World Bank, Project Co- ordination Unit and the implementing agencies which were the:

- Ministry of Finance, Economic Affairs and National Development
- Ministry of the Public Service, Sustainable Development, Energy, Science & Technology
- Ministry of Education, Human Resource Development and Labour

2.152 During the audits of the financial statements we noted certain matters involving Controls over financial reporting which we reported in a management letter. The matters relating to the internal control system and accounting procedures are presented in this report.

SECOND DISASTER MANAGEMENT PROJECT

- **The Ministry did not reconcile the Project's accounts with the Accountant General's accounts.**

2.153 The Ministry of Finance which is the implementing agency for the project is required by the Revised Laws of Saint Lucia, 2006, Cap 15.01 (Financial Regulation) No. (4)(c), to reconcile the project account balances with the balances in the Accountant General's accounts at the end of every month.

2.154 Our audit determined that the Ministry did not reconcile the project accounts using the ledger balances. In addition, we noted that the accounts were reconciled for more than one month at a time. For example, the accounts were reconciled for a seven-month period (April to October 2011) and then for two months November to December 2011.

2.155 The Project Co-ordination Unit (PCU) and the Accountant General's Department reported different figures for expenditure that was funded by the International Development Agency (IDA/World Bank) and the Government of St. Lucia (GOSL) for the financial year 2011/2012. The differences are given in the table below:

Agency Programme	Expenditure reported by		(Over)/Under Project Accounts
	PCU	Accountant General's Department	
IDA 4418208-0200000-3CA3	3,225,611.90	3,183,828.43	41,783.47
GOSL 4418208-0200000-1004	1,269,269.07	1,130,976.87	138,295.20

Expenditure funded by GOSL

- 2.156** The balance in account 4418208-0200000-1004 reported by the Accountant General was \$1,149,595.08. This amount included \$18,618.21 that was reimbursed to the IDA for expenditure paid on behalf of GOSL in the prior year. Therefore, actual expenditure for the financial year under audit that was posted to the account was \$1,130,976.87 which is \$138,295.20 less than the expenditure reported by the PCU.
- 2.157** In addition, revenue and expenditure of \$3,500.00 relating to sale of tender documents for the year was not recorded in the Accountant General's accounts.

Recommendations

- 2.158** Management of the Ministry should:
- **Liaise with the Accountant General's Department to ensure that the journals are approved by all parties and posted to the project accounts within the next month.**
 - **Reconcile the project expenditure reported by the PCU with the Accountant General's accounts at the end of every month.**

Management's Comments

2.159 *The Reconciliation Statement attached has been revised and the journals have been prepared to reflect the changes on the Central Government Account. The PCU will continue to liaise with the Accountant General's Department to ensure that the journals are posted.*

- **Capital revenue was incomplete in the Accountant General's accounts**

2.160 Capital expenditure funded by the IDA and posted in the Accountant General's accounts under account 4418208-0473000-3CA3 was EC\$3,183,828.43. However, the corresponding accounting entry to show capital revenue was EC\$3,311,019.13.

2.161 In addition, account 4418208-0474000-1004 showed capital expenditure of EC\$1,149,595.08 financed by GOSL from bonds funds; however, the bond revenue to cover this expenditure was not recorded in the accounts. Consequently, the transactions in the Accountant General's accounts are incomplete.

Recommendation

2.162 The corresponding charge for EC\$127,190.70 and EC\$1,149,595.08 should be made to the capital revenue account 4418208-0473000-3CA3 and 4418208-0474000-1004 respectively.

Management's Comments

2.163 *The PCU will work alongside the Accountant of the Ministry and the Accountant General's Department to ensure that the Capital Revenue is reflected on the accounts.*

OECS SKILLS FOR INCLUSIVE GROWTH PROJECT

Findings and Recommendations

- **Differences in expenditure on project financial statements and expenditure reported in the Accountant General's accounts**

2.164 Our audit of expenditure revealed differences between the expenditure reported on the Statement of Sources and Uses of Funds and the expenditure reported in the Accountant General's accounts.

2.165 The audit determined that the total expenditure financed by the Government of St. Lucia (GOSL) was \$672,020.10. In addition, during the year the International Development Agency (IDA) financed expenditure of \$16,531.19 on behalf of the GOSL. The same was reported on the Statement of Sources and Uses of Funds.

2.166 The Accountant General reported expenditure of \$670,533.09. The additional amount of \$16,531.19 paid by the IDA on behalf of the GOSL was not recorded in the Accountant General's accounts.

2.167 According to the Statement of Sources and Uses of Funds and the results of the audit, expenditure financed by the IDA/World Bank was \$994,972.49. The Accountant General's accounts reported this expenditure as \$641,747.39. Therefore, expenditure financed by the IDA was understated by \$353,225.10 in the Accountant General's accounts.

2.168 These differences are given in the table below:

Agency Programme	Financer	EXPENDITURE AS PER		(Over)/Under Project
		Statement of Sources and Uses Of Funds	Accountant General Accounts	
5202214 0200000 1004	GOSL	672,020.10	670,533.09	1,487.01
	IDA for GOSL	16,531.19	0.00	16,531.19
5202214 0200000 3CA3	IDA	994,972.49	641,747.39	353,225.10
	Total	1,683,523.78	1,312,280.48	371,243.30

Recommendation

2.169 Management should make the necessary adjustments to accurately reflect the true capital expenditure in the Accountant General's accounts.

Management's Comments

2.170 *The Reconciliation Statement attached has been revised and the journals have been prepared to reflect the changes on the Central Governments accounts. The PCU will continue to liaise with the Accountant General's Department to ensure that the journals are posted.*

- **Project accounts were not reconciled by the Ministry**

2.171 We noted that although the PCU prepared and submitted monthly statements of expenditure to the Ministry of Education, the Ministry did not reconcile the accounts on a monthly basis as required.

2.172 We obtained one reconciliation statement which was prepared by the PCU showing the reconciliation of accounts at year end instead of on a monthly basis. We noted that although this reconciliation statement highlighted some discrepancies, these were not corrected in the accounts.

2.173 Past management letters to the Ministry have highlighted the importance of reconciling the accounts on a monthly basis. We note that the issue continues to remain unresolved despite our recommendations.

2.174 Once again we are urging management to reconcile the accounts with the Accountant General's accounts on a monthly basis. It is absolutely necessary for the implementing agency to do so. By reconciling the accounts the entity would be able to identify the differences between the expenditure reported by the PCU and the expenditure in the Accountant General's accounts. This would enable prompt corrective action such as preparing and posting journals to effect adjustments and correct errors. Such action would ensure the accuracy of the expenditure that is disclosed in the financial statements of the Government of St. Lucia at year end.

Management's Comments

2.175 *The Project Co-ordination Unit concurs with the recommendation made; the revised statements attached have been issued to the Accountant of the Ministry for reconciliation with the Accountant General's records.*

- **Capital revenue was not completely recorded in the Accountant General's accounts**

2.176 For the audited period a corresponding charge to the Accountant General's capital revenue account (5202214 0474000-1004) to cover the expenditure financed by a bond issue was not made.

2.177 In addition, expenditure financed by IDA/World Bank funds posted in the Accountant General's accounts was EC\$635,808.75. However, the corresponding charge to the capital revenue account (520214 0473000-3CA3) was EC\$595,154.60. As we stated previously the actual expenditure incurred by the IDA for the period was EC\$994,972.49. Therefore, the capital revenue account should be adjusted to reflect this amount.

Recommendation

2.178 We recommend that the capital revenue accounts (5202214 0474000-1004) and (5202214 0473000-3CA3) should be adjusted to show the true capital revenue for the audited period.

Management's Comments

2.179 *The PCU will work along with the Accountant of the Ministry of Education and the Accountant General's Department to ensure that the Capital Revenue is reflected on the accounts.*

HURRICANE TOMAS EMERGENCY RECOVERY PROJECT

- **Capital expenditure and capital revenue were not accurately reported in the Accountant General's accounts**

2.180 Our audit determined that capital expenditure financed by the International Development Agency (IDA/World Bank) for the financial year was EC\$4,704,611.95.

2.181 The capital expenditure posted to account (4418217-0200000-3CA3) in the Accountant General's accounts was \$4,842,735.35. Therefore, the figure reported by the Accountant General was \$138,123.40 greater than the figure verified by the Audit and reported in the project's Statement and Sources of Funds.

2.182 The corresponding charge to the capital revenue account 4418217-0473000-3CA3 was EC\$4,751,856.77. This was less than the capital expenditure figure by \$90,878.58.

2.183 Although the accounts were reconciled, however these errors were not identified in the reconciliation.

2.184 The differences in expenditure obtained from the audit and reported by the PCU and the Accountant General were as follows:

Expenditure Source	Actual Expenditure recorded in the Accountant General's accounts	Actual Expenditure obtained from the audit and reported by the PCU	Differences in expenditure reported
IDA	4,842,735.35	4,704,611.95	138,123.40
Sale of Tender documents	0.00	3,702.98	(3,702.98)
TOTAL	4,842,735.35	4,708,314.93	134,420.42

Recommendations

2.185 Obtain from the Accountant General's Department the necessary accounts to record the revenue from the sale of tender documents and related expenditure as soon as possible.

2.186 Make the necessary adjustments to accurately reflect the true capital expenditure and revenue in the Accountant General's accounts.

Management's Comments

2.187 *The Reconciliation Statement attached has been revised and the journals have been prepared to reflect the changes on the Central Governments Account. The PCU will continue to liaise with the Accountant General's Department to ensure that the journals are posted.*

2.188 *Extensive discussions have been held with the Accountant General's Department in an effort to resolve this matter.*

Project's Internal Controls

- **Some payment vouchers were not signed before payment**

2.189 As an internal control measure, a responsible officer is required to sign and date after reviewing the payment vouchers and before making a payment.

2.190 We reviewed fifty six (56) payment vouchers and found that twenty or (36%) were not signed before payments were made.

2.191 As a result, we were unable to ascertain whether all expenditure was properly authorized.

Recommendation

2.192 **All payments vouchers should be signed upon review before payments are made for goods and services.**

Management's Comments

2.193 *The Project Co-ordination Unit concurs with the recommendation made. The Accountant will ensure that all payment vouchers are signed before payments are processed.*

- **Differences between the audited budget and revised budget.**

2.194 According to the Estimates of Expenditure the amount budgeted for the project from IDA funds was EC\$9,963,410.00 for the 2011/12 financial year.

2.195 During the year the amount was decreased by \$251,360.54 bringing the budget to \$9,712,049.46. The transaction was supported by virement warrant No. 194 of 2011/12.

2.196 Upon reviewing the Statement of Sources and Uses of funds we noted that the budget was EC\$9,212,049.46. The PCU explained that during the year an amount of EC\$500,000 was transferred to the Second Disaster Management Project (SDMP). We were given a copy of a virement warrant in support of the transaction.

2.197 The warrant was not signed by the Ministry of Finance and was not numbered. The amount of EC\$500,000 was recorded by the Budget Office in Funds Control but was not recorded by the Accountant General under account 4418217-0200000-3CA3. Hence the difference between the revised budget obtained from the audit, the Accountant General and the Statement of Sources and Uses of Funds prepared by the PCU.

Recommendation

2.198 Management should liaise with the Accountant General's office so that the necessary adjustments can be made to the accounts to reflect the effect of the warrant.

Management's Comments

2.199 *The attached correspondence with supporting documentation dated August 28, 2012 from the Budget Director indicates that the warrant was approved. A request was also made to the Accountant General to effect the necessary adjustment.*

ST. LUCIA ENHANCING PUBLIC SERVICE PERFORMANCE PROJECT

- **Total capital expenditure and capital revenue was not posted in the Accountant General's accounts**

2.200 Our audit determined that capital expenditure financed by the World Bank Institutional Development Fund (IDF) for the financial year was EC\$341,983.38. This figure was also reported in the Statement of Sources and Uses of Funds.

2.201 The capital expenditure and revenue posted to accounts (2202-238-0200000-3642 and 2202-238-0473000-3642) in the Accountant General's accounts was \$248,245.78. Therefore the figure reported by the Accountant General was \$93,737.60 less than the figure verified by the audit and reported in the project's financial statements.

2.202 We noted that monthly reconciliation statements and journals were prepared by the Ministry of The Public Service. However, to date these journals dated April 2012 are not yet been posted in the project's accounts by the Accountant General's Department, consequently they are reflected as unposted journals in the accounts

2.203 At the exit interview Ministry officials informed us that they are constantly in contact with the Accountant General's Department concerning the journals. However, their efforts are proving futile because despite their many calls on the issue the Accountant General's Department has still not posted the journals to the project accounts.

Recommendation

2.204 **The Accountant General's office posts the outstanding journals to the Project's accounts and that the Ministry continues to liaise with the Accountant General's office to ensure that the necessary journals are posted to the account.**

Management's Comments

2.205 *All the outstanding journals have been posted in the Accountant General's Accounts.*

Internal Control

- **Some payment instruments were not signed before payments were made**

2.206 As an internal control measure, the PCU made provision on its payment vouchers for a responsible officer to sign after reviewing supporting documents and before payments are made.

2.207 In some instances we saw no evidence of a signature to indicate that the payment vouchers and cheques were reviewed. Of the thirty four (34) payment vouchers we examined, we noted that twelve (or 35%) were not signed as having been reviewed; as a result we were unable to ascertain whether all expenditure was properly authorized.

Recommendation

2.208 All payment vouchers should be signed after reviewing and before payments are made.

Management's Comments

2.209 *The Project Co-ordination Unit concurs with the recommendation made; the Accountant will ensure that all payment vouchers are signed before payments are processed.*

AUDIT OF THE LONDON HIGH COMMISSION

2.210 The Office of the Director of Audit is mandated to audit the operations of the foreign missions because they are programs under the Ministry of External Affairs. Over the years, the Office has experienced a decline in the frequency in which it audits these missions because of funding constraints.

BACKGROUND

2.211 As with other foreign missions the London High Commission was established to represent and safeguard St. Lucia's interest in the United Kingdom and to look after the welfare of Saint Lucian nationals in that country.

2.212 The High Commission is responsible for:

- Representing St. Lucia's interest overseas;
- Identifying opportunities for expansion of diplomatic relations and of participation in international organizations;
- Promoting Saint Lucia as a location for foreign investment and providing relevant information to Headquarters to permit strategic targeting of potential investors;
- Communicating with the Ministry of External Affairs on a continuous basis;
- Providing advice and support to national delegations in meetings and negotiations as required;
- Identifying markets for St. Lucia's exports;
- Delivering statements in St. Lucia's interest;
- Securing the welfare of nationals abroad.

Audit Objective and Scope

2.213 The objective of the audit was to assess the systems of internal control and accounting procedures at the London High Commission to determine the extent to which the entity complied with government's regulations, policies and procedures.

2.214 The audit focused on the four financial years ending March 31, 2009, 2010, 2011 and 2012. In order to meet the audit objective the records and operations of the Commission were assessed against the financial and procurement regulations and the policies and procedures included in the following documents:

- Orders for the Saint Lucia Foreign Service
- Revised Laws of Saint Lucia Cap. 15.01 Finance (Administration) Act
- Revised Laws of Saint Lucia, Cap 15.01 Financial Regulation
- Revised Laws of Saint Lucia, Cap 15.01 Procurement and Stores Regulation
- Staff Orders of the Public Service of Saint Lucia
- Finance, Accountant General and Ministry of the Public Service Circulars
- Contract documents

2.215 We examined the records and operations at the London High Commission which included:

- Expenditure
- Personnel Matters
- Fixed Assets - Property
- Passports
- Cash on Hand
- Cash at Bank
- Inventory
- Equipment Register
- Receipt Book Register

SUMMARY OF FINDINGS

Expenditure

2.216 The audit of the High Commission accounts revealed instances where expenditure was incorrectly classified and was charged to accounts which were not approved in the Estimates of Expenditure for the years under audit. We found weaknesses in the internal controls over expenditure. These weaknesses included management's failure to monitor and reconcile the High Commission's expenditure accounts. Also, budgetary information was not captured because the accounting software that the Commission used was not customized to suit the operations. The imprest accounts were not fully retired at year-end.

Personnel Matters

2.217 The audit also looked at the extent to which there was compliance with government's policies relating to personnel. The following issues of non-compliance included:

- Signed oath of secrecy was not on file
- Overpayment of salary to the High Commissioner
- Letter of appointment was not on file
- Officer worked without a contract
- Leave cards were not properly maintained
- Subsistence rates used were different to those approved by the Government

Fixed Assets

2.218 The fixed assets register did not contain current information on the value of the building owned by the High Commission. The register had not been updated since the property was purchased in 2002. A formal memorandum of understanding between the Government of Saint Lucia and the Government of Dominica for the jointly purchased property was still outstanding.

Passports

2.219 Our audit revealed that passport revenue was remitted to the Ministry of External Affairs in the financial year following the year in which the revenue was collected. In one instance, revenue was sent to Head Office twenty two (22) months after the close of the financial year. Consequently, the funds were not paid in to the consolidated fund in a timely manner. The Commission also collected revenue from renting a part of the building to the Tourist Board without the legal authority to do so. The revenue collected was used to fund operating expenditure.

Bank Accounts

2.220 The High Commission had two bank accounts which were dormant. In addition, there was another bank account which was opened without the Accountant General's authority. We were unable to verify the donations received and remitted to the Accountant General for the Hurricane Tomas Disaster Fund due to poor record keeping and inadequate supporting documentation.

Detailed Audit Findings

Expenditure

2.221 For the financial years 2009 to 2012, we examined the High Commission's expenditure. We focused on key aspects such as:

- Certifying transactions and paying of invoices
- Recording, classifying and reconciling expenditure
- Recording budgetary information
- Retiring imprests

2.222 Our audit revealed the following:

- **Budgetary information was not recorded in the High Commission’s accounts**

2.223 The High Commission used the accounting software Quickens. However, the software was not configured to allow the entity to record the original budgets approved by Parliament and other supplementary provisions. In accordance with Revised Laws of Saint Lucia Cap 15.01 (Financial Regulation) No. 10 (3) (a + b).

- **Control over expenditure was not maintained**

2.224 We found that the High Commission did not maintain control over its expenditure. Consequently, it was in breach of the Revised Laws of Saint Lucia Cap 15.01 (Financial Regulation) No. 10(2) which states that: ***“an accounting officer shall maintain control over expenditure of his or her Department to ensure that the amounts provided in the Estimates are not exceeded.”***

2.225 Our audit found that actual expenditure was in excess of the revised estimates. In addition, in five instances, the revised estimates according to the Estimates of Expenditure were different from the revised estimates shown in the Accountant General’s accounts.

2.226 In 2009/10 the account 4503007 0101 (Personal Emoluments) was adjusted without a warrant. In 2011/12 the account 4503007 0102 (Wages) was also adjusted without a warrant.

2.227 Included in the entity’s general ledger were instances where expenditure was classified and charged to accounts that were not approved in the Estimates of Expenditure. These instances are given in the table below:

Accounts Description	Expenditure Incurred £	Expenditure Incurred EC\$
2009/10		
Capital	7,063.94	31,787.73
2010/11		
4503007 0120 Grants & contributions	1,107.63	4,984.34
4503007 019 Miscellaneous	24,873.40	111,930.30
Capital	7,106.53	31,979.39
2011/12		
Capital	5,781.50	26,016.75

2.228 We noted that these accounts and the related expenditure were not recorded in the Accountant General's accounts. With respect to the capital expenditure, the Ministry's Accountant explained that the appropriate warrants were prepared; however, we did not see any evidence that these warrants were approved or recorded in the accounting system (Smartstream).

- **The High Commission's accounts were not reconciled**

2.229 Our audit found that the Ministry of External Affairs failed to reconcile the High Commission's accounts. As a result, several of the differences between the High Commission's accounts and the Accountant General's accounts remained unexplained.

2.230 The total actual expenditure reported by the High Commission was not posted in the Accountant General's accounts.

Of concern to us, is that although total expenditure was not recorded in the accounts, in some instances the expenditure recorded in the Accountant General's accounts exceeded the expenditure recorded in the High Commission's accounts. This definitely brought into question the integrity and accuracy of the expenditure figures.

- **Imprests were not fully retired**

2.231 In order to record the expenditure incurred from an imprest in the Accountant General's accounts it is absolutely important for the accounting officer to retire the imprest by the date indicated on the warrant, or before the end of the financial year whichever is the earlier.

2.232 Our audit found that the Ministry failed to reconcile the High Commission imprests for the years 2008/2009, 2009/2010, 2010/2011 & 2011/2012 . The year end balances of these imprests were as follows:

Imprest Number	Imprest Amount \$	Imprest Account	Opening Balance \$	Balance at Year-end \$	Current Balance
57-2008/09	630,206.00	4501001- 0534647	1,364,289.89	1,982,233.85	1,977,643.84
16-2009/10	630,216.00	4503007-0534822	0.00	(57,858.15)	3,955,111.87
21-2010/11	630,000.00	4503007-0534822	(57,858.15)	1,917,139.26	3,955,111.87

2.233 We noted that for the financial year 2009/10 the imprest account closed with a credit balance of \$57,858.15. The credit balance was unexplained.

Recommendations

2.234 The High Commission and the Ministry of External Affairs where appropriate should:

- **Seek to customize the accounting software to suit the requirements of the Revised Laws of Saint Lucia (Financial Regulation No. 10 (3) (a & b).**
- **Exercise a greater level of control over expenditure by complying with the Revised Laws of St. Lucia Cap 15.01 (Financial Regulation No. 10 (2)).**
- **Obtain the supplementary provisions to cover the over-expenditure in the accounts for the financial years 2009 to 2012.**
- **Reconcile the High Commission’s accounts with the Accountant General’s accounts for the years 2009 to 2012 and prepare the necessary journals to correct errors or make adjustments in the Accountant General’s accounts.**
- **Classify expenditure in accordance with the government’s Estimates of Expenditure.**
- **Retire the imprests for the financial years 2009 to 2012 and take the necessary action to correct the credit balance in the imprest account for the year 2009/10.**

Personnel Matters

2.235 The Staff Orders and The Foreign Service Orders give policy guidance on personnel issues. The Ministry of the Public Service also issues policy directives to ministries and departments. Our audit of personnel revealed infractions of some the policies.

- **Signed oath of secrecy was not on file**

2.236 Personnel files for the High Commissioner and Minister Counsellor did not contain a signed oath of secrecy contrary to Section 2.10 (1)-(3) of the Orders for the Saint Lucia Foreign Service. In past management letters for the Foreign Missions we have always reminded the Ministry of the importance of ensuring that all staff signed an oath of secrecy due to the sensitive nature of the work. Despite our recommendations, we still find instances where staff members continue to work at the High Commission without signing the oath of secrecy.

- **Overpayment of salary – High Commissioner**

2.237 The High Commissioner was appointed on April 16, 2008 for three years in the first instance. The officer's contract stated the Foreign Service allowance as £3,416.45. On June 12 the officer was issued his terms and conditions in which his Foreign Service allowance as at May 02 was stated as £3,461.45. This was the allowance that was paid to the officer until he demitted office in April 2012. Therefore, the officer was overpaid £45.00 monthly which amounted to £2,160.00 or approximately EC\$9,720.00 from May 2008 to April 2012.

- **Leave cards were not adequately maintained**

2.238 The leave cards maintained by the High Commission were not properly maintained. Entries were made in pencil and sometimes information was incomplete.

- **Subsistence and meals paid at varying rates**

2.239 We saw evidence where the Ambassador was paid subsistence and meals at varying rates based on the countries visited. These rates were not consistent with the rates approved by the Government of St. Lucia.

2.240 We have reported in the past that the Ministry needs to regularize the rates paid to Foreign Service personnel when travelling overseas from the country of posting.

Recommendations

- All staff of the High Commission should sign the oath of secrecy upon employment.
- The Ministry should seek to report the overpayment of £2,160 to the Accountant General's Department.
- The High Commission's leave cards should be properly maintained.
- The Ministry needs to take steps to regularize the rates paid to Foreign Service personnel when travelling overseas from the country of posting.

Fixed Asset Register

- Fixed asset register was not updated

2.241 The current market value of the High Commission's Office Building was not recorded in the Fixed Asset register. The insurable value recorded in the register was £1,900,656 on April 19, 2002 which was also the purchase date. We are aware that during the period a contractor was engaged to carry out repairs to the roof of the building, which would further increase the market value of the property.

Recommendation

2.242 The Ministry commissions an independent appraisal of the building to determine its current market value and replacement cost.

- Formal memorandum of understanding of shared property is still outstanding

2.243 In March 2002, the High Commissioners of Saint Lucia and Dominica signed a tentative agreement for the operations and management of the jointly purchased building. A formal arrangement was supposed to have been approved and signed by the respective governments at a later date.

2.244 After almost 10 years the matter is still outstanding. We noted that the then High Commissioner wrote to the Permanent Secretary, of Ministry of External Affairs on July 11, 2011 to request a formal Memorandum of Understanding between the two countries.

2.245 At the exit interview we were informed that the Ministry of External Affairs was working with all stakeholders to resolve the matter.

2.246 It is important that this agreement between the two High Commissions is formalized at the soonest. A formal agreement or memorandum of understanding would ensure that both parties can have legal recourse in the event of changes in policies in terms of property usage, maintenance and security issue that can arise as a result of changes in government and or High Commissioners. It would help to guide future actions of both parties.

Recommendation

2.247 The Ministry of External Affairs should act speedily to formalize the arrangement to safeguard the government’s share of the property.

Revenue from the Sale of Passports

- **Passport revenue was paid into the Consolidated Fund after the close of each financial year**

2.248 All revenue should be reported in the year it is received.

2.249 Revenue from the sale of passports was sent to Head Office between three weeks to twenty two (22) months after the close of the financial year in which it was collected. Further, the amounts were paid to the Treasury a few months after it was received by the Head Office. The dates when revenue was paid to the Accountant General over the period 2008/2009 to 2011/12 were as follows:

Financial Year	Revenue Collected £	Revenue Collected EC\$	Date sent to Head Office	Date Paid into Treasury	Time lag (Months)
2008/09	27,012.27	157,269.46	20.08.10	20.01.11	22
2009/10	24,811.99	104,771.07	25.01.11	04.03.11	11
2010/11	23,011.34	97,259,.33	04.05.11	24.05.11	1
2011/12	28,582.54	118,346.72	24.04.12	14.06.12	1.75
Total	103,418.14	477,646.58			

2.250 Total revenue of £51,824.26 collected for the financial years 2008/09 and 2009/10 was paid in and was recorded in the Accountant General’s accounts during the financial year 2010/2011. Revenue in respect of the financial year 2010/2011 of £23,011.34 was paid in during the financial year 2011/2012.

2.251 As a result, revenue reported in the Accountant General's accounts for the sale of passports was not appropriately recorded in the financial year in which it was collected. This is in breach of the financial regulations.

Recommendation

2.252 The Ministry of External Affairs should take steps to ensure that the revenue collected for a specific year is paid in to the Accountant General during that same year in accordance with governments accounting policies.

- **No authority was seen for rental of premises to the Tourist Board**

2.253 All sources of revenue should be reflected in the state's budget and should be appropriately and legally supported.

2.254 The High Commission collected rental revenue from the Saint Lucia Tourist Board for office accommodation on the ground floor of the building.

2.255 The monthly rental was £1,700. For the four-year period, revenue of £79,900 or EC\$359,550.00 was collected. This revenue was not remitted to the Accountant General but was used to fund the High Commission's operating expenditure.

2.256 This practice is not in accordance with the regulations. Further, the High Commission did not have the legal authority to collect rental revenue. This was simply an informal arrangement between the Tourist Board and the High Commission.

Recommendation

2.257 The Ministry of External Affairs should take steps to obtain the appropriate authority for the collection of rental income. Further, this income should be reflected in the Ministry's budget and the amount collected should be remitted to the Accountant General.

CASH IN BANK

- **Dormant passport account should be closed**

2.258 We noted that the High Commission maintained two passport accounts. Account number 20569100 was the main account that was used for the day to day operations of passports and visas. The other account 30103403 was the original passport account but was no longer used.

2.259 Upon reviewing account 30103403, it was observed that there has been minimum activity from December 2008 to March 2012.

2.260 Based on the volume of transactions, it is clear that the High Commission no longer has use for this account. The account is incurring very little interest and in addition, it is likely that a monthly charge or commission will be levied on the account for lack of activity.

Recommendation

2.261 The High Commission transfers the balance of the account to the current passport account 20569100 and close account 30103403.

Disaster Relief Fund

- **Total funds remitted could not be accurately verified**

2.262 After the passing of Hurricane Tomas in 2010, the Minister responsible for disaster preparedness and response notified the public that a declaration of disaster was issued pursuant to Section 18 of the Disaster Management Act 2006 No. 30. By issue of the declaration a bank account was opened by the High Commission to receive donations received from citizens. The Saint Lucia Disaster Relief Fund No. 23-83-92-65 was opened at the Barclays Bank on November 04, 2010.

2.263 On August 03, 2011 a cheque of £25,353.47 was issued to the Accountant General along with a supporting list of donations received.

2.264 We verified the amounts collected to ascertain whether the amount remitted was correct. Based on the supporting documents we received we were not able to conclusively verify that the amount of £25,353.47 was indeed correct.

2.265 Several deposits were made directly to the Bank in addition to cheques which the High Commission received and deposited into the bank. We were not able to trace all of the deposits because the record keeping did not allow us to do so. Contained on the list were grand totals described as anonymous deposits. It proved difficult to verify those totals. On April 05, 2012 the balance in the account was £374.50. Commission charges ranging from £5.50 to £7.90 monthly were levied on the account due to lack of activity.

Recommendation

2.266 This account should be closed because it is no longer relevant and it is likely that the account balance will soon be exhausted because of commission charges being deducted on a monthly basis.

Business Account

- **Account opened without the appropriate authority**

2.267 The High Commission operates a business base rate tracker account number 70871648. This account is a high interest bearing account. At April 03, 2012 the balance in the account was £117,229.42 or approximately EC\$ 527,532.39.

2.268 In 2009, the High Commission began a project to repair the roof of the building. To facilitate payment for works, an account was opened on April 06, 2009 number 43381285 with £20,000.00. This account was named Saint Lucia High Commission Passport Account Number Two Account. The rationale for opening this account was that since account 70871648 was a high interest bearing one it would be prudent to transfer sums of monies periodically from this account to another to facilitate payment without losing interest. The account was opened as a result of a directive given by the then High Commissioner. This was in breach of the Financial Regulations since it is the Accountant General who has to approve the opening of all bank accounts.

2.269 We verified that during the period 2009 to 2011 monies for the repair of the roof was transferred from the high interest bearing account to this sub account from which payments were made for the works. In September 2011, the balance of account 43381285 was £47.92. Since all works on the roof has been completed there are no transactions taking place in the account.

Recommendation

2.270 This account should be closed since it is no longer needed.

INVENTORY & EQUIPMENT REGISTER

- **Inventory lists were not updated, signed or dated**

2.271 Accounting officers are required to ensure that all inventories are checked against physical stocks on hand at least once a year in accordance with the Revised Laws of Saint Lucia, 2005, Cap 15.01 (Procurement and Stores Regulation) No. 39 (3).

2.272 We found that the inventories were not checked yearly, therefore, the High Commission was not in a position to update the inventory lists. The outdated lists on file were not signed and dated by the officer who conducted the count as per the instruction given in note 2 of the inventory form.

2.273 Consequently, the inventories were checked during the audit. We found differences between the quantities obtained from the audit and the quantities recorded on the inventory listings.

2.274 We also observed that although the Commission maintained a list of obsolete and unserviceable items; a request to dispose of those items was not made. Many of these items had been rendered obsolete or unserviceable in excess of four years. Also, the list of obsolete items did not contain all equipment taken out of usage during the period.

Equipment register was not updated

2.275 The equipment register should be updated when new items of equipment are received, disposed or transferred to another location.

2.276 Some items of equipment which were purchased during the audited period, the serial numbers of some replacement equipment and the location of some items of equipment that had been transferred were not recorded in register. Therefore the register contained incomplete and inaccurate information.

Recommendations

- **An Inventory check should be done annually. Also, the officer conducting the check should sign and date the inventory forms.**
- **Additions and disposals of inventory items should be recorded as soon as they occur.**
- **Permission to condemn or dispose of the Inventory items that are no longer functional or damaged should be obtained from the Ministry of Finance. This would allow the High Commission to legally dispose of these items and better utilize office space.**
- **The equipment register should be updated to reflect all required information.**

EXPENDITURE AUDIT

Introduction/Objective

2.277 The Office of the Director of Audit conducted an audit of sixty (60%) percent of the total expenditure of the Government of St. Lucia for the financial years 2007/2008 to 2010/2011. This represented thirteen (13) government ministries which included:

- Ministry of Economic Affairs;
- Ministry of Justice;
- Ministry of Home Affairs;
- Ministry of Agriculture;
- Ministry of Commerce;
- Ministry of Communications & Works;
- Ministry of Finance;
- Ministry of External Affairs;
- Ministry of Physical Development;
- Ministry of Housing;
- Ministry of Social Transformation;
- Ministry of Education; and
- Ministry of Health.

2.278 The main objective of the expenditure audit was to determine whether the systems of internal control and accounting procedures for expenditure at the Ministries and Departments conformed to government's laws, rules, regulations and instructions.

Scope and Methodology

2.279 The scope of the audit included the financial years 2007/2008 to 2010/2011 with particular emphasis on the latter two (2) financial years 2009/2010 to 2010/2011. The audit focused on

- Certifying and approving transactions;
- Classifying and recording of transactions; and
- Reconciling expenditure and budgetary transactions;

2.280 As part of our audit procedures we assessed the systems of internal control and accounting procedures for expenditure at the 13 (thirteen) ministries. We conducted tests of transaction on a sample of expenditure. Also, we reviewed the expenditure transactions against the laws, rules, regulations and instructions given in the following:

- Revised Laws of Saint Lucia, 2006, Cap 15.01 Finance (Administration) Act
- Revised Laws of Saint Lucia, 2006, Cap 15.01 Financial Regulations
- Estimates of Expenditure for the financial years 2007/2008, 2008/2009, 2009/2010 and 2010/2011
- Finance and Accountant General Circulars

Summary of Findings

2.281 Our audit of expenditure revealed significant weakness and breaches in the internal controls over expenditure. We found that there was insufficient monitoring and lack of reconciling the expenditure accounts by the various ministries. The breaches in the internal controls led to over and unauthorized expenditure. Also, incomplete and inaccurate expenditure information was recorded in the Accountant General's accounts.

2.282 The findings fell within three (3) broad categories:

- Expenditure accounts were not reconciled with the Accountant General's Accounts;
- Non-compliance with the Revised Laws of Saint Lucia, 2006, Chap 15.05 (Financial Regulations); and
- Non-adherence to the directives given by the Accountant General and the Ministry of Finance

Detailed Findings and Recommendations

- **All of the Ministries and Departments we audited did not reconcile their expenditure accounts with the Accountant General Accounts.**

2.283 According to the Revised Laws of Saint Lucia, 2006, Cap 15.01 (Financial Regulation) No. 10(4)(c), all Ministries and Departments are expected to reconcile their vote accounts item by item with the Accountant General's accounts at the end of every month.

2.284 In the Accountant General's Circular TD No. 17 of 2001, accounting officers were reminded of the importance of timely reconciliation of the accounts and the implications of not doing so. As well, the Accountant General's Department prepared and distributed a manual on reconciliation of Smart Stream accounts to all Ministries and Departments.

- 2.285** All of the Ministries and Departments we audited did not reconcile their expenditure accounts (recurrent and capital) with the Accountant General's accounts for the financial years 2009/2010 and 2010/2011. Consequently, we could not establish the accuracy of the year-end expenditure figures reported in the Accountant General's accounts.
- 2.286** Numerous errors were discovered in the expenditure accounts, most of which were incorrect postings. As a result of these errors, we found differences between the revised estimates obtained from the audit and the revised estimates in the Accountant General's account. Also, instances of over and unauthorized expenditure were found.
- 2.287** A number of expenditure items were incorrectly classified at the detailed object classification (DOC) level. However, these errors did not affect the overall expenditure figures at the standard object classification (SOC) level. Nevertheless, for proper accounting and budgetary purpose it is expected that expenditure should be properly classified at both the DOC and SOC levels.
- 2.288** For years we have been reporting that Ministries and Departments have not been reconciling their accounts. To date, despite the situation becoming chronic corrective action has not been taken. We must stress that monthly reconciliation of expenditure is an important control process designed to assure the integrity and accuracy of the transactions that are posted to the Accountant General's accounts. Reconciliation of the accounts allows Ministries and Departments to monitor the amounts appropriated for spending and to guard against over and unauthorized expenditure. In addition, timely account reconciliation allows for corrective action to be taken promptly if there are errors in the expenditure accounts.
- 2.289** Appendix I and II list the differences in revised estimates and over and unauthorized expenditure by ministries respectively.
- **Invoices were not always certified and approved by the responsible officers**
- 2.290** One of the features of a good internal control system is the requirement that invoices are certified and approved by the responsible officers.
- 2.291** Moreover, according to the Revised Laws of Saint Lucia, 2006, Cap 15.01 (Financial Regulations) 74 (1) every payment instrument should be certified by an officer duly authorized to do so.
- 2.292** For the financial year 2010/2011 under capital project 4407204-0200-1004 (St. Lucia Population and Housing Census), we found that fifty-three (53) of the supervisors/enumerations weekly expense forms census 2010, although paid via Smart

Stream were not approved by the Director of Statistics. Also, some of the expense forms were not certified correct and were written and signed in pencil by the supervisors/enumerators. Consequently, we were unable to vouch for the accuracy of the information on those forms.

- **Expenditure derived from the source documents (invoices) for some agency programmes were less than the expenditure reported in the Accountant General's accounts**

2.293 The government's internal control policies require that in addition to scanning the invoices to support the payments approved by the Accountant General's Department, all agencies are required to file copies of the original invoices.

2.294 This requirement is necessary because Ministries and Departments would have these originals on file for reconciliation purposes or for clarifying payment issues with suppliers. Most importantly, the invoices are the Ministry's documentary evidence supporting payments made.

2.295 We requested all original invoices for expenditure for some agency programmes. We needed these original invoices to enable us to independently verify the expenditure that should have been reported under those accounts.

2.296 Of the sample chosen, we could not verify total expenditure reported by the Accountant General for all accounts because the original invoices to support the expenditure were not on file.

2.297 For the financial year 2009/2010 we obtained original invoices to support only fifteen to ninety-nine percent (15%-99%) of the expenditure reported in seventeen (17) accounts and for 2010/2011 eighteen to ninety-nine percent (18%-99%) of expenditure reported in eleven (11) accounts of the various Ministries. Details are given in the table below:

Agency/ Programme	Description	Total Expenditure verified by Audit as per Invoices	Actual Expenditure reported in the Accountant General's accounts	Difference	Percentage of Expenditure verified
2009/2010		\$	\$	\$	
Recurrent Expenditure					
4113002-0110-1001	Supplies and Materials	50,406.02	89,123.92	(38,717.90)	57%
4401004-0116-1001	Operating and Maintenance Service	1,589,502.90	1,964,203.87	(374,700.97)	81%
4405004-0109-1001	Office and General Expense	197,558.86	202,803.97	(5,245.11)	97%
4701004-0116-1001	Operating and Maintenance Service	29,497.27	45,568.43	(16,071.16)	65%
4703002-0109-1001	Office and General Expense	20,454.11	25,379.28	(4,925.17)	81%
4801003-0116-1001	Operating and Maintenance Service	61,322.27	66,103.85	(4,781.58)	93%
4801003-0109-1001	Office and General Expense	34,312.98	38,928.98	(4,616.00)	88%
5214002-0105-1001	Travel and Subsistence	192,920.65	204,439.32	(11,518.67)	94%
5201004-0109-1001	Office and General Expense	82,181.20	111,516.68	(29,335.48)	74%
5201004-0110-1001	Supplies and Materials	54,949.12	356,600.52	(301,651.40)	15%
5301007-0110-1001	Supplies and Materials	4,800,135.72	4,840,703.27	(40,567.55)	99%
3504204-0200-1004	Computer Aided Birth Certificates	342,399.99	357,639.65	(15,239.66)	96%
4112226-0200-1004	Banana Production Management Unit	848,584.64	1,364,486.16	(515,901.52)	62%
Capital Expenditure					
4403201-0200-1004	Office Furniture and Equipment	1,034,938.44	1,105,443.71	(70,505.27)	94%
4703208-0200-1004	Land Acquisition	961,967.16	3,997,955.55	(3,035,988.39)	24%
4802206-0200-1004	Barons Drive Relocation Project	2,001,588.80	2,009,374.55	(7,785.75)	99%
5307205-0200-1004	Mental Health Reform	855,274.01	943,645.67	(88,371.66)	91%
2010/2011					
4402001-0116-1001	Operating and Maintenance Service	285,505.86	285,722.93	(217.07)	99%
4803001-0110-1001	Supplies and Materials	68,017.47	89,511.00	(21,493.53)	76%
4803001-0114-1001	Tools and Instruments	19,093.06	26,332.67	(7,239.61)	72%
5208001-0116-1001	Operating and Maintenance Service	138,770.20	761,477.71	(622,707.51)	18%
5214002-0116-1001	Operating and Maintenance Service	34,833.12	50,374.91	(15,541.79)	69%
5201004-0109-1001	Office and General Expense	82,181.20	111,516.68	(29,335.48)	74%
5214002-0105-1001	Travel and Subsistence	190,238.92	191,978.99	(1,740.07)	99%
Capital Expenditure					
3504204-0200-1004	Computer Aided Birth Certificate	607,298.34	614,908.99	(7,610.65)	99%
4802206-0200-1004	Barons Drive Relocation Project	1,264,830.20	1,277,905.87	(13,075.67)	99%
5205235-0200-1004	Basic Education Enhancement Project	588,448.33	599,223.27	(10,774.94)	98%
5301215-0200-1004	National Health Information System	203,074.67	229,503.27	(26,428.60)	88%

2.298 The fact that the Ministries did not have on file, all of the original invoices to support the expenditure, is clearly a breach of the Revised Laws of Saint Lucia, 2006, Cap 15.01 (Financial Regulation) No. 156(1) which requires that agencies should carefully file and secure all accounting documents until they have been audited or retained for the period required by law.

2.299 The responsibility to ensure that adequate systems are maintained within government ministries and departments falls directly within the purview of the Accountant General's Department.

2.300 According to the Revised Laws of St. Lucia Cap 15.01 Finance (Administration) Act the Accountant General shall:-

“ensure that proper and adequate accounting systems are established and maintained in Ministries and Departments of Government both within and outside Saint Lucia.

...shall perform a supervisory function with respect to the collection, expenditure and accounting for public funds.”

2.301 Therefore, it is incumbent on the Accountant General’s Department to take the necessary steps to cause the Ministries to:

- **reconcile their expenditure accounts monthly with the Accountant General accounts as required by the Revised Laws of Saint Lucia, 2006, Cap 15.01 (Financial Regulation) No. 10(4)(c);**
- **post warrants to the relevant accounts;**
- **obtain the necessary supplementary provisions to cover the expenditure incurred in excess of the revised estimates and allocations;**
- **make certain that invoices are always certified correct and approved by the responsible officer(s) before initiating payments; and**
- **maintain on file, all original invoices to support the payments made by the Accountant General’s Department.**

PERFORMANCE AUDITS

2.302 The Revised Laws of Saint Lucia, Cap 15.19 (Audit Act) Section 6 (2) states: each Report of the Director of Audit under Sub-section (1) shall call attention to anything he considers to be of significance and of a nature that should be brought to the attention of the House of Assembly including any cases which he has observed that:

- i money has been expended without due regard to economy (the acquisition at the lowest cost and at the appropriate time, of human and material resources in appropriate quantity and quality) or efficiency (the conversion in the best ratio, of resources into goods and services; or*
- ii satisfactory procedures have not been established to measure and report on the effectiveness of programme (the achievement to the best degree, of the objectives or other intended effects of a programme, an organization or any activity) where such procedures could appropriately and reasonably be implemented.*

2.303 The Office of the Director of Audit in fulfilling this mandate carries out performance audits. A performance audit is defined as an outcome of the movement towards a public service that is more responsive to public needs and is more accountable. It summarizes three separate but inter-related values: economy, efficiency and effectiveness.

2.304 During the year we substantially completed work on a performance audit of the Biomedical Waste Management Practices under the Ministry of Health, Wellness, Family Affairs, National Mobilization, Human Services and Gender Relations. The report will be issued to Parliament under separate cover.

ABSTRACT OF THE REPORT

2.305 The purpose of the audit was to inform Parliament on biomedical waste management practices within selected public health institutions in Saint Lucia. The Ministry of Health, Wellness, Human Services and Gender Relations (MOH), is responsible for the administration of public health institutions; whilst the Saint Lucia Solid Waste Management Authority (the Authority), is responsible for administration of waste management programme. The *Waste Management Act* is the authority for managing waste.

2.306 The latest information from the Saint Lucia Solid Waste Management Authority indicates that during 2009/2010, 41.1 tons of biomedical waste was collected at 56 locations island-wide. Of this total 32 tons or 82% of the waste originated from public healthcare institutions. Victoria Hospital, the largest health care institution on the island, accounted for the majority of the waste which was 28 tons.

- 2.307** Our audit focused on three areas of biomedical waste management namely (1) classification and storage; (2) transportation, treatment and disposal; and (3) occupational health and safety. There were eight (8) audit criteria associated with our audit objectives.
- 2.308** Management agreed to the suitability of our audit criteria as reasonable standards for management of biomedical waste. Our audit covered waste management operations from April 2012 to August 2012.
- 2.309** We examined four health facilities which together represent the majority of public health institutions that generate bio-medical waste in Saint Lucia.
- 2.310** We found that there are some strong features in the waste management process particularly in the areas of transportation, treatment and disposal.
- 2.311** Classification/segregation of biomedical waste, practices at most health institutions was satisfactory and was consistent with local laws and World Health organization (WHO) guidelines. However, the two major health facilities need to properly segregate cytotoxic waste (highly hazardous waste generated from cancer chemotherapy treatment) from other biomedical waste up to time of disposal.
- 2.312** Storage of biomedical waste at most institutions was unsatisfactory. One leading health facility, storage practice posed risk to human health and the environment in that the storage area was not properly secured and free from unauthorized access.
- 2.313** Transportation of biomedical waste within the compounds of health facilities was not always in accordance with best practices. At two facilities biomedical waste was carried by hand instead of using the recommended wheeled vehicles.
- 2.314** However, transportation from health facilities to the sanitary landfill was in accordance with best practices. Treatment and disposal of bio-medical waste were also in accordance with best practices except for cytotoxic waste which was not safely disposed.
- 2.315** We found training for persons who handle biomedical waste to be inadequate and exclusive of a training plan. We saw little documentary evidence of supervision and monitoring of waste management practices at health institutions.
- 2.316** We concluded that although there are proper procedures for managing biomedical waste in public health institutions, there are still some practices that pose risk to human health and the environment.

2.317 The Waste Management Regulations continue to be in draft even after a number of years. There is also an apparent disparity between the draft regulations and the Waste Management Act with regards to the period of storage of biomedical waste.

AUDIT OF STATUTORY BODIES

Saint Lucia Bureau of Standards (SLBS)

2.318 The Office of the Director of Audit undertook the audit of the financial statements of the St. Lucia Bureau of Standards for the year ended March 31st, 2012 in accordance with Section 29 (2) of the standards Act which states:

(2) *Accounts kept in accordance with subsection (1) shall be submitted to be audited with vouchers to the Director of Audit or such other auditor as the Minister may approve.*

2.319 The Saint Lucia Bureau of Standards is a statutory body established by the Standards Act Chapter 13.25 of the Laws of St. Lucia. Under this legislation SLBS is responsible for the development and promotion of quality, standards and codes of practice for products and services to ensure the protection of health and safety of consumers and the environment as well as industrial development to propel the development of the St. Lucian economy.

2.320 In addition SLBS administers the Metrology Act and Regulations Chapter 13.18 of the Laws of St. Lucia. This legislation gives the SLBS the responsibility to maintain the National measurement Standards and to ensure control over various types of measurement equipment used in trade and also the provision of metrology services. SLBS has the responsibility for managing and coordinating the metrication of Saint Lucia.

2.321 The affairs of the SLBS are governed by a Standards Council who is the policy making arm of the institution and a Director who is responsible for the daily operations of the SLBS.

2.322 The audit was substantially completed in February 2013 at which time a management letter was issued to the Council. Subsequently, the draft financial statements and auditors report were submitted for review.

2.323 The report will be tabled in accordance with Section 30 of the Standards Act which states:

(1) The Bureau shall, as soon as practicable after the end of each financial year, cause to be made and transmitted to the Minister—

(a) a statement of its accounts audited in accordance with section 29(1);

- (2) The Minister shall cause a copy of the report together with the annual statement of accounts and the auditor's report thereon to be laid on the respective tables of both Houses of Parliament.

Internal Controls

2.324 The St Lucia Bureau of Standards internal control over financial reporting is designed to provide reasonable assurance regarding the accuracy and reliability of information contained in the financial statements. As such internal controls over financial reporting include those policies and procedures that:

- (1) pertain to the maintenance of sufficient, accurate and detailed records that accurately and fairly reflect the transactions of the St Lucia Bureau of Standards;
- (2) provide reasonable assurance that receipts and expenditures are properly authorized and that transactions are accurately recorded so as to permit the preparation of financial statements in accordance with the International Financial Reporting Standards.

2.325 In performing the audit we looked at the internal control system.

2.326 Our audit disclosed significant internal control weaknesses in the financial management system of the St. Lucia Bureau of Standards. We identified several instances where controls did not exist or if they existed they were circumvented or intentionally not complied with to accommodate the operations of the Bureau. These control breakdowns resulted in several issues of non-compliance with established procedures.

2.327 The details of the weaknesses noted are highlighted below.

- Financial Management Procedures Manual was not approved
- Lack of segregation of duties
- Not all purchases were supported by requisitions and purchase orders
- Payment Vouchers were not properly authorized
- Some payments were supported by open bills
- No evidence of receipt of goods seen
- Invoices were not stamped "entered" and not dated
- Invoices were not issued in numerical order
- Some cancelled cheques were not always marked "cancelled" and initialed and were not entered in the register
- Cancelled cheques were not recorded in the ledger
- Cheques were not issued in sequence
- Blank signed cheques were given to employees to make purchases

- Cheques with only one signature were cashed by the Bank
- Tuition and examination fees were paid by credit card
- Credit Cards were used for local purchases
- Interest and late fee charged for outstanding credit card bill
- Petty cash vouchers were not pre-numbered and not always signed by the receiver and approver
- No supporting documents for payments made from petty cash in some instances
- Petty cash fund was not maintained at the authorized limit
- No cash count was done at March 31st
- Lack of proper internal controls over petty cash
- Fixed Asset Register and Fixed Asset schedule were not properly maintained
- Lease Agreement was not signed by both parties and was not registered
- Records of CSCP fees collected by Customs were not maintained
- Lack of appropriate controls over collection and deposit of other revenue
- Revenue was not deposited after two days
- Full balance in the undeposited fund account was not deposited
- Authorization for bank transfers were not kept on file
- Overdraft limit was exceeded
- Payments were split to avoid approval above the threshold
- Some cancelled cheques were not included in the cheque register
- Authority for salaries and allowances could not be verified
- Travel allowance and telephone were paid to the Office Assistant
- Leave forms were not signed by the Director
- All uncertified absences were not recorded in the register
- Supporting documents were not provided to verify NIC reimbursements
- Board minutes were not signed

2.328 The Bureau's vulnerability to future loss needs to be minimized or eliminated. In this regard, our audit concluded that there is need to strengthen the financial management system. Management needs to take action to ensure that staff comply with all established procedures and enforce existing internal controls and or implement additional internal controls over its financial operations.

2.329 We made specific recommendations to achieve compliance with established procedures and internal controls within the operations of the Bureau.

APPENDIX 1 – DIFFERENCES IN REVISED ESTIMATES BY MINISTRIES

2009/2010

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
MINISTRY OF JUSTICE				
Recurrent Expenditure				
3501002-108	Training	0.00	7,000.00	(7,000.00)
3501003-108	Training	0.00	5,850.00	(5,850.00)
3501003-115	Communication	109,150.82	116,172.82	(7,022.00)
3501003-116	Operating and Maintenance Services	36,697.00	40,742.00	(4,045.00)
3502001-105	Travel and Subsistence	84,225.00	91,725.00	(7,500.00)
3502001-117	Rental of Property	207,741.00	205,009.00	2,732.00
3501001-132	Professional and Consultancy Services	21,356.00	28,856.00	(7,500.00)
3503001-120	Grants and Contributions	1,720,585.00	1,757,103.00	(36,518.00)
3504002-125	Rewards, Compensation and Incentives	687.00		
3504003-115	Communication	8,436.00	10,791.00	(2,355.00)
3505004-105	Travel and Subsistence	253,089.00	145,118.00	107,971.00)
3505002-125	Rewards, Compensation and Incentives	2,100.00		
3505003-115	Communication	59,661.42	65,661.42	(6,000.00)
3505004-116	Operating and Maintenance Services	78,380.00	127,742.00	(49,362.00)
3507001-110	Supplies and Materials	136,592.00	179,592.00	(43,000.00)
3507001-113	Utilities	40,449.00	71,309.00	(30,860.00)
3511001-115	Communication	12,200.00	20,781.00	(8,581.00)
3512001-132	Professional and Consultancy Services	527,454.00	481,594.00	45,860.00
MINISTRY OF AGRICULTURE				
Recurrent Expenditure				
4112001-110	Supplies and Materials	52,219.00	56,869.00	(4,650.00)
4112001-114	Tools and Instrument	0.00	(4,650.00)	4,650.00
4112005-110	Supplies and Materials	13,267.00	(1,733.00)	(15,000.00)
4114001-102	Wages	40,324.00	43,150.00	(2,826.00)
Capital Expenditure				
4101225-1004	30 th Anniversary Independence Exhibition	320,717.00	270,717.00	50,000.00
4101227-1004	New Marketing Entity	80,754.00	38,900.00	47,854.00
MINISTRY OF COMMERCE				
Recurrent Expenditure				
4202001-109	Office and General Expense	22,905.00	16,415.00	6,490.00
4203001-105	Travel and Subsistence	97,262.96	63,285.96	(5,999.96)
4204001-108	Training	9,004.00	3,601.00	(490.00)

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
MINISTRY OF FINANCE				
Recurrent Expenditure				
4401001-101	Personal Emoluments	394,820.00	392,620.00	2,200.00
4401001-109	Office and General Expense	20,600.00	22,800.00	(2,200.00)
4402001-113	Utilities	97,557.00	91,557.00	6,000.00
4403001-105	Travel and Subsistence	30,736.00	30,008.00	728.00
4403001-109	Office and General Expense	51,500.00	35,500.00	16,000.00
4403001-110	Supplies and Materials	18,500.00	13,500.00	5,000.00
4403001-116	Operating and Maintenance Services	23,970.00	22,698.00	1,272.00
4403001-119	Reserved	15,987,793.07	17,093,490.07	(1,105,697.00)
4403001-132	Professional and Consultancy Services	9,000.00	30,000.00	(21,000.00)
4403001-136	Contingency	480,445.38	177,748.38	302,697.00
4404001-109	Office and General Expense	103,371.10	109,357.20	(5,986.10)
4404001-116	Operating and Maintenance Services	172,943.00	183,095.30	(10,152.30)
4404004-116	Operating and Maintenance Services	104,682.30	94,530.00	10,152.30
4405002-101	Personal Emoluments	4,272,084.40	4,271,084.40	1,000.00
4416001-109	Office and General Expense	10,000.00	12,000.00	(2,000.00)
Capital Expenditure				
4401239-1004	Tax Reform	1,311,667.00	3,016,150.00	(1,704,483.00)
4403204-1001	Capital Contingency	4,661,652.00	4,534,952.00	126,700.00
4403204-2013	Capital Contingency	7,367,623.00	7,571,631.00	(204,008.00)
4403204-1004	Capital Contingency	923,853.35	(1,730,749.65)	2,654,503.00
4405203-3BB3	Purchase of Vehicles	25,680.00	0.00	25,680.00
4415221-1004	Purchase of Shares	3,000,000.00	5,000,000.00	(2,000,000.00)
MINISTRY OF EXTERNAL AFFAIRS				
Recurrent Expenditure				
4501001-105	Travel and Subsistence	86,400.88	96,363.00	(9,962.12)
4501003-115	Communication	95,044.12	85,082.00	9,962.12
4503002-111	Stationery	900.00	1,000.00	(100.00)
4503002-112	Stamps and Stamped Stationery	400.00	300.00	100.00
4503007-108	Training	904.60	(77.48)	982.08
4503007-120	Grants and Contributions	1,879.72	2,861.80	(982.08)
MINISTRY OF PHYSICAL DEVELOPMENT				
Recurrent Expenditure				
4701003-101	Personal Emoluments	118,348.82	128,651.00	(10,302.18)
4701004-101	Personal Emoluments	226,532.18	216,230.00	10,302.18
4702001-105	Travel and Subsistence	98,890.29	96,904.00	1,986.29
4702001-109	Office and General Expense	35,887.53	37,999.00	(2,111.47)
4702001-115	Communication	2,596.77	1,098.00	1,498.77
4702001-116	Operating and Maintenance Services	32,872.70	32,259.61	613.09
4703002-139	Miscellaneous	238,000.00	158,000.00	80,000.00
4703003-132	Professional and Consultancy Services	37,000.00	52,000.00	(15,000.00)
4704001-117	Rental of Property	62,800.00	127,800.00	(65,000.00)

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
MINISTRY OF HOUSING				
Recurrent Expenditure				
4801001-101	Personal Emolument	386,469.00	429,049.00	(42,580.00)
4801002-101	Personal Emoluments	114,649.00	130,188.00	(15,509.00)
4801003-105	Travel and Subsistence	4,259.00	4,576.00	(317.00)
4801003-137	Insurance	15,700.00	8,355.00	7,345.00
4802001-101	Personal Emoluments	470,260.00	503,923.00	(33,663.00)
4802001-105	Travel and Subsistence	50,317.00	50,000.00	317.00
4803001-101	Personal Emoluments	184,809.00	180,010.00	4,799.00
4803001-102	Wages	5,362,017.00	5,386,602.00	(24,585.00)
4803001-113	Utilities	374,409.00	224,290.00	150,119.00
4803001-120	Grants and Contributions	2,164,950.00	1,964,950.00	20,000.00
4803001-132	Professional and Consultancy Services	259,150.50	289,363.50	(30,213.00)
4803001-137	Insurance	(1,058.00)	14,655.00	(15,713.00)
Capital Expenditure				
4803201-1004	Local Government Community Projects	1,132,698.74	1,332,698.74	(200,000.00)
4803208-1004	Castries Beautification and Upgrade Project	514,900.00	0.00	514,900.00
MINISTRY OF SOCIAL TRANSFORMATION				
Recurrent Expenditure				
5101001-132	Professional and Consultancy Services	17,400.00	12,000.00	5,400.00
5101001-109	Office and General Expense	1,252.84	1,519.73	(266.89)
5101003-109	Office and General Expense	30,000.00	30,227.36	(227.36)
5101003-116	Operating and Maintenance Services	79,550.65	80,406.10	(855.45)
5103002-105	Travel and Subsistence	125,548.00	137,548.00	(12,000.00)
5103002-108	Training	58,569.00	58,631.00	(62.00)
5103003-109	Office and General Expense	21,360.00	19,804.30	1,555.70
5103002-116	Operating and Maintenance Services	25,505.00	25,649.00	(144.00)
5103002-120	Grants and Contributions	3,896,350.00	3,946,350.00	(50,000.00)
5103006-120	Grants and Contributions	99,981.51	49,981.51	50,000.00
5110002-108	Training	19,364.00	29,364.00	(10,000.00)
5110004-109	Office and General Expense	7,355.73	47,357.73	(40,002.00)
5110004-132	Miscellaneous	7,325.40	17,325.40	(10,000.00)
5110005-105	Travel and Subsistence	(2,555.00)	0.00	(2,555.00)
5111001-105	Travel and Subsistence	4,479.00	7,884.00	(3,405.04)
5111001-108	Training	2,008.00	3,500.00	(1,492.00)
5111001-113	Utilities	43,414.00	44,400.00	(986.00)
5111001-115	Communication	16,046.00	15,060.00	986.00
5111001-116	Operating and Maintenance Services	336,482.81	287,252.81	49,230.00
5111001-117	Rental of Property	4,001.00	8,000.00	(3,999.00)
5111001-118	Hire of Equipment and Transport	1,536.00	3,400.01	(1,864.00)
5111001-137	Insurance	10,790.40	13,705.40	(2,915.00)
5111001-139	Miscellaneous	876.45	2,876.45	(2,000.00)
5112005-132	Professional and Consultancy Services	230,375.49	235,775.49	(5,400.00)
5112007-117	Rental of Property	13,200.00	0.00	13,200.00
5112007-139	Miscellaneous	58,197.44	12,197.44	46,000.00

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	
5112008-117	Rental of Property	59,554.50	69,554.50	(10,000.00)
Capital Expenditure				
5103268-2013	Community Development Programme	100,000.00	0.00	100,000.00
5103271-1004	Establishment of Children's Playground	163,584.00	86,297.00	77,287.00
5102271-1001	Establishment of Children's Playground	0.00	77,287.00	(77,287.00)
5111207-1004	Rehabilitation of Boys' Training Centre	173,710.00	150,000.00	23,710.00
5111207-1001	Rehabilitation of Boys' Training Centre	0.00	23,710.00	(23,710.00)
5112201-1004	Establishment and Upgrade of Playing Fields	620,290.00	689,000.00	(68,710.00)
5112201-1001	Establishment and Upgrade of Playing Fields	0.00	(23,710.00)	23,710.00
5112203-1004	Upgrading of Multi-Purpose Centre	45,000.00	0.00	45,000.00
MINISTRY OF EDUCATION				
Recurrent Expenditure				
5201003-110	Supplies and Materials	11,200.00	19,200.00	(8,000.00)
5201003-116	Operating and Maintenance Services	0.00	2,000.00	(2,000.00)
5201008-137	Insurance	473,919.47	488,419.47	(14,500.00)
5218004-105	Travel and Subsistence	8,450.84	8,550.84	100.00
Capital Expenditure				
5205203-1004	School Furniture, Fittings and Equipment	950,000.00	550,000.00	400,000.00
5205228-1004	Major Repairs/Rehabilitation of School Plants	2,692,000.00	3,092,000.00	(400,000.00)
5205228-2013		1,567,377.00	1,463,369.00	104,008.00
MINISTRY OF HEALTH				
Recurrent Expenditure				
5304006-110	Supplies and Materials	2,044,358.00	2,044,253.00	105.00
5304007-110	Supplies and Materials	1,495,247.00	1,495,352.00	(105.00)
5316001-120	Grants and Contributions	345,368.00	390,736.00	(45,368.00)
Capital Expenditure				
5301207-1004	Preliminary Works – New National Hospital	212,500.00	250,000.00	(37,500.00)
5304215-1004	Victoria Hospital – Plant Rehabilitation Renovation	347,500.00	310,000.00	37,500.00
5307205-1004	Mental Hospital Reform	957,576.00	957,606.00	(30.00)

2010/2011

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
MINISTRY OF JUSTICE				
Recurrent Expenditure				
3502001-109	Office and General Expense	86,646.60	90,485.00	(3,838.40)
3502001-115	Communication	106,435.10	104,785.22	1,649.88
3503001-116	Operating and Maintenance Service	6,601.00	9,801.00	(3,200.00)
3504002-109	Office and General Expense	12,639.00	10,739.00	1,900.00
3504002-110	Supplies and Materials	4,675.00	6,575.00	(1,900.00)
3504002-116	Operating and Maintenance Service	175,350.00	163,350.00	12,000.00
3504002-132	Professional and Consultancy Services	21,350.00	22,850.00	(1,500.00)
3504003-113	Utilities	72,756.00	69,556.00	3,200.00
3504003-116	Operating and Maintenance Service	75,952.00	74,452.00	1,500.00
3505002-102	Wages	38,795.97	34,557.00	4,238.97
3505002-105	Travel and Subsistence	110,340.00	103,040.00	7,300.00
3505002-109	Office and General Expense	11,965.03	16,204.00	(4,238.97)
3505002-116	Operating and Maintenance Service	69,935.00	66,235.00	3,700.00
3505003-102	Wages	2,600.64	22,829.00	3,174.64
3505003-109	Office and General Expense	5,223.36	8,395.00	(3,174.64)
3505003-113	Utilities	52,839.00	50,848.00	1,991.00
3505004-101	Personal Emoluments	430,931.79	424,936.00	5,995.79
3505004-105	Travel and Subsistence	127,117.00	119,965.00	7,152.00
3505004-113	Utilities	26,306.21	32,302.00	(5,995.79)
3505005-110	Supplies and Materials	4,170.00	70.00	4,100.00
3505005-113	Utilities	11,317.00	10,408.00	909.00
3505005-116	Operating and Maintenance Service	12,028.00	13,980.00	(1,952.00)
3505006-113	Utilities	10,057.00	9,600.00	457.00
3505006-115	Communication	2,400.00	57.00	2,343.00
3505006-116	Operating and Maintenance Service	0.00	(12,600.00)	12,600.00
3505006-132	Professional and Consultancy Service	20,095.00	44,500.00	(24,405.00)
3507001-109	Office and General Expense	34,861.00	36,894.00	(2,033.00)
3507001-115	Communication	69,209.00	66,196.00	3,013.46
3507001-132	Professional and Consultancy Service	197,033.00	195,000.00	2,033.00
3510001-101	Personal Emoluments	136,561.92	134,641.00	1,920.92
3510001-113	Utilities	12,597.08	14,518.00	(1,920.92)
3511001-109	Office and General Expense	6,329.64	7,780.00	(1,450.36)
3512001-108	Training	1,632.00	3,000.00	(1,368.00)
3512001-113	Utilities	17,026.00	78,026.00	(61,000.00)
3512001-115	Communication	37,325.00	39,825.00	(2,500.00)
3512001-116	Operating and Maintenance Service	73,813.00	72,203.00	1,610.00
3512001-132	Professional and Consultancy Service	672,262.00	405,527.00	266,735.00
3512002-105	Travel and Subsistence	62,460.00	49,060.00	13,400.00
3512003-108	Training	4,758.00	5,000.00	(242.00)
3512003-109	Office and General Expense	13,403.00	6,798.00	6,605.00

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
Capital Expenditure				
3501204-2AB3	Rehabilitation of High Court	40,000.00	0.00	40,000.00
3501210-1001	Procurement of Legal Resources	25,000.00	0.00	25,000.00
3501213-1004	Automation of Records	0.00	(250,000.00)	250,000.00
3504204-1004	Computer Aided Birth Certificate	900,287.00	277,150.00	623,137.00
3505203-2AB3	Digital Recorders and Transcribers	60,546.00	0.00	60,546.00
3507202-1004	Procurement of Forensic Equipment	235,150.00	1,850.00	233,300.00
3507203-2AB3	Laboratory Information Management System	122,265.00	0.00	122,265.00
MINISTRY OF HOME AFFAIRS				
Recurrent Expenditure				
3601001-109	Office and General Expense	7,741.62	9,949.87	(2,208.25)
3605001-101	Personal Emoluments	593,714.15	640,754.48	(47,040.33)
Capital Expenditure				
3602204-1001	Furniture and Appliances	21,000.00	0.00	21,000.00
3602205-1004	Installation of Fire Hydrant	63,599.00	0.00	63,599.00
3602221-1004	Purchase of Equipment and Supplies	244,203.00	0.00	244,203.00
3602228-3CB3	Communication Radios	40,000.00	0.00	40,000.00
3602229-1004	Purchase of Hazmat Suits	35,646.00	0.00	35,646.00
3603208-1004	Furniture and Equipment	96,557.00	0.00	96,557.00
3603209-3CB3	Reorganization of Prison	64,441.00	0.00	64,441.00
3603211-3BB3	Minor/Major Repairs	68,000.00	0.00	68,000.00
3603212-1004	Prisoner Transport Vehicle	151,330.00	5,150.00	146,180.00
3603213-1004	Commuter Bus Bordelais	99,957.00	(5,150.00)	105,107.00
3603214-1004	Installation of Biogas	24,924.00	0.00	24,924.00
3603215-1001	Replace Sewing Machines	19,095.00	0.00	19,095.00
3603216-1004	Acquisition Green Houses	45,232.00	0.00	45,232.00
3603217-1001	Expansion of Piggery	21,035.00	0.00	21,035.00
3603218-3CB3	Replace Kitchen Equipment	20,151.00	0.00	20,151.00
3605205-2AB3	Court Diversion Program	659,514.00	0.00	659,514.00
3607205-1004	Furniture and Equipment For Police Stations	1,038,752.00	0.00	1,038,752.00
3607207-1004	Equipment For Machine Readable Passports	218,409.00	0.00	218,409.00
3607233-1004	Procurement of Vessels	843,063.00	0.00	843,063.00
3607233-3CB3		1,729,059.00	0.00	1,729,059.00
3607234-1004	Minor/Major Repairs to Police Facilities	461,171.20	0.00	461,171.20
3607235-1004	Machine Readable Passport System (Extension)	292,518.00	0.00	292,518.00
3607241-3CB3	Construction of Generator	60,000.00	0.00	60,000.00
3607242-3CB3	Wireless Radio Guns	128,964.00	0.00	128,964.00
3607243-1004	Transfer of Voice and Data Network from Frame Relav to MPLS	493,441.00	0.00	493,441.00
3607245-3BB3	Replace Defenders Engine	437,416.00	(72,658.20)	510,074.20

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
MINISTRY OF AGRICULTURE				
Capital Expenditure				
4101224-1004	Project Management Unit	350,000.00	0.00	350,000.00
4101228-3112	Establishment of Agro Processing Facility	1,500,000.00	0.00 0.00	1,500,000.00 450,000.00
4101228-3272		450,000.00		
4101229-3AE2	Banana Commercialization and Agriculture Diversification (BIT)	8,582,641.00	0.00	8,582,641.00
4101230-3AF2	Assistance to Agricultural Diversification (FAO)	3,510,667.00	0.00	3,510,667.00
4101231-2AB3	Post Hurricane Thomas Rehabilitation	435,000.00	870,000.00	(435,000.00)
4102217-1083	Expansion of Predial Larceny	514,800.00	0.00	514,800.00
4112226-1004	Banana Production Management Unit	1,400,000.00	0.00	1,400,000.00
4112252-3112	Production and Productivity Enhancement for Beausejour Agricultural Station	2,000,000.00	0.00	2,000,000.00
4112253-2AB3	Coconut Industry Revitalization Phase I	135,300.00	(183,500.00)	318,800.00
4113201-3112	Meat Processing Facility	5,800,000.00	0.00	5,800,000.00
4114218-1004	Desilting of Fishing Pots	30,000.00	(30,000.00)	60,000.00
4115214-1004	Rainforest Nature Trail Rehabilitation	72,120.00	0.00	72,120.00
MINISTRY OF COMMUNICATIONS & WORKS				
Recurrent Expenditure				
4301001-115	Communication	5,926.00	5,300.00	626.00
4301004-113	Utilities	471,301.00	470,925.00	376.00
4301004-115	Communication	245,718.00	246,344.00	(626.00)
4301005-116	Operating and Maintenance Service	329,581.00	317,500.00	12,081.00
4301005-137	Insurance	127,919.00	140,000.00	(12,081.00)
4302002-115	Communication	24,336.00	25,851.00	(1,515.00)
4304001-109	Office and General Expense	820.00	1,500.00	(680.00)
4304002-109	Office and General Expense	3,735.00	3,000.00	735.00
4304002-113	Utilities	7,001,223.00	7,001,599.00	(376.00)
4304002-118	Hire of Equipment and Transport	2,445.00	2,500.00	(55.00)
4306001-109	Office and General Expense	33,334.00	30,000.00	3,334.00
4306001-114	Tools and Instruments	12,466.00	15,800.00	(3,334.00)
4306002-109	Office and General Expense	5,503.00	6,000.00	(497.00)
4306002-115	Communication	9,315.00	7,800.00	1,515.00
4306002-116	Operating and Maintenance Service	352,225.00	352,020.00	205.00
4308001-109	Office and General Expense	792.00	500.00	292.00
Capital Expenditure				
4302205-2AB3	Establishment of Quality Management System	0.00	(150,000.00)	150,000.00
4303212-1004	New Licensing System	200,000.00	0.00	200,000.00
4304205-1004	Testing Instrument and Equipment	30,000.00	0.00	30,000.00
4306233-1004	Reconstruction and Rehabilitation of Roads	6,131,149.00	0.00	6,131,149.00
4306233-3CB3		2,237,049.00	0.00	2,237,049.00

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
4306240-1004 4306240-3CB3	Bridges and Culverts	(1,412,540.00) 0.00	(2,412,540.00) 1,998,000.00	1,000,000.00 (1,998,000.00)
4306254-1004	Drainage (Anse-La-Raye and Castries)	488,937.00	(346,150.00)	835,087.00
4306256-1004 4306256-1004	Desilting of Rivers and Drains	1,000,000.00 (700,000.00)	0.00 (741,000.00)	1,000,000.00 41,000.00
4306259-1004 4306259-3473	Community and Agriculture Feeder Roads	288,000.00 2,000,000.00	0.00 0.00	288,000.00 2,000,000.00
4306265-3BB3 4306265-1004	River Bank Stabilization	0.00 55,333.00	(500,000.00) (444,667.00)	500,000.00 500,000.00
4306268-1004	Supervision Major Capital Projects	1,270,827.00	314,226.00	956,601.00
4306272-2AB3	Castries Urban Roads Rehabilitation	2,022,490.00	0.00	2,022,490.00
4306273-1004	Allan Bousquet Highway Rehabilitation – Phase I	2,819,140.00	(648,190.00)	3,467,330.00
4306274-2AB3	Allan Bousquet Highway Rehabilitation – Phase II	0.00	(1,174,800.00)	1,174,800.00
4306275-1004	East Coast Road Rehabilitation – Phase III	8,342,293.00	648,190.00	7,694,103.00
4306276-1004 4306276-3CB3	Disaster Recovery	5,857,207.00 2,412,951.00	2,847,207.00 152,500.00	3,000,000.00 2,260,451.00
4309209-1004 4309209-256	Postal Reform and Modernization	180,000.00 (41,000.00)	(20,000.00) 0.00	200,000.00 (41,000.00)
MINISTRY OF FINANCE				
Recurrent Expenditure				
4401004-109	Office and General Expense	38,539.88	33,853.00	4,686.88
4403001-119	Reserved	4,596,626.69	4,429,050.69	167,576.00
4403001-136	Contingency	2,796.12	1,148,679.12	(1,145,883.00)
4404001-116	Operating and Maintenance Service	169,688.13	173,975.01	(4,286.88)
4405001-101	Personal Emoluments	624,621.00	606,621.00	18,000.00
4418001-116	Operating and Maintenance Service	242,965.64	204,385.64	38,580.00
4418002-109	Office and General Expense	0.00	(3,500.00)	3,500.00
Capital Expenditure				
4401229-1004	Information Technology Development	107,321.00	(122,679.00)	230,000.00
4401235-1004	Strengthening Financial Administration	267,506.00	0.00	267,506.00
4401237-1004	Security System	32,200.00	0.00	32,200.00
4401238-1004	Institutional Development and Policy Review	226,953.00	21,953.00	205,000.00
4401239-1004 4401239-3BB3	Tax Reform Project	1,087,861.00 1,152,377.00	87,861.00 (187,020.00)	1,000,000.00 1,339,397.00
4401241-3CB3	National Consultative Council	152,000.00	0.00	152,000.00
4403201-1004 4403201-3BB3	Office Furniture and Equipment	552,590.00 200,000.00	219,590.00 0.00	333,000.00 200,000.00
4403202-1004 4403202-3BB3	Computer and Printing Equipment	677,799.00 200,000.00	(22,001.00) 0.00	699,800.00 200,000.00
4403203-1004	Government Storeroom	494,253.00	94,053.00	400,200.00
4403204-1004 4403204-1001 4403204-2AB3	Capital Contingency	3,750,000.00	250,000.00	400,000.00

Agency/ Programme	Description	Revised Estimates obtained from the audit \$	Revised Estimates as per Accountant General's Accounts \$	Difference
4404208-1004	Institutional Strengthening of the	603,645.00	100.00	603,545.00
4404208-3BB3	Inland Revenue - Audit Project	293,320.00	0.00	293,320.00
4405201-1004	Preventative Equipment	80,000.00	0.00	80,000.00
4405203-3BB3	Purchase of Replacement Vehicle	260,000.00	0.00	260,000.00
4405216-1004	Upgrade of Information Technology Services	217,400.00	0.00	217,400.00
4407204-1004	St. Lucia Population and Housing Census 2009/2011	1,914,088.00	765,635.00	1,148,453.00
4415218-1004	CDB SDF Contribution	1,494,295.00	0.00	1,494,295.00
4415220-1004	Catastrophic Risk Insurance	472,500.00	(2,565,000.00)	3,037,500.00
4415223-1004	Eastern Caribbean Student Loan Guarantee Fund	100,000.00	0.00	100,000.00
4418201-1004	Special National Development Project Unit	1,729,648.00	229,648.00	1,500,000.00
4418205-1004	National Development Planning	150,000.00	(100,000.00)	250,000.00
4418205-2AA2	Framework	267,000.00	0.00	267,000.00
4418206-3652	St. Jude's Hospital	1,269,000.00	0.00	1,269,000.00
4418206-1004	Reconstruction Project	2,747,352.00	(252,648.00)	3,000,000.00
4418206-3CB3		4,673,998.35	(1,820,333.35)	6,494,331.70
4418207-3AF2	Support Services to the NAO	462,628.00	0.00	462,628.00
4418208-1004	Second Disaster Mitigation	1,218,236.00	123,000.00	1,095,236.00
4418208-3192		0.00	(57,230.57)	57,230.57
4418208-3BA3		1,403,693.00	0.00	1,403,693.00
4418208-3CA3		3,491,372.81	261,699.19	3,229,673.62
4418209-1004	Constituency Development	950,000.00	0.00	950,000.00
4418209-3BB3	Project	1,400,000.00	(1,000,000.00)	2,400,000.00
4418209-3CB3		(1,150,000.00)	(2,550,000.00)	1,400,000.00
MINISTRY OF EXTERNAL AFFAIRS				
Recurrent Expenditure				
4501001-106	Hosting and Entertainment	39,904.30	30,496.30	9,408.00
4501003-109	Office and General Expense	53,646.51	34,200.00	19,446.51
4501003-113	Utilities	194,400.00	193,500.00	900.00
4501003-116	Operating and Maintenance Service	124,130.82	133,538.82	(9,408.00)
4501003-137	Insurance	27,100.00	28,000.00	(900.00)
4502002-101	Personal Emolument	94,965.53	114,412.04	(19,446.51)
4503001-101	Personal Emoluments	1,644,534.00	1,633,750.21	10,783.79
4503001-109	Office and General Expense	32,408.00	36,816.28	(4,408.28)
4503001-115	Communication	50,000.00	56,375.51	(6,375.51)
4503004-101	Personal Emoluments	861,015.52	839,265.12	21,750.40
4503004-109	Office and General Expense	12,000.00	23,183.91	(11,183.91)
4503004-115	Communication	43,356.00	46,791.64	(3,435.64)
4503004-116	Operating and Maintenance Service	23,000.00	30,130.85	(7,130.85)
4503007-102	Wages	416,908.00	380,479.87	36,428.13
4503007-105	Travel and Subsistence	72,900.00	69,376.27	3,523.73
4503007-109	Office and General Expense	17,904.00	21,427.73	(3,523.73)
4503008-115	Communication	60,000.00	96,428.13	(36,428.13)

**APPENDIX II – OVER EXPENDITURE BY MINISTRIES
2009/2010**

Agency/ Programme	Revised Estimates	Approved Allocations	Actual Expenditure as per Accountant General's	Actual Expenditure in excess of Revised Estimates	Actual Expenditure in excess of Approved Allocations
	\$	\$	\$	\$	\$
MINISTRY OF JUSTICE					
3501001-101	315,814.00	315,814.00	354,039.74	(38,225.74)	(38,225.74)
3501001-105	16,592.00	16,130.00	18,408.00	(1,816.00)	(2,278.00)
3502001-102	4,629.11	4,629.11	9,676.24	(5,047.13)	(5,047.13)
3502001-118	2,800.00	2,800.00	3,600.00	(800.00)	(800.00)
3502002-102	4,629.11	4,629.00	5,660.16	(1,031.05)	(1,031.05)
3503001-120	1,757,103.00	1,720,585.00	1,782,484.22	(25,381.22)	(61,899.22)
3504001-101	360,013.00	360,013.00	369,062.91	(9,049.91)	(9,049.91)
3504001-105	14,412.00	14,412.00	15,812.00	(1,400.00)	(1,400.00)
3504001-115	0.00	0.00	2,206.00	(2,206.00)	(2,206.00)
3504002-101	690,333.08	690,333.08	751,192.99	(60,859.91)	(60,859.91)
3504002-102	56,456.00	56,456.00	83,265.14	(26,809.41)	(26,809.41)
3504002-109	34,920.00	34,920.00	46,884.13	(11,964.13)	(11,964.13)
3504004-101	72,549.00	72,549.00	74,905.80	(2,356.80)	(2,356.80)
3504004-113	0.00	0.00	2,502.84	(2,502.84)	(2,505.84)
3504004-116	3,870.00	3,870.00	4,457.00	(587.00)	(587.00)
3505002-101	534,408.00	534,408.00	896,507.25	(362,099.25)	(362,099.25)
3505002-102	24,711.00	24,711.00	37,513.77	(12,802.77)	(12,802.77)
3505003-101	521,471.00	521,471.00	627,474.81	(106,003.81)	(106,003.81)
3505004-101	400,225.00	400,225.00	416,932.13	(16,707.13)	(16,707.13)
3505004-105	124,422.00	124,422.00	128,558.33	(4,136.33)	(4,136.33)
3510001-101	131,021.00	131,021.00	140,334.57	(9,313.57)	(9,313.57)
3510001-117	60,000.00	60,000.00	61,000.00	(1,000.00)	(1,000.00)
3511001-101	338,711.00	338,711.00	359,552.55	(20,841.55)	(20,841.55)
3511001-102	4,822.00	4,822.00	5,660.16	(838.16)	(838.16)
3512001-102	4,738.50	4,737.00	5,831.68	(1,093.18)	(1,094.68)
3512001-109	31,413.00	31,413.00	32,342.00	(929.00)	(929.00)
3512002-101	896,879.00	896,879.00	933,705.14	(36,826.14)	(36,826.14)
3512003-101	203,542.04	203,542.04	232,047.87	(28,505.83)	(28,505.83)
3512003-102	7,317.50	7,317.50	15,736.05	(8,418.55)	(8,418.55)

Agency/ Programme	Revised Estimates	Approved Allocations	Actual Expenditure as per Accountant General's	Actual Expenditure in excess of Revised Estimates	Actual Expenditure in excess of Approved Allocations
	\$	\$	\$	\$	\$
MINISTRY OF HOME AFFAIRS					
3601001-101	389,998.00	389,998.00	403,826.88	(13,828.88)	(13,828.88)
3601002-101	159,506.00	159,506.00	202,816.31	(43,310.31)	(43,310.31)
3601003-101	159,647.00	159,647.00	183,634.92	(23,987.92)	(23,987.92)
3602001-106	0.00	0.00	255.00	(255.00)	(255.00)
3602001-115	241,518.00	241,518.00	242,591.19	(1,073.19)	(1,073.19)
3602001-116	39,024.03	39,024.03	39,524.03	(500.00)	(500.00)
3602004-101	4,923,319.24	4,923,319.24	6,073,596.67	(1,150,277.43)	1,150,277.43
3603001-109	148,474.00	148,474.00	307,939.43	(159,465.43)	(159,465.43)
3603002-101	3,608,859.00	3,608,859.00	3,998,647.25	(389,788.25)	(389,788.25)
3603002-105	0.00	0.00	3,066.19	(3,066.19)	(3,066.19)
3603003-101	624,534.00	624,534.00	683,320.74	(56,786.74)	(56,786.74)
3605001-101	439,603.00	439,603.00	512,418.84	(72,815.84)	(72,815.84)
3607001-101	2,986,208.00	2,824,286.00	3,576,484.00	(590,276.87)	(752,198.87)
3607001-115	1,383,571.00	1,383,571.00	1,464,537.70	(80,966.70)	(80,966.70)
3607001-120	0.00	0.00	120,638.54	(120,638.54)	(120,638.54)
3607002-101	2,275,662.00	2,275,662.00	2,299,432.89	(23,770.89)	(23,770.89)
3607003-101	3,481,982.00	3,481,982.00	4,694,703.13	(1,212,721.13)	(1,212,721.13)
3607003-105	32,048.00	32,048.00	34,,027.50	(1,979.50)	(1,979.50)
3607004-105	18,412.00	18,412.00	19,214.00	(802.00)	(802.00)
3607005-101	42,045.00	42,045.00	46,546.56	(4,501.56)	(4,501.56)
3607008-101	1,,113,675.00	1,113,675.00	1,182,830.36	(69,155.36)	(69,155.36)
3607009-105	0.00	0.00	8,004.00	(8,004.00)	(8,004.00)
3607011-101	1,056,001.00	1,056,001.00	1,079,326.76	(23,325.76)	(23,325.76)
3607011-105	11,004.00	11,004.00	20,010.00	(9,006.00)	(9,006.00)
3607012-105	12,432.00	12,432.00	74,241.46	(61,809.46)	(61,809.46)
3607013-101	4,574,262.00	4,801,913.00	4,929,311.11	(355,049.11)	(127,398.11)
3607015-101	7,473,343.00	7,473,343.00	7,682,105.67	(208,762.67)	(208,762.67)
3607017-102	0.00	0.00	160,228.69	(160,228.69)	(160,228.69)
360720-101	0.00	0.00	30,755.77	(30,755.77)	(30,755.77)
3607024-101	631,060.00	631,060.00	1,583,628.14	(952,568.14)	(952,568.14)
3607026-101	84,199.00	84,199.00	86,810.55	(2,611.55)	(2,611.55)
3602221-1004	259,702.00	259,702.00	267,017.03	(7,315.03)	(7,315.03)
MINISTRY OF AGRICULTURE					
4101001-115	0.00	0.00	4,245.96	(4,245.96)	(4,526.96)
4101002-102	0.00	0.00	29,546.80	(29,546.80)	(29,546.80)
4101003-101	572,172.00	572,172.00	615,745.31	(43,573.31)	(43,573.31)
4101003-102	61,717.00	61,717.00	91,939.70	(30,222.70)	(30,222.70)
4101003-105	8,000.00	8,004.00	13,012.85	5,008.85)	(5,008.85)
4101003-109	17,923.00	17,922.99	18,689.28	(766.28)	(766.28)
4002001-101	100,222.00	100,221.00	120,742.52	(20,520.52)	(20,521.52)
4102004-101	350,959.00	350,958.96	374,843.16	(23,884.16)	(23,884.20)
4102004-105	8,004.00	8,004.00	11,694.00	(3,690.00)	(3,690.00)
4103001-101	53,142.00	53,142.00	69,749.80	(16,607.80)	(16,607.80)
4103002-116	4,500.00	4,500.00	5,128.84	(628.84)	(628.84)
4112001-102	378,125.00	378,125.00	579,592.68	(201,467.68)	(201,467.68)
4112001-105	53,705.00	53,705.00	73,193.52	(19,488.52)	(19,488.52)
4112001-109	16,065.00	16,065.00	16,776.25	(711.25)	(711.25)
4112001-113	31,467.00	31,467.00	39,533.06	(8,066.06)	(8,066.06)
4112001-114	(4,650.00)	-	0.00	(4,650.00)	-
4112002-102	104,779.00	-	156,013.74	(51,234.74)	-

Agency/ Programme	Revised Estimates	Approved Allocations	Actual Expenditure as per Accountant General's	Actual Expenditure in excess of Revised Estimates	Actual Expenditure in excess of Approved Allocations
	\$	\$	\$	\$	\$
4112001-115	0.00	1,098.00	1,098.00	(1,098.00)	(1,098.00)
4112002-105	103,410.00	103,410.00	117,051.43	(13,641.43)	(13,641.43)
4112002-116	20,557.00	20,557.00	20,925.55	(368.55)	(368.55)
4112003-102	57,725.00	57,725.00	67,456.06	(9,731.06)	(9,731.06)
4112003-110	3,567.00	3,567.00	4,687.27	(1,120.27)	(1,120.27)
4112003-113	4,738.00	4,738.00	8,388.26	(3,650.26)	(3,650.26)
4112004-101	1,503,473.00	1,503,473.00	1,733,911.92	(230,438.92)	(230,438.92)
4112004-102	171,504.00	171,504.00	218,240.97	(46,736.97)	(46,736.97)
4112004-105	446,675.00	446,675.00	458,207.38	(11,532.38)	(11,532.38)
4112004-113	23,307.00	23,307.00	30,440.58	(7,133.58)	(7,133.58)
4112004-116	35,900.00	35,900.00	36,481.22	(581.22)	(581.22)
4112004-118	1,296.00	1,296.00	2,100.00	(804.00)	(804.00)
4112005-110	(1,733.00)	-	12,144.71	(13,877.71)	-
4112008-102	182,162.00	182,162.00	307,861.43	(125,699.43)	(125,699.43)
4112008-113	4,551.00	4,551.00	5,162.42	(611.42)	(611.42)
4112001-101	64,627.00	64,627.00	92,271.40	(27,644.40)	(27,644.40)
4113001-102	203,136.00	203,136.00	278,379.73	(75,243.73)	(75,243.73)
4113001-109	13,171.00	13,171.00	13,657.76	(486.76)	(486.76)
4113001-113	16,115.00	16,115.00	21,417.04	(5,302.04)	(5,302.04)
4113002-110	57,671.00	57,671.00	89,123.92	(31,452.92)	(31,452.92)
4113002-113	6,089.00	6,089.00	9,173.91	(3,084.91)	(3,084.91)
4113005-101	436,242.00	436,242.00	501,118.97	(64,876.97)	(64,876.97)
4113005-102	33,968.00	33,968.00	51,091.08	(17,123.08)	(17,123.08)
4114001-113	112,149.00	112,149.00	121,840.80	(9,691.80)	(9,691.80)
4114002-102	67,327.00	67,327.00	78,448.53	(11,121.53)	(11,121.53)
4114003-101	228,746.00	228,746.00	258,493.30	(29,747.30)	(29,747.30)
4114003-102	18,454.00	18,454.00	21,907.24	(3,453.24)	(3,453.24)
4114003-105	76,248.00	76,248.00	83,902.02	(7,654.02)	(7,654.02)
4114004-101	82,376.00	82,376.00	99,799.68	(17,423.68)	(17,423.68)
4114005-101	0.00	0.00	293.09	(293.09)	(293.09)
4114005-102	94,053.00	94,053.00	114,255.09	(20,202.09)	(20,202.09)
4115001-102	79,922.00	79,922.00	103,654.67	(23,732.67)	(23,732.67)
4115001-105	42,550.00	45,55.00	43,919.28	(1,369.28)	(1,369.28)
4115001-113	12,303.00	12,303.00	23,860.25	(11,557.25)	(11,557.25)
4115001-116	31,868.00	31,868.00	32,770.16	(902.16)	(902.16)
4115002-101	457,492.00	457,492.00	550,704.37	(93,212.37)	(93,212.37)
4115002-105	106,640.00	106,640.00	148,874.39	(42,234.39)	(42,234.39)
4115003-102	50,542.00	50,542.00	101,448.18	(50,906.18)	(50,906.18)
4115004-101	148,300.00	148,300.00	167,926.44	(19,626.44)	(19,626.44)
4115004-102	221,036.00	221,036.00	248,928.28	(27,892.28)	(27,892.28)
4115004-116	6,589.00	6,589.00	7,232.11	(643.11)	(643.11)
4115005-102	43,275.00	43,275.00	51,342.35	(8,067.35)	(8,067.35)
4115009-102	60,982.00	60,982.00	74,604.42	(13,622.42)	(13,622.42)
4115009-105	31,392.00	31,392.00	32,096.34	(704.34)	(704.34)
4116001-116	7,842.00	7,842.00	8,313.20	(471.20)	(471.20)
4116003-101	23,526.00	23,526.00	27,341.23	(3,815.23)	(3,815.23)
4118001-115	0.00	0.00	1,098.00	(1,098.00)	(1,098.00)
4101216-2013	250,000.00	250,000.00	262,458.60	(12,458.60)	(12,458.60)
4101225-1004	270,717.00	1,355,500.00	302,304.06	(31,587.06)	(31,587.06)
4101227-1004	38,900.00	-	80,754.00	(41,854.00)	-
4112229-1004	0.00	-	106,877.00	(106,877.00)	-
4113201-1004	38,900.00	38,900.00	63,826.50	(24,926.50)	(24,926.50)