Government of St.

Report of the Director of Audit on the Financial Statements of the Government of Saint Lucia for the year ended March 31, 2010

GOVERNMENT OF SAINT LUCIA

Office of the Director of Audit
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Ref. No.AGF51

AUDITOR'S REPORT

To: The Honourable Members of the House of Assembly

I have examined the Statement of Assets and Liabilities of the Government of Saint Lucia as at March 31, 2010 and the Annual Abstract of Revenue and Expenditure along with the various statements required by the Revised Laws of Saint Lucia, 2001 Chapter 15.01 Finance (Administration) Act Section 16 (4) for the year then ended.

Management's Responsibility

The Accountant General is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial statements.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. Because of the matters described in the basis for disclaimer of opinion paragraph, I am not able to provide an audit opinion.

The audit was guided by the International Standards for Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) and accordingly included such tests and other procedures as I considered necessary to enable me to report as required by the Revised Laws of Saint Lucia, 2001 Chapter 15.19 (Audit Act) Section 5 (1) and (3) and Section 84 of the Constitution Order.

Those international standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence that was obtained in the audit is sufficient and appropriate to provide a basis for a disclaimer of opinion.

As described in Note 4, these financial statements were prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

Basis for disclaimer of opinion

Balance Sheet

Sufficient appropriate audit evidence and adequate supporting schedules were not available to verify:

- Cash in Bank – Sundry Ministries of $32,241,561,
- Advances – Other Governments of $6,615,293,
- Other Advances of $205,180,036,
- Deposits – Other Governments of $2,152,618,
- Vouchers Payable of $18,882,823 and
- Sundry Deposits of $78,868,075.

I was unable to determine the full extent of misstatements by alternative means. Consequently, I was unable to determine whether any adjustments to cash in bank, advances, payables and sundry deposit were necessary. Also, whether any adjustments to the Statement of Changes in Financial Position, Statement of Deposits and Statement of Advances were necessary.

Annual Abstract and Comparative Statement of Revenue and Expenditure

Sufficient appropriate audit evidence could not be provided to confirm revenue of $1,028,351,079 and expenditure of $962,119,121 in the Annual Abstract of Revenue and Expenditure and the Comparative Statement of Revenue and Expenditure by Sub-Head. As a result I was unable to determine whether any adjustments to revenue and expenditure were necessary.

Failure to report in accordance with International Accounting Standards
The Government of Saint Lucia does not prepare its financial statements in line with international standards. Note 1 to the financial statements states that the Government of Saint Lucia accounting policies are based on the concepts embodied in the Revised Laws of Saint Lucia (Administration) Act Chapter 15.01 of 2001. The current financial practices of the Government are guided by the Finance (Administration) Act and its attendant financial regulations.

Disclaimer of Opinion
Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Additional information and comments on these financial statements can be found in Section 11 of this report.

Compliance with laws and regulations
I performed my audit to obtain evidence that the Accountant General's Department complied with applicable laws and regulations. My findings on material non-compliance with specific matters in key applicable laws and regulations are as follows:

Financial Statements
The annual accounts were not submitted to the Director of Audit three months after the close of the financial year as required by Revised Laws of Saint Lucia Cap. 15.01 Finance (Administration) Act Section (16) (1).

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Bernadette George
DIRECTOR OF AUDIT

Castries
April 22, 2016

SECTION II AUDIT FINDINGS

1 Late submission of the financial statements

The Revised Laws of St. Lucia Cap 15.19, Finance (Administration) Act requires the Accountant General to prepare, certify and submit to the Director of Audit within three months after the close of each financial year, the accounts of the Government of Saint Lucia.

The financial statements for the year ended March 2010 was submitted in 2016; five years after they were statutorily due. The extremely late submission of the financial statements for audit adversely affected the audit process and procedures. We experienced tremendous difficulty in obtaining confirmation of account balances and supporting documentation to substantiate material account balances.

Implications and Risks to the Government
This significant delay in reporting has impaired the usefulness and relevance of the accounting information for the financial year under audit to the users of the financial statements.

Recommendation
The Accountant General should make every effort to produce the financial statements by the time frame prescribed in the Revised Laws of St. Lucia Cap 15.19, Finance (Administration) Act.

Management Response

The Accountant General's Department is fully cognizant of the need to provide timely and accurate public accounts of the Government of St. Lucia. We acknowledge the delay, and are making strides in addressing the situation. Between the years 2009 - 2016, twelve financial years of public accounts have been presented to the Director of Audit (1999-2010).The department has mandated itself to submit the outstanding public accounts and present the public accounts for the financial year 2016-2017 to the Director of Audit within the timeframe stipulated in the Revised laws of St. Lucia Chapter 15.01(Finance Administration Act). Additionally, accounting policies, procedures and processes are being reviewed and modified with the intention of enhancing the integrity and relevance of the accounting information presented in the public accounts in keeping with internationally accepted standards.
Timeliness and completeness of the public accounts however, is heavily dependent on Accountable officers' fulfilling their responsibility of ensuring that their departmental records are maintained in accordance with the financial management laws of St. Lucia and instructions issued by the Accountant General and the Director of Finance.

2 Pending account balance write off

The Accountant General prepared a memorandum to Cabinet for consideration of write-off of certain account balances since 2007. To date, no action has been taken. The memorandum raised a number of pertinent issues that need to be urgently addressed in order to "clean up" the accounts and for the balances of some accounts to be converted into expenditure/revenue in order to show an accurate financial position of the Government. The act of writing-off accounts necessitates the presentation of Supplementary Estimates to Parliament.

Personnel from the Accountant General's Department informed that they are in the process of submitting another memorandum to Cabinet to seek permission for write-off of these accounts.

Implications and Risks to the Government
If these account balances are not written off then the accounts of the government will continue to show inaccurate financial information that decision makers of the state rely on to make important decisions.

Recommendation
The Accountant General should actively follow up to obtain permission to write off these accounts at the earliest in order to ensure accuracy, proper disclosures and reporting in the financial statements.

Management Response
As noted above, the Accountant General's Department will produce a revised memorandum to the Cabinet requesting write off of account balances that are un-reconcilable and/or deemed irrecoverable up to the financial year 2011-2012. It is hoped that when submitted, the request for write off will go through all the stages and approved in a timely manner.

The Accountant General's Department is committed to meeting its legal obligation to present the Public Accounts on time but also of great significance is the accuracy and reliability of the information contained therein. Writing off the un-reconcilable and irrecoverable balances is part of the Accountant General's Department broader Strategy to enhance the quality and timeliness of the financial report. In the Accountant General's Department work plan, the reporting year 2011-2012 is targeted as the year for "cleaning" the public accounts.

3 Reconciliation of Accounts

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.

The Accountant General's Circular TD No. 17 of 2001, reminded accounting officers 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.

The majority of ministries and departments did not reconcile their bank, sundry deposits, advances, expenditure, and revenue accounts (recurrent and capital) with the Accountant General's accounts. Therefore, we could not establish the integrity of the year-end figures reflected in the financial statements. Also, vouchers payable and savings bank account maintained by the Accountant General's Department were not reconciled.

We further noted that a number of accounts were reconciled at the end of the financial year, instead of on a monthly basis as required by the Financial Regulations embodied in the Revised Laws of Saint Lucia Cap 15.01. The bank accounts maintained by the Accountant General's Department were not reconciled on a timely basis, but were reconciled four years after the year-end. Sinking funds and some investment accounts were reconciled at the end of the year and not on a monthly basis. As a result, the ledger was not updated on a timely basis.

Implications and Risks to the Government
The lack of reconciliations of the aforementioned accounts could lead to errors and omission going undetected which affects the accuracy of the financial information that the users rely on to make important decisions using tax payers' funds.

Recommendations
Given the fact that the Accountant General has provided guidance and reminders to ministries and departments with regards to reconciliation of accounts and the problem still exist, it may be necessary at this point for the Accountant General to aggressively seek other strategies to get ministries and departments to comply with the regulations, in order to enhance the accuracy of the accounting information used by management for decision making.

The Accountant General should reconcile the vouchers payable and bank accounts monthly.

Management Response

The Accountant General's Department has long regarded non adherence to reconciliation of ledger accounts as a major deficiency in government's financial accounting and reporting process, as it undermines the integrity of the information. Agencies are constantly informed of the importance and their legal obligation to reconcile vote and bank accounts with the Accountant General records. In addition to raising agency awareness, the Accountant General's Department routinely provides training and technical assistance in that regard. A manual on preparation of reconciliation was also developed and made available to all agencies. The manual was recently revised to explain the reconciliation process in further detail and will be used to undertake a new round of hands on training of accounting personnel.

Regarding the recommendation of the Director of Audit to aggressively seek other strategies to get ministries and department to reconcile accounts, the Accountant General's Department will be instituting the following approaches:

> ***Mitigate the impact of non reconciliation;*** *by reducing the use of sundry deposit ledger accounts to only account for funds held in trust by the government and financial liabilities. Also, close all sundry ministry bank accounts that are not specifically requested by funding agencies or which are used to undertake transactions that can practically and cost effectively be conducted in government's financial Management information system (SmartStream).*
> ***Recommend legislating in year financial reporting to the Office of the Director of Finance***

The interaction between the vouchers payable general ledger and the sub ledger is an entirely automated process. The volume of transactions processed in these ledgers dictates deriving an automated solution to reconciling any differences between the ledgers .The Accountant Generals Department is working closely with Computer Centre Ltd. to use information technology in the payables reconciliation process.

Savings bank transactions are recorded and maintained in a customized database that was developed in house. At the time of compiling the public accounts for 200792010, and to date, the application has malfunctioned as a result the information needed to undertake the reconciliation could not be retrieved. The Accountant General's Department in conjunction with Computer Centre Ltd will continue to make attempts to restore the database.

Upon assessment of the Savings Bank Service as provided by the Government of St. Lucia, it is the view of the Accountant General department that the Saving Bank service has outlived its significance due the ease of accessibility of banking services offered by commercial bank and credit unions. As such, the Accountant General's Department has commenced the process for closure of these accounts and will be seeking the relevant approval to discontinue this service.

Bank accounts operated by the Accountant General are reconciled monthly, however, to expedite the efforts of becoming current with the reconciliation process, the adjusting ledger entries are done at the end of the reporting year. The practice of adjusting the ledger at the end of the reporting year will be discontinued when the Bank reconciliations are up to date.

Lack of documentation and information

Supporting documentation was not provided to substantiate the figure of $1,123,430 reported on the Statement of Arrears of Revenue for arrears for the First District Court.

Listing of shares and certificates for Government Investment and Shareholdings were not provided. This information was necessary to determine the number of shares, value, date acquired and to verify Government's ownership.

Implications and Risks to the Government
There is no evidence to support the disclosures of the aforementioned accounts in the financial statements.

Recommendations
The Accountant General should seek to properly store supporting accounting document to facilitate easy retrieval. This would ensure that the information required to substantiate the figures on the financial statements can be made available for Audit.

Management Response

The observations of the Director of Audit are duly noted and corrective action will be taken.

No evidence of an independent review of the financial statements

We expect that the financial statements and related information would be verified before submission for auditing to minimize the occurrence of errors. During the course of the audit we found some misstatements (inaccuracies and or omissions) that affected the integrity and reliability of the financial information presented.

Information on some supporting schedules did not agree with the information disclosed on the financial statements. As well, we found arithmetical errors.

For instance, we noted that the figure of $25,610.00 disclosed on the Statement of Arrears of Revenue for the Second District Court did not agree with the subsidiary statement of $37,910. This occurred because figures for Choiseul were omitted from the Statement. Further, there was a difference of $139,950 between the amount disclosed for the Second District Court- Vieux Fort of $196,800 and the supporting schedule of $56,850.00.

A difference of $12,052,089.77 was noted between the listing of Other Sundry Deposits of $90,920,164.77 and the balance sheet figure.

An amount of $319,159.93 was recorded as deposit in transit to reconcile the Bank of Nova Scotia bank account. This amount was also reported as deposit in transit in the financial year 2008/2009. However, to date, the cheque has not been forwarded to the bank for deposit; neither has a replacement cheque been requested.

A bank overdraft of $11,095,928.29 was included in the bank balance disclosed for Cash in Bank – Accountant General. Thus the figure of $97,380,478 disclosed was understated by that amount.

Implications and Risks to the Government
When financial information is not verified by an independent person, there is the risk of reporting inaccurate figures in the financial statements.

Recommendation
An independent person from the preparer should review the information to ensure that the figures presented in the financial statements are accurate.

Management Response
The observations of the Director of Audit are duly noted and corrective action will be taken.

4 Outdated and inaccurate accounts

The usefulness of accounting information is impaired if it is not available to users within a reasonable period after the reporting date. Inaccuracies in the accounts affect the reliability of the financial statements.

During our previous audits we found that there was no movement in the accounts for Contribution to Disaster Office since 1997; therefore, the figure remained the same. The audit report for the financial year ended March 31st, 1997 indicated that in the previous financial year the figure reflected as Contribution to Disaster Office was accounted for under Sundry Deposit as a debit amount. In response, the Accountant General indicated that the credit to the sundry deposit account was incorrectly posted to Sundry Receipts and was adjusted. Consequently, the figure for Contribution to Disaster Office did not exist at March 31st, 1996.

The audit of 1996/1997 accounts revealed that the account for contribution to Disaster Office was credited only in April 1996 and a decision was taken to transfer the amount from Sundry Deposits to Deposit Special Funds. We recommended that the Accountant General determine whether these funds were received and disbursed in the 1995/1996 financial year and if the liability exists, that the necessary steps be taken to dispose of same in accordance with the conditions under which it was created. As previously stated the figure for contribution to Disaster Office reflected in the accounts and financial statement is still the same.

The balance of the Contingency Fund was disclosed as $1,500,000 for the financial year. This has been the balance of the fund reported by the Accountant General since 1998. In the past audit reports we stated that this figure did not represent the true position of the fund. We expressed this opinion because the audit at the time showed that the bank account opened with an initial deposit of $1,500,000.00 reflected a balance of $850,985 at March 31, 1998. A reconciliation statement indicated that the difference of $649,015 was transferred to a Bond Call account to facilitate payment from the fund. However, the bank account has not been replenished as required by the Finance (Administration) Act. The fund has outlived its purpose.

Trust Funds comprised two funds; the Baron Trust Fund which was established in 1887 and the Landslide Relief Fund which was established for the support of orphans whose parents died in the 1938 Ravine Poisson Disaster. Funds totaling $29,029.00 were set aside for the Baron Trust Fund and Landslide Relief Funds. This amount has been reflected on the financial statements for the past six (6) years. These funds have outlived their purpose, particularly, the Landslide Relief Fund which was established to support the orphans of the 1938 Ravine Poisson Disaster.

Implication and risk
The above situations result in inaccurate and outdated information being presented in the financial statements. Also, the bank account set up for the Contingency Fund is losing value since it is a non interest bearing account and bank charges are being levied periodically.

Recommendation
The Accountant General should seek to rectify the above situations so that the information presented could be relevant and accurate.

<u>Management Response</u>

Contribution to disaster fund, Baron Trust Fund and Landslide Relief Fund account balances will be transferred to revenue in the financial year ended March 31, 2012 as part of the comprehensive clean-up of the public accounts. The transfer is in keeping with the Revised Laws of St. Lucia Cap 15.01, Finance (Administration) Act section 37.

Establishment of the consolidated fund required an approved appropriation by parliament for the sum at which the fund was established. A separate entry was then required to record transfer of the amount from governments operating bank account to the contingency fund bank account. Contingency fund warrants which authorizes *advances from the funds draws down on the contingency fund bank account and not the fund itself. The bank account is there after replenished when an appropriation of parliament to retire the advance is processed. The difference between the contingency fund balance and the contingency fund bank account, as obtained in the financial year 2009-2010, is as a result of bank account not being replenished for a contingency fund advance which was previously processed.*

SECTION III   ISSUES RESULTING IN A DISCLAIMER OF OPINION

This section gives details of issues that gave rise to the disclaimer of opinion in the Auditor's certificate for the year ended March 31, 2010.

Financial Statements were not prepared in accordance with International Standards

The Revised Laws of Saint Lucia (Finance Administration Act) Chapter 15.01 of 2001 and the attendant regulations which is the basis for the preparation of the financial statements do not consider the international reporting requirements for disclosure of a specific date for the financial statements, restriction of significant cash balances and access to borrowings, transactions made by third parties on behalf of the Government, debt rescheduled or cancelled, recognition, measurement and disclosure of investments and disclosure of non-compliance with significant terms and conditions   In addition, there is no policy on the treatment of errors, consolidation procedures and transitional provisions and on consistency of presentation of financial statements.

We note that the Government of St Lucia embarked on a project aimed at migrating to the Cash Basis International Public Sector Accounting Standards (IPSAS) commencing the financial year 2015/2016; however this project has since been put on hold.

Pending account balance write offs

The Accountant General prepared a memorandum to Cabinet for consideration of write-off of certain account balances since 2007. The memorandum raised a number of pertinent issues that need to be urgently addressed in order to "clean up" the accounts and for the balances of some accounts to be converted into expenditure/revenue in order to show an accurate financial position of the government. The act of writing-off accounts necessitates the presentation of Supplementary Estimates to Parliament. To date, none of these account balances have been written off.

Some of the account balances identified for write off include:

Item	Amount	Reason for write off
Other Advances Departments	$194,060,558	These amounts represent expenditure that have been incurred for specific purposes and are not assets. It would be misleading to continue to reflect these amounts as assets.
Shortages of cash /overpayments	$1,415,428	Owing to the time lapse of these shortages and the nature (e.g. counterfeit cash), recovery of these items is doubtful.
Advances of Gratuity	$35,174.88.	Owing to the time lapse of these advances, recovery is doubtful
Imprests	$1,590,640.84	Amounts represent expenditure that have been incurred for specific purposes and are not assets.
Advances of Subsistence	$358,618.95.	These advances do not represent assets of the Government but rather non-recognition of expenses in the respective years.
Trust Funds	$29,029.00	The Baron Trust Fund and Landslide Relief Fund have outlived their purpose, particularly, the Landslide Relief Fund which was established to support orphans of the 1938 Ravine Poisson Disaster.
Sundry Deposits	$4,136,820.00	These amount represents expenditure in excess of funds received, amount for which no funds were received, classification errors, over expenditure, overpayment and expenditure in excess of commitments.

If these account balances are not written off, the accounts of the government will continue to show inaccurate financial information that decision makers of the state rely on to make important decisions.

BALANCE SHEET

ASSETS

Cash in Bank - Sundry Ministries

One hundred and twenty-six (126) bank accounts were listed on the schedule of bank balances for sundry ministries. However, only three (3) reconciliation statements were presented by the Accountant General's Department. The combined bank balance for the remaining 123 accounts was $32,023,994.66 which represented 99.33% of the total value disclosed for bank balance - sundry ministries.

Based on audits conducted at ministries and departments we noted six bank accounts that were reconciled but these statements were not submitted to the Accountant General. Therefore, we did not see reconciliation statements for 117accounts out of the 126 accounts listed. The value of these accounts was $29,866,982.33 which represents 92.64% of the total value disclosed for bank balance for sundry ministries.

We noted four (4) of the accounts that were reconciled, were US dollar accounts. However, the US dollar values of these accounts were not converted to the EC equivalent to arrive at the grand EC dollar total. This resulted in the grand total being understated by $1,940,048.92.

Also, four (4) of the bank accounts listed, had a reconciled balance different to the balance disclosed on the listing of bank balances. This resulted in an overstatement of $171,910.11.

Since the bank balances were not reconciled we could not place reliance on the figure of $32,241,561 reported as the bank balance for sundry ministries on the balance sheet. Consequently, we could not verify the Statement of Financial Position which included sundry ministries.

Imprest

Sixteen (16) imprest accounts had outstanding balances totaling $4,022,256.36. Our investigations into the imprest accounts revealed that included in the figure is the sum of $1,590,640.84 which represents amounts that were selected for write off.

The balance shown on an imprest account normally represents expenditure and or cash on hand. Our audit revealed that the majority of these balances represented expenditure. Therefore, to reflect the imprest sum of $4,022,256.36 as an asset on the financial statement is misleading since it comprises expenditure, which is not an asset.

Advances – Departments

Total authorized advances – departments was disclosed as $205,180,036 on the Statement of Advances which comprised twenty-two (22) advance accounts. Seventeen (17) of these accounts with a total value of $5,604,465 were not reconciled. For one of the five (5) accounts that were reconciled, the reconciled balance was different to the balance reported on the Statement of Advances. The difference was $3,192,119.

Advances – Other Governments

We were able verify that the Government of Saint Lucia paid salaries to retirees on behalf of other governments. However, we could not substantiate with certainty the outstanding balances disclosed on the financial statement because ten of the twelve governments did not confirm outstanding balances. The value of the accounts not confirmed totaled $6,077,325 or 91.86% of the $6,615,293 disclosed for advances.

Further, the figures confirmed and the figures disclosed on the financial statements were different. We note that the Governments of Grenada and Barbados confirmed amounts due. However, the figures confirmed were different to the figures that the Accountant General disclosed.

LIABILITIES

Vouchers Payable

The subsidiary ledger was not reconciled with the general ledger. We found a difference of $2,634,095.95 between the two ledgers figures.

Contingency Fund

Since 1998 the Accountant General has reported the balance of the Contingency Fund as $1,500,000. In past audit reports we stated that this figure did not represent the true position of the fund. We expressed this opinion because the audit at the time showed that the bank account which was opened with an initial deposit of $1,500,000.00, showed a balance of $850,985 at March 31, 1998. A reconciliation statement indicated that the difference of $649,015 was transferred to a Bond Call account. The bank account was not replenished.

Sundry Deposits

No reconciliation statements were submitted for the sundry deposit accounts with a combined value of $78,868,075. The figure disclosed could not be verified.

Sundry Deposits – Other Governments

We did not receive confirmations from other governments to validate the figure of $2,152,618 disclosed on the financial statements, as amounts paid on behalf of Saint Lucia for salaries to retirees.

CONSOLIDATED FUND

Operating results

The reported 2009/10 operating results for the Government of Saint Lucia was a surplus of $66,231,958, an accumulated surplus of $144,407,214 and a consolidated fund balance of $210,639,172. We could not verify these figures because revenue and expenditure accounts were not reconciled.

DISCLOSURES AS NOTES

Government Investment and Shareholdings

We were not given share certificates for shares valued at $51,281,278 for the following companies:

Name of Company	Share Value $
Caribbean Development Bank	2,610,242.00
East Caribbean Financial Holding Ltd.	35,375,036.00
Jalousie 1996 Ltd	13,296,000.00
TOTAL	**51,281,278.00**

Since we could not verify these share certificates, and did not receive confirmations of share value we encountered a scope limitation. Therefore, we could not verify the Government of Saint Lucia's investment in these companies.

We noted that the share value in the East Caribbean Financial Holding Ltd decreased by $2,368,300. The value of Government's shareholding was disclosed as $37,743,336 in the 2007/2008 financial year; however for the previous and this financial year the value disclosed was $35,375,036. An explanation for the decrease was not given.

Also included in the statement was an amount of $3,000,000.00 for shares in Computer Center Ltd. However, Note 15 to the Balance Sheet – Subsequent Event, states that ***"Government of St. Lucia's shares in the following company, as at 31st March 2010 was $3,000,000.00. However due to the following events the investments are not being reported as the value of the shares is not likely to be realized. Computer Center is technically insolvent as its current obligations to suppliers and creditors far exceed its current assets and revenue inflows. As a result, the Board of Directors has taken a decision to streamline the operations of the company. The unaudited statements as at 31st March 2003 reflect net assets as $37,056.00"***

These financial statements were for the year ended March 31, 2010, audited in the year 2016. This implies that at the time of the audit the status of the government shares in the Computer Center Ltd had not been determined. Therefore, the necessary accounting and reporting decisions was not made to ensure that the true value of government's shareholding was reflected in the notes to the financial statements.

Our investigations also revealed that the amount of $13,296,000 disclosed as investment in Jalousie 1996 Ltd did not exist as at September 12, 2005. These shares were transferred on that date to TRMC Caribbean Inc. for a value of $8,100,000.00 to be paid within a maximum of two years with 7% interest per annum on the outstanding balance. Thus, the figure stated as Government Investment and Shareholdings is grossly overstated.

ANNUAL ABSTRACT OF REVENUE AND EXPENDITURE

The majority of ministries and departments did not reconcile their expenditure and revenue accounts (recurrent and capital) with the Accountant General's accounts. Consequently, we could not establish the integrity of the year-end figures reflected in the Accountant General's annual abstract of revenue and expenditure. It is our opinion that the statements were prepared using un-reconciled figures and are therefore not accurate.

Revenue

We requested reconciliation statements for the eighteen (18) ministries and departments listed on the Annual Abstract of Revenue by Head and the Comparative Statement of Revenue by Sub-head to substantiate the revenue figure of $1,028,351,082. We were informed that ministries and departments did not submit reconciliation statements for the year audited. Thus $1,028,351,082 disclosed for revenue could not be verified.

<u>Recurrent and Capital Expenditure</u>

The total recurrent and capital expenditure reported for the financial year was $768,381,913 and $193,737,208 respectively on the Annual Abstract of Expenditure by Head and the Comparative Statement of Expenditure by Sub-Head.

Seventeen (17) out of twenty three (23) ministries and departments did not reconcile their expenditure accounts. The total value of expenditure for these ministries and departments that did not reconcile their accounts was $505,337,657. For three (3) of the ministries and departments that reconciled their accounts, differences were noted between the reconciled balance and the balance as per the Comparative Statement of Expenditure. These differences were $1,039,708.03, $15,782,855.55 and $182,816,398.58. We noted that the reconciliation statements submitted by the Ministry of Education were prepared on a month to month basis and not cumulatively as required.

OTHER STATEMENTS TO BE PRESENTED

The Revised Laws of St. Lucia Cap 15.19 Finance (Administration) Act Section (16)(4) requires the Accountant General to prepare and submit to the Director of Audit its financial statements which include a Statement of Losses of Cash, Stores and Abandoned Claims and Statement of Arrears of Revenue.

Statement of Losses of Cash, Stores and Abandoned Claims

The figure disclosed on the Statement of Losses and Abandon Claims did not include losses from previous years that have not been written off or recovered. The accumulated loss of $7,277,811.45, for the period 1957-1995 was not included on the Statement of Losses and Abandon Claims. Thus, the amount disclosed is grossly understated.

Statement of Arrears of Revenue

Arrears of Revenue for the Government of St Lucia for the financial year, was $2,431,895.42, an increase of $252,774.97 from the last year’s figure of $2,179,120.45.

However, not all revenue collecting agencies reported arrears of revenue. Excluded were departments that collect a substantial portion of the government’s revenue. Past audits have revealed that arrears of revenue for these agencies have accounted for almost 80% of the total arrears of revenue figure.

Government of St. Lucia

Public Accounts of Saint Lucia

For the year ended March 31st 2010

Prepared by:

The Accountant General
Government of St. Lucia

GOVERNMENT OF ST. LUCIA
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GOVERNMENT OF ST. LUCIA
BALANCE SHEET
As at March 31st, 2010

	Note	2010	2009 $
ASSETS			
Cash			
Cash on Hand		583,887	424,739
Cash in Bank - Accountant General		97,380,478	59,133,043
Cash in Bank - Sundry Ministries		32,241,561	27,474,505
Imprest		4,022,256	3,136,079
Drafts and Remittances		-	-
		134,228,183	90,168,365
Advances	**5**		
Personal		1,932,377	1,618,815
Other Governments		6,615,293	6,012,455
Other Advances		205,180,036	167,237,729
		213,727,705	174,869,000
Suspense Account			
Suspense Account		-	1,455,272
		-	1,455,272
Investments	**6**		
Other Public Funds		127,508,279	137,825,046

	Note	2010	2009
Sinking Fund Investment		111,511,604	103,401,204
Savings Bank		323,524	278,523
		239,343,406	241,504,773
TOTAL ASSETS		**587,299,294**	**507,997,411**

	Note	2010	2009
LIABILITIES			
Current Liabilities			
Bank Advances - Accountant General		4,633,562	3,353,949
Vouchers Payable		18,882,823	31,275,368
		23,516,384	34,629,317
Deposits Special Funds			
Special Public Funds	**7**	56,385	56,037
Other Governments		2,145,180	1,973,782
Contribution to Disaster Office		125,000	125,000
Contingency Fund	**8**	1,500,000	1,500,000
		3,826,565	3,654,819
Other Liabilities			
Sundry Deposits		78,868,075	136,295,803
Savings Bank		694,319	718,305
Trust Funds		36,467	29,029
Treasury Bills		158,206,708	84,861,722
Sinking Fund		111,511,602	103,401,202
		349,317,172	325,306,061

Consolidated Fund

Accumulated Suplus/(Deficit)	144,407,214	112,543,538
Surplus/(Deficit)	66,231,958	31,863,676
	210,639,172	144,407,214
TOTAL LIABILITIES	**587,299,294**	**507,997,411**

The balance sheet does not include:

1. Public Debt of $1,504,765,580.70
2. Contingent Liabilities of $187,116,653.71
3. General District/Sub-Post Offices Cash and Stamps of $18,147,877.30 **(note 13)**
4. Government Investment & Shareholdings of $230,962,628 **(note 14)**

The accompanying notes are an integral part of these financial statements.

GOVERNMENT OF ST LUCIA
CONTRIBUTION TO CAPITAL EXPENDITURE
Year Ended March 31, 2010

	ACTUAL	ESTIMATE
Total Recurrent Revenue	$796,373,718	$809,502,327
Total Recurrent Expenditure	768,381,913	807,476,200
Excess of Recurrent Revenue over Recurrent Expenditure available for Contribution to Capital Expenditure	**$27,991,805**	**$2,026,127**

Source: Annual Abstracts of Revenue and Expenditure