



Report of The Director of Audit



On The Accounts of the
Nevis Island Administration
**FOR THE YEAR ENDED
DECEMBER 31, 2015**



**NATIONAL AUDIT OFFICE
ST. KITTS AND NEVIS**



ST. KITTS AND NEVIS

NATIONAL AUDIT OFFICE

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Honourable Mark Brantley
Premier and Minister of Finance
Nevis Island Administration
Pinneys Estate
Nevis

Sir,

Pursuant to section 76 (4) of the Saint Christopher and Nevis Constitution Order 1983, I have the honour of submitting my report on the Accounts of the Administration for tabling in the Nevis Island Assembly.

This Audit Report is on the Accounts for the fiscal year ending December 31, 2015.

Respectfully submitted,

Albert Edwards

On Behalf of the

Acting Director of Audit

November 19, 2018.

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1. EXECUTIVE SUMMARY

1.1 REPORTING MANDATE:

This Audit Report, on the accounts of the Nevis Island Administration, is submitted to the Minister of Finance to be laid before the Nevis Island Assembly as required by sections 76 (4) and 108 (2) of the Saint Christopher and Nevis Constitution Order 1983, and section 8 of the Audit Act No. 8 of 1990.

The legislation requires the Director of Audit to submit his report within a period of nine months after the close of each financial year. This report is in respect of audit work on the Accounts of the Administration for the period ended December 31, 2015.

1.2 AUDIT MANDATE:

This Audit Report on the accounts of the Nevis Island Administration for the year ending December 31, 2015 has been prepared pursuant to the obligation imposed by section 76 (2) of the Constitution Order and section 7 of the Audit Act, 1990.

Under section 76 (2) of the Constitution, as amended by section 108 (2) I am required to:

- (a) satisfy myself that all moneys that have been appropriated by the Legislature and disbursed, have been applied to the purposes to which they were so appropriated and that the expenditure conforms to the authority that governs it; and
- (b) at least once each year audit and report on the public accounts of the Administration, the accounts of all officers and authorities of the Administration and the accounts of the Clerk of the Assembly.

Additionally, in accordance with generally accepted public auditing standards, I must also satisfy myself that:

- all moneys other than those which have been appropriated, have been spent in accordance with proper authority and the guidelines stipulated.
- all reasonable precautions have been taken to safeguard the collection and custody of revenue and other monetary instruments, and that the laws and directions relating to them have been duly observed.
- all assets and liabilities disclosed in the financial statements exist and that they properly belong to the Administration and are stated at proper value.

The Constitution also facilitates the performance of these duties under section 76 (3) which mandates: "The Director of Audit and any officer authorized by him shall have access to all books, records, returns, reports and other documents that in his opinion relate to any of the accounts referred to in subsection (2)".

The professional independence of the Director of Audit is also guaranteed by subsection (7) which states: "... the Director of Audit shall not be subject to the direction or control of any other person or authority."

2. THE AUDIT OFFICE

2.1 STAFFING:

As this Audit Report focuses on the Financial Performance of the Nevis Island Administration for the year 2015; I must place on record the gratitude to the Nevis Audit Office Staff for their sterling contribution throughout the period of audit.

The office continued to deal with staffing challenges throughout the year that resulted in the departure of two senior officers. Firstly, Ms. Shara Maynard who served in the capacity of Audit Manager from May 2010. Ms. Maynard was transferred to the Ministry of Foreign Affairs in St. Kitts with effect from August 2015. Nevertheless, we thank Ms. Maynard for her contribution to the Audit Office during her years spent here.

Our gratitude is also expressed to Mrs. J. Elaine Prince for her period of service at the Audit Office during November 2001 to November 2015. Mrs. Prince served as one of the Audit Managers during that time. The Audit Office will not only miss her, but we would like to thank her for her hard work and dedication given to the Civil Service as she retires.

Despite, losing two senior managers, we welcome the addition of Ms. Tanisha Mills who joined the staff in October 2015, as Audit Manager and continues in that capacity. Ms. Daniella Kelly joined the staff as well in November 2015 as Audit Assistant and continues in that capacity.

As the Office still needed more staff, at that time, the addition of Ms. Mills and Ms. Kelly was most welcomed.

2.2 BUDGET:

The fiscal year 2015 showed an approved Budget for the Nevis Audit Office of \$406,178. This budget allocation was an increase of some \$107,891 or 36.2% from the 2014 allocation.

In 2014 the budget allocation was \$298,287 reflecting a decrease of \$90,125 or 23.2% over the 2013 budget. This decrease in budget resulted in the Audit Office over-spending by \$33,247 for 2014. The excess was due to inadequate funding to cover Salaries for the year.

Over the years, the Nevis Audit Office has been placed in the awkward position of having to request additional funds, via Appropriation, for what was clearly foreseeable and easily estimated expenditure.

We are pleased that our 2015 fiscal year actual expenditures did not result as past occurrences. The 2015 actual expenditure totalled \$380,020 which resulted in savings of some \$26,157 or 6.4%.

3. OVERVIEW OF THE PUBLIC ACCOUNTS

3.1 SUBMISSION OF ACCOUNTS:

The Accounts of the Nevis Island Administration for the year ended December 31, 2014 along with the Audit Report on those accounts, were forwarded to the Honourable Premier on January 31, 2018. Those Accounts along with the Audit Report were tabled in the Nevis Island Assembly on February 12, 2018.

The following statements in respect of the financial year 2015 were submitted for Audit examination:

1. Statement of Receipts and Payments
2. Statement of Comparison of Budget and Actuals
3. Statement of Revenue and Expenditure
4. Statement of Financial Assets and Liabilities
5. Summary of Recurrent Revenue
6. Summary of Capital Expenditure
7. Summary of Recurrent Expenditure
8. Statement of Public Debt
9. Notes to the Financial Statements

3.2 ACCOUNTING POLICIES USED:

The Statement of Receipts and Payments has been prepared in compliance with Part 1 of the International Public Sector Accounting Standards (IPSAS) for Budgetary Entities.

IPSAS 1 requires that the presentation of a statement of Receipts and Payments which recognizes all cash receipts and payments, the presentation of cash balances controlled by the entity, accounting policies and explanatory notes. IPSAS 1 also requires comparison of budget and actual amounts for an approved budget that has been made publicly available.

The Public Accounts are also prepared in accordance with the provisions of section 57 of the Finance Administration Act, 2007 of St. Christopher and Nevis.

The Public Accounts have been prepared using the cash basis of accounting which records the actual flow of cash. Revenue is recorded when cash is received, and expenditure is recorded when cash is paid out. **The statements provide information on the sources and uses of cash, for the various functional Activities of Operating, Investing and Financing done by the Administration.**

The Financial Statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Reporting Entity

These financial Statements are of the Nevis Island Administration. The NIA in accordance with the relevant laws and the Constitution is responsible for the raising and collection of revenues and incurring expenditure to support the following areas: Air and Sea Ports; Education; Extraction and processing of minerals; Fisheries; Health and Welfare; Labour; Government Land and Buildings; Government Administration and Operations and the Licensing of imports and exports.

All revenues or other moneys raised or received by the NIA (except for those that are payable by law into some other fund of the NIA established for the specific purpose) shall be paid into the Nevis Island Consolidated Fund.

Statutory Bodies and Government owned corporations are not covered in these statements. However, cash outflows to these entities during the reporting period and any contingent Liabilities incurred on behalf of these entities are recognized in the financial statements.

The Financial Statements are prepared by the Treasurer in the Treasury Department and submitted to the National Audit Office to be audited by the Director of Audit.

Reporting Period

The Financial Statements cover the reporting period January 1, to December 31, 2015.

Reporting Currency

The Financial Statements are expressed in Eastern Caribbean Dollars (XCD) which is the functional currency of St. Kitts and Nevis.

Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into Eastern Caribbean dollars (XCD) using the exchange rate at the date of the transactions. The United States Dollar (USD) is the only foreign currency for which cash balances are held and this rate is fixed at XCD2.7169 for USD1.00

Timeliness

Section 57 (2) of the Finance Administration Act requires that the Accountant General shall within six (6) months after the end of each financial year;

- a) Prepare the public Accounts for that financial year in accordance with the generally accepted accounting principles as determined by the Minister, accounting for all public money and showing fully the financial position of Saint Christopher and Nevis at the end of that financial year;
- b) Certify the Public Account; and
- c) Submit to the Director of Audit as many copies of the Public Accounts as the Director of Audit may require.

The accounts for the 2015 fiscal year were not prepared and submitted in the timeframe as allowed in the Finance and Administration Act. The Financial Statements were submitted to the National Audit Office to be audited by the Director of Audit in May 2018 with final adjustments in October, 2018.

The Treasury department has been working to clear the arrears in the preparation of the Annual Accounts and is making good progress.

Comparative Information

The 2015 financial statements have been prepared under the Cash Basis Standard of IPSAS and comparative information for the previous year, 2014, is included.

Appropriations

The original budget was approved by legislative action in the Nevis Island Assembly by the passing of the Appropriation Act on December 16, 2014 for the 2015 budget. This action authorized the provision of funds for expenditure by the various Ministries from the Consolidated Fund in accordance with Section 27 (3) of the Finance Administration Act, 2007.

Consolidations

All amounts referenced within these Annual Statements are the representation of the inflows and outflows of public monies held within the Consolidated Fund as stipulated by the Finance Administration Act, 2007.

International Public Sector Accounting Standards (IPSAS) require the consolidation of all entities within the Federation that are controlled by the Government and inclusive of the Nevis Island Administration. However, these Annual Statements for the year ending 2015 are for the operations of the NIA only. The activities of the Nevis Island Administration and those of the Federal Government have not been consolidated.

There are several other Notes to the financial statements that provide the standards and the policies used in the preparation of the statements.

3.3 PERFORMANCE SUMMARY:

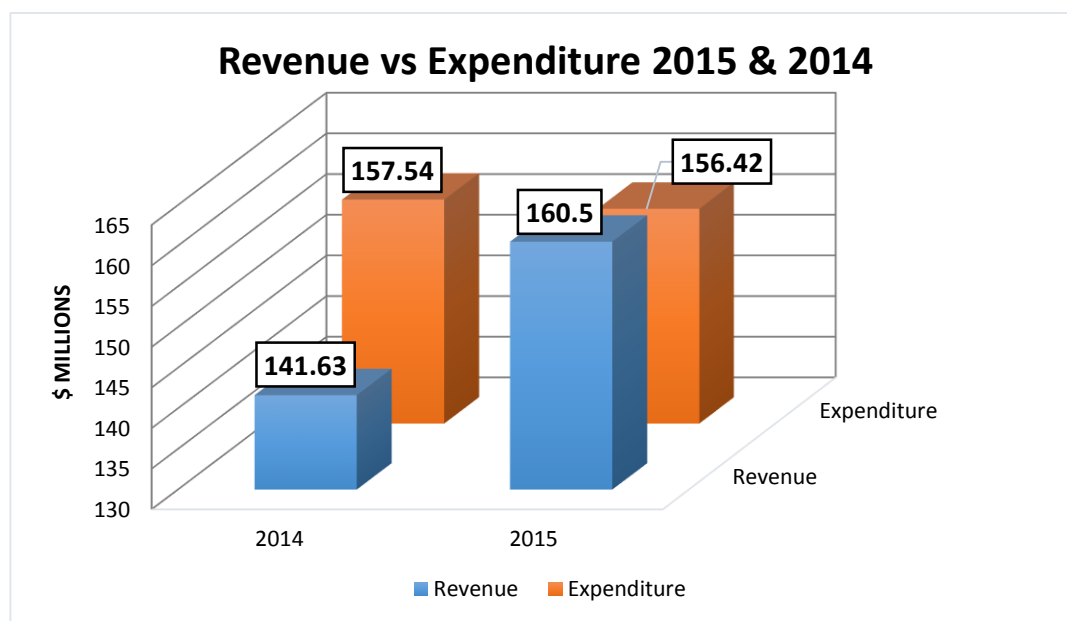
The financial accounts for the year ended December 31, 2015 disclose an overall surplus of **\$4.08 million** (\$4,081,880). This is a significant reversal from the \$15.9 million deficit result in 2014.

Furthermore, the Budget for 2015 presented an Estimated Deficit at \$19.9 million (\$19,993,973). The current account was projected to have a deficit of \$3.85 million and the capital account's deficit was projected at \$16.14 million.

The Statement of Revenue and Expenditure, at page 4 of the Accounts, shows Grand total revenue of **\$160.50** million comprising Current Revenue of \$133,857,250 and Capital Revenue of \$26,640,030. Likewise, Current Expenditure for 2015 amounted to \$130,488,336 coupled with Capital Expenditure of \$25,927,065 for a Grand total expenditure of **\$156.42** million. Hence the resultant overall Surplus.

Compared to the previous year's accounts, total expenditure for 2015 decreased by some \$1.13 million; whereas total revenue increased by \$18.87 million. It can be noted in the results that current expenditure decreased by \$3.51 million while the capital expenditure increased by \$2.38 million over the 2014 financial year levels. On the other hand, the current revenue increased by \$5.39 million and capital revenue increased by \$13.48 million for the net increase in revenue as stated.

With the continued efforts of restrictions to the expenditure side and improvement in revenue collections for 2015, the results compared to the Budgeted figures were very favourable. The current account result was a surplus of \$3.37 million (\$3,368,914) and capital account also resulted in a surplus of \$0.71 million (\$712,965).



The following table presents the broad categories of the sources of Income and the areas of Expenditure during the reporting period, 2015, with comparative data for 2014:

NEVIS ISLAND ADMINISTRATION		
STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31 2015		
	2015	2014
REVENUE	\$	\$
Taxes on Income	16,902,515	13,006,276
Taxes on Property	2,723,322	2,561,142
Taxes on Domestic Goods and Consumption	22,582,604	21,814,112
Taxes on International Trade and Transactions	58,456,240	60,910,190
Non-Tax Revenue	33,192,569	30,176,730
Capital Revenue	26,640,030	13,163,251
Budgetary Grants	0	0
Total Revenue	160,497,281	141,631,701
EXPENDITURE		
Personal Emoluments and Wages	-65,358,478	-65,441,726
Goods and Services	-29,034,195	-30,658,391
Transfers and subsidies	-13,650,806	-12,005,153
Interest payments	-15,462,864	-16,686,875
Capital expenditure	-25,927,065	-23,548,636
Principal payments	-6,981,993	-9,203,639
Total expenditure	-156,415,401	-157,544,421
Surplus/(Deficit)	4,081,880	(15,912,720)

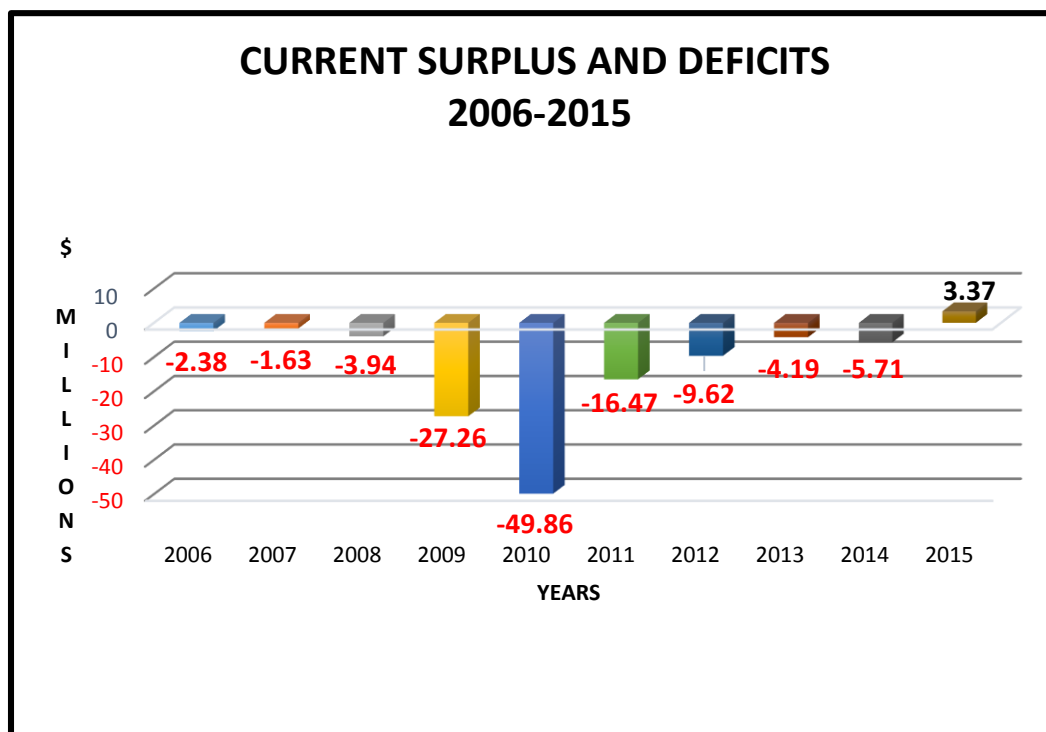
The Statement of Revenue and Expenditure presents the data by source of Revenue and by the classification of Expenditure. The overall revenue for 2015 totalled \$160.50 million, which was \$18.87 million more than the amount collected in 2014. Taxes on Income shown in the table above would reveal that this revenue source moved from \$13 million to \$16.90 million over the one-year period. This revenue source has reflected a steady increase where in 2013 the amount collected was \$11.56 million, \$13 million in 2014 and now \$16.90 million in 2015.

On the other hand, Taxes on International Trade and Transactions has fallen by \$2.45 million from the \$60.91 million collected in 2014. Capital Revenue showed a significant increase in revenue by 13.48 million, from the 2014 figure of \$13.16 million to \$26.64 million in 2015. Although the other revenue sources remained fairly constant, it was Non-Tax Revenue that increased significantly in comparison to the previous year by \$3.02 million.

The actual expenditure decreased by \$1.13 million or 0.71% in comparison to the previous financial year. It is shown that \$156,415,401 was spent in 2015 compared to the \$157,544,421 spent in 2014. Personal Emoluments and Wages in 2015 of \$65.38 million was the highest expenditure for the year; but it fell short by \$83,248 of the 2014 figure. Reductions are also noted in the Principal payments, Interest Payments and Goods and Services for the current year. Transfers and Subsidies however, amounted to \$13.65 million from the \$12.01 million in the previous financial year.

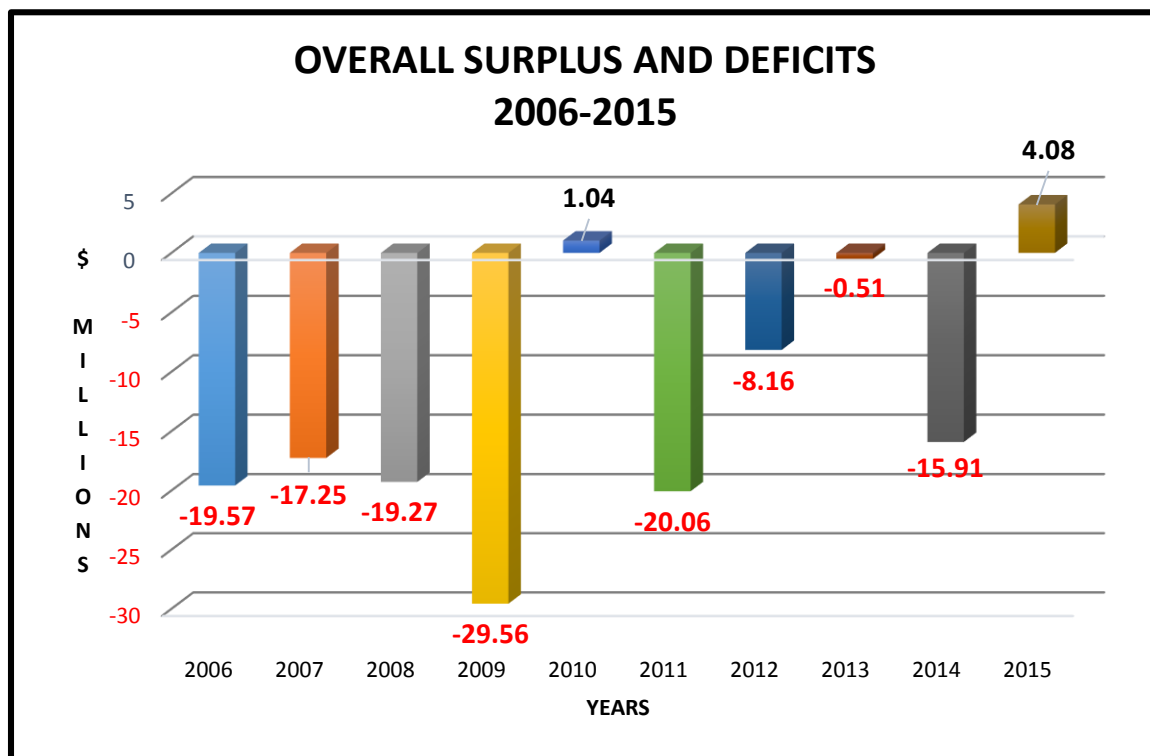
It can be concluded that the Ministry of Finance has exercised some control over the spending of government funds as compared to the previous deficit results in the years past. Acknowledgement can also be given for the significant increase in revenue collection of \$18.87 million.

The following graph shows the results on the Current account covering the ten years 2006 to 2015:



It is unfortunate that in the ten-year stretch, there is only one year that realized a surplus and that's the current year 2015. The previous 9 years of deficits amounted to \$121.06 million with the highest occurring in 2010 of \$49.86 million.

The overall annual results of a surpluses and deficits (Current and Capital accounts) during the period 2006 to 2015 are shown in the following graph:



In the period of ten years shown in the graph, there are only two (2) surplus results that managed barely over \$5 million. The surplus in 2010 realized \$1.04 million and \$4.08 million in 2015. On the other hand, the eight (8) deficits shown, total in excess of \$130 million.

4. ANALYSIS OF THE FINANCIAL STATEMENTS

4.1 THE STATEMENT OF RECEIPTS AND PAYMENTS

There are no data reference to any Ministry or Department of Government presented on the Financial Statements for this financial year. This is true for all four major statements viz: Statement of Receipts & Payments; Statement of Budget & Actuals; Statement of Revenue & Expenditure; and the Statement of Financial Assets & Liabilities.

The Budget and the Appropriation Act sets out Government's plans for revenue and expenditure as per the various Programs in each Ministry; the Audit Office made a request for additional information to enable us to Report to the Assembly, and by extension to the general public, along the lines of what was also approved by the Assembly.

Hence, three Summaries were presented: Summary of Recurrent Revenue; Summary of Recurrent Expenditure; and a Summary of Capital Expenditure. These summaries present the Budget allocations versus the Actuals incurred / realized and the variances, according to the Ministries.

Although the Financials are prepared and presented in accordance with IPSAS, (see Sec 3.1) which are the International Standards now adopted by the Treasury, their brevity and absence of certain details may not meet local expectations. This is not to say the details and other specifics are not there, just that they are not presented in the usual format.

The statement of Receipts and Payments shows the receipts and payments detailed under three broad Activities. The following table summarizes these results:

	2015	2014
Net Cash Flow from Operating Activities	4,687,294	3,374,362
Net Cash Flows from Investing Activities	(24,461,911)	(17,009,593)
Net Cash Flows from Financing Activities	<u>19,658,037</u>	<u>(470,501)</u>
Net Increase / (Decrease) in Cash	(116,580)	(14,105,731)
Opening Cash Position	(81,022,377)	(66,916,646)
Yearend Cash Position	(81,138,957)	(81,022,377)

The Operating Activities realized a net total \$4.69 million in 2015, where \$133.87 million were receipts and \$129.18 million were payments. Operating Activities increased slightly when compared to the previous financial year figure of \$3.37 million.

The receipts from Financing Activities total \$26.64 million in 2015 and \$8.73 million in 2014. Whereas the payments total \$6.98 million and \$9.20 million in 2015 and 2014 respectively, giving the net cash flows for Financing Activities as summarized.

However, the Receipts from Investing Activities only total \$32.19 million; whereas the Payments are \$56.65 million, giving that negative funds flow of \$-24.46 million. As can be noted in the following table, the mismatch came in the flow of capital funds.

The following is the entire statement of Receipts and Payments for 2015, with comparative data for 2014:

NEVIS ISLAND ADMINISTRATION			
STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED DECEMBER 31 2015			
CASH FLOWS FROM OPERATING ACTIVITIES:			
RECEIPTS	2015		2014
	\$		\$
Taxes on Income	16,902,515		13,006,276
Taxes on Property	2,723,322		2,561,142
Taxes on Domestic Goods and Consumption	22,582,604		21,814,112
Taxes on International Trade and Transactions	58,456,240		60,910,190
Budgetary Grants	-		-
Utilities	5,651,811		5,199,636
Fines, Fees & Forfeitures	3,142,487		1,773,104
Postal Services	515,731		551,857
Other Receipts	23,882,447		22,650,836
Repayment of Personal Advances	5,970		1,250
Repayment of Subsistence Advances	3,600		3,945
Repayment of Other Government Advances	300		2,002
PAYMENTS			
Personal Emoluments and Wages	(65,358,478)		(65,441,726)
Goods and Services	(29,034,195)		(30,658,391)
Transfers and Subsidies	(13,650,806)		(12,005,153)
Interest Payments	(15,462,864)		(16,686,875)
Issuance of Personal Advances	(70,479)		(95,610)
Issuance of Subsistence Advances	-		(58,887)
Issuance of Other Government Advances	(5,602,911)		(153,346)

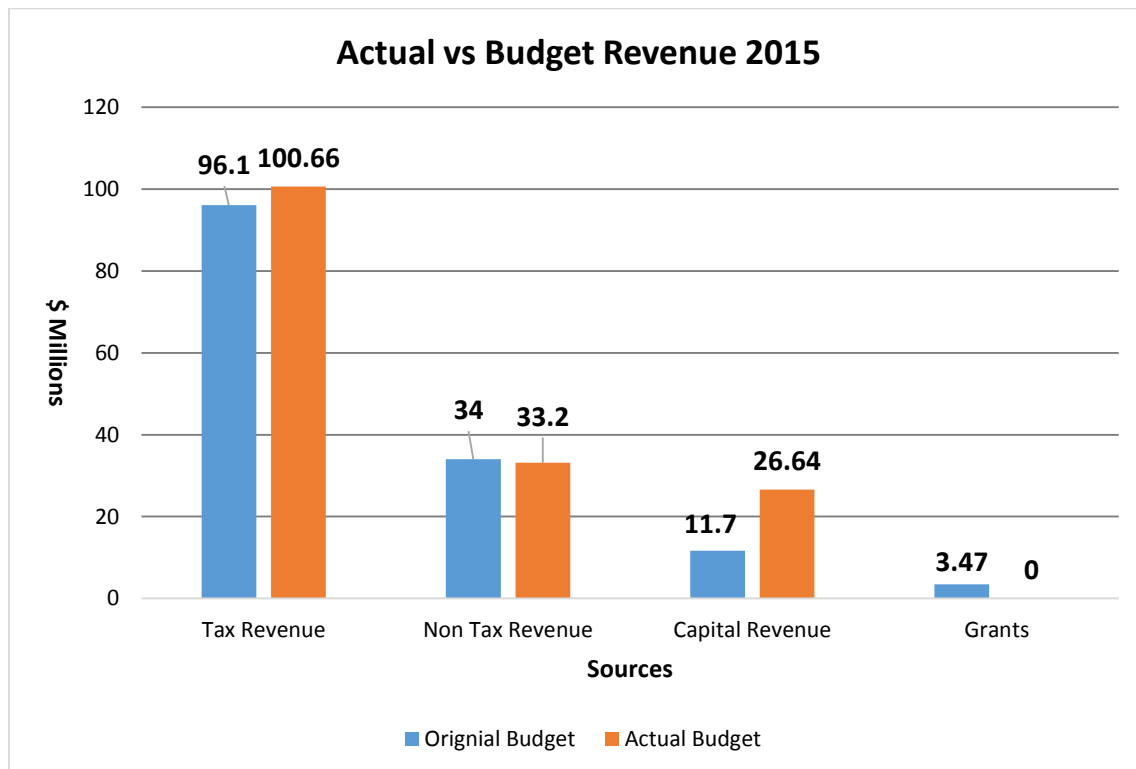
Net Cash Flows from Operating Activities	4,687,294	3,374,362
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts		
Proceeds from sale of land and properties	-	-
Interest, Dividend and Currency	94	1,297
Capital Grants	-	4,430,112
Repayment of Other Advances	-	-
Returns on Investments	-	-
Receipts from Trust Funds	9,619,781	3,266,767
Receipts from Other Public Funds	22,567,680	39,780,965
Payments		
Capital Expenditure	(25,927,065)	(23,548,636)
Net Lending	-	-
Issuance of Other Advances	-	-
Purchase of Investments	-	-
Outflows from Trust Funds	(4,382,783)	(2,551,237)
Outflows from Other Public Funds	(26,339,618)	(38,388,860)
Net Cash Flows from Investing Activities	(24,461,911)	(17,009,593)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipts		
Proceeds from borrowings - Foreign	-	-
Proceeds from borrowings - Domestic	26,640,030	8,733,139
Payments		
Repayment of borrowings - Foreign	(4,020,204)	(3,203,806)
Repayment of borrowings - Domestic	(2,961,790)	(5,999,834)
Net Cash Flows from Financing Activities	19,658,037	(470,501)
Net increase/(decrease) in cash	(116,580)	(14,105,731)
Cash at the beginning of the period	(81,022,377)	(66,916,646)
Cash at the end of the period	(81,138,957)	(81,022,377)

4.2 STATEMENT OF REVENUE

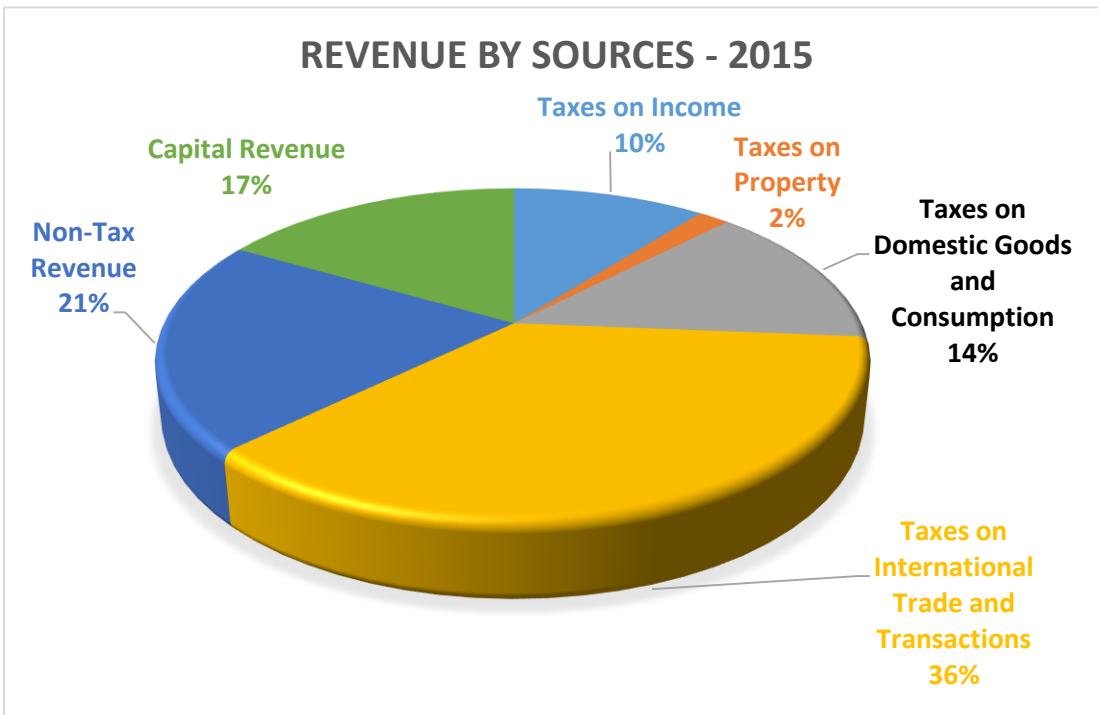
For the total budgeted revenue for 2015 of \$145.23 million, it was projected that \$130.06 million would be realized on the Current account and the \$15.17 million on the Capital account would come in the form of Grants and Loans. The total actual revenue sources on the Current account generated \$133.86 million; and on the Capital account it was only \$26.64 million, for a total of \$160.50 million.

The overall performance in revenue exceeded that of projections by \$15.27 million; with the Current account contributing just \$3.26 million to this excess. The overall increase in revenues was primarily due to the performance on the Capital account.

The following graph depicts the actual revenue collections versus the original budgeted amount for 2015:



The following chart shows the broad categories of the sources of revenue and their contribution to the revenue pie for 2015.



As illustrated in the pie-chart, Taxes on Property account for the smallest contribution with 2%, while the largest contributor is Taxes on International Trade and Transactions with 36%. In 2014, that contribution to the pie was 43%, indicating a decrease of 7% in 2015 for Taxes on International Trade & Transactions.

Capital Revenue recorded the largest increase in contribution to revenue moving from 9% in 2014 to 17% in 2015.

The following table represents the same data, but providing more detail by each Ministry responsible for revenue collections:

MINISTRY	BUDGET 2015 \$	ACTUAL 2015 \$	ACTUAL 2014 \$
Legal	170,000	216,130	238,146
Premier	9,538,000	10,002,343	8,848,483
Finance	110,553,017	115,026,357	111,634,594
Min. of Works	7,273,470	\$6,852,751	5,965,233
Min. of Agriculture, Lands	588,000	\$420,592	417,619
Min. of Health	1,850,000	1,249,317	1,267,586
Min. Tourism, Culture, Info.	100,000	83,630	91,880
Min. of Education & Library	6,500	6,130	4,910
Total Current Account Revenue	130,058,987	133,857,250	128,468,450
Capital Account Revenue	15,168,760	26,640,030	13,163,251
Grand Total Revenue	145,227,747	160,497,281	141,631,701

Amongst the eight (8) revenue heads for which estimates were prepared, only three sources recorded revenue as being “over the estimate” during the 2015 fiscal year. These were Legal, Premier’s Ministry and the Ministry of Finance.

The Ministry of Finance and its departments have not only collected revenue over their budgeted estimate, (\$4.5 million more) but it is also among those which had much better revenue performances than in the previous year.

LEGAL SERVICES

The Legal Services department has two programs where it was estimated that \$50,000 would be generated from Registration of Companies and \$120,000 would be from Unclassified Revenue. The actual overall performance showed \$46,130 more than the budget level. However, compared to 2014, the revenue collections decreased by \$22,016.

The actual revenue was \$216,130 with Registration of Companies accounting for \$35,700 and \$180,427 recorded as Unclassified Revenue.

PREMIER'S MINISTRY

The Premier's Ministry has four major programs for revenue collections and as noted, was one of three that met their overall target and surpassed it by \$464,342. This Ministry's revenue amounted to \$10,002,342 against a budget of \$9,538,000.

The Administration program which is responsible for Passports, Permits etc. and Work Permit ID fees, had a target of \$1,267,000 and generated \$1,412,245. The majority of this amount can be attributed to Passports, Permits etc. of \$1,357,980; with Work Permit ID fees \$12,725 and Unclassified revenue \$41,540.

The Magistrate & Registrar's Program had a target of \$271,000 and its actual collection was \$183,341 recording a shortfall of \$87,659. Fines and Forfeitures for this year amounted to \$167,777 and other revenues were \$15,564.

The Department of Trade – Supply Office, showed a slight increase in the overall revenue level from \$7,341,090 in 2014 to \$8,406,757 in 2015. The projected revenue was increased from \$7 million to \$8 million. This better than budgeted performance by the Supply Office helped negate the other shortfalls in the Ministry and resulted in the excess as stated.

MINISTRY OF FINANCE, STATISTICS, ECONOMIC PLANNING, TRADE & INDUSTRY

There are five programs for revenue collection under the Ministry of Finance. The total budgeted revenue shows 84.9% of the revenue being allocated to these departments within the Ministry. The actual collection of \$115.03 million represent over 85% of the total recurrent revenue collected for the year. Overall, the Ministry exceeded its \$110.5 million budget by \$4.5 million.

Customs Department:

It was estimated that Customs would realize \$42.5 million for the year 2015, and this estimate reflected an increase of \$3.4 million from the 2014 estimate. The actual collections of \$40.7 million highlighted that the department not only fell short of its new target, it was also just short of the \$40.8 million collected in the previous financial year.

The five year trend of actual amounts in respect of Consumption tax, Import Duties, Customs Service Charge, Environmental Levy, Excise Duty and Value Added Tax are summarized as follows:

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Consumption Tax	206,962	38,614	288,121	157,167	320,196
Import Duties	11,580,483	10,619,574	9,625,437	8,715,777	9,715,262
Customs Service Charge	7,381,912	6,252,989	7,280,256	6,328,776	6,970,547
Environmental Levy	1,864,497	755,478	682,265	446,528	496,241
Excise Duty	3,947,773	3,791,775	4,903,172	3,299,684	5,087,639
Value Added Tax	15,498,979	19,131,622	17,124,016	15,375,391	16,889,350

The Environmental Levy has shown a vast improvement from the previous year. This tax has increased over its 2014 revenue by \$1,109,019 and surpassed its 2015 budget by \$1,191,047.

The other taxes that have shown a constant improvement in comparison to 2014 are Consumption Tax, Customs Service Charge, and Excise Duty.

Value Added Tax (VAT) revenue for the Customs Department decreased in 2015 by \$3,632,643. One reason for this downward trend may be the result of the removal of VAT from a suite of items including food, pharmaceuticals and funeral expenses effective April 2015.

Inland Revenue Department:

The Inland Revenue Department (IRD) projected revenue collections at \$53.9 million for 2015, which represents 48.8% of the Ministry's responsibility. The IRD realized revenues amounting to \$56.74 million which surpassed the projected figure by \$2.8 million. However, this performance was below that of 2014 when their total revenue was \$57.71 million.

Notable among the variations in performances between the two years were:

	ACTUAL 2015	ACTUAL 2014	VARIANCE
	\$	\$	\$
Stamp Duty – Property	13,251,116	12,089,577	1,161,539
Business & Occupation Licenses	578,428	486,047	92,381
Social Services Levy	9,130,008	8,475,642	654,366
Wheel Tax	2,191,958	1,959,109	232,849
Licenses – Drivers, Temporary	285,108	288,936	-3,828
Licenses – Drivers, Permanent	395,319	357,373	37,946
Income Tax	4,110,073	4,203,147	-93,074
Property Tax	2,723,322	2,561,142	162,180
Value Added Tax	17,703,737	20,046,868	-2,343,131

Value Added Tax (VAT) for Inland Revenue Department has shown a decrease of \$2,343,131 from 2014. Similarly, as with Customs, the falloff in VAT revenues reflect the newly implemented policy to remove VAT from foodstuff, pharmaceuticals and funeral expenses.

The other reductions in revenue from Income Tax and Temporary Drivers Licenses were minimal, as noted in the schedule. The other revenue areas reflect increases in collections from 2014.

The five year summary of some taxes collected by the Inland Revenue Department are presented in the following table:

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Stamp Duty – Property	13,251,116	12,089,577	10,492,947	12,576,696	10,521,912
Business & Occupation Lic.	578,428	486,047	463,502	424,037	390,782
Social Services Levy	9,130,008	8,475,642	8,324,117	7,773,406	7,833,799
Wheel Tax	2,191,958	1,959,109	1,927,576	1,869,035	2,018,414
Hotel Rooms & Rest. Tax	-	-	-	13,342	838
Licenses – Drivers, Temp.	285,108	288,936	312,263	312,398	322,558
Licenses – Drivers, Perm.	395,319	357,373	360,824	348,578	322,496
Income Tax	4,110,073	4,203,147	3,123,956	5,086,608	4,665,356
House & Land Tax	2,723,322	2,347,120	1,892,783	634,482	2,119,421
Land Tax	-	214,022	322,660	1,499,773	41,584
Travel Tax	264,078	272,269	288,955	426,956	352,994
Traders Tax	3,261	4756	12,597	11,655	486,331
Unincorporated Bus. Tax	1,339,280	1,135,743	980,355	986,754	1,146,494
Value Added Tax	17,703,737	20,046,868	18,296,728	15,939,884	18,624,272

During 2015, the Land Tax has been incorporated with the House Tax and is now reflected as Property Taxes. Hence, there is no comparative figures for the Land Tax separately from 2015 going forward.

Travel Tax shows a decrease over the years except for the increase in 2012. Traders Tax has shown a decrease over the five years period. This is due to the introduction of VAT and the Unincorporated Business Tax which replaced the Traders Tax.

Regulation and Supervision:

This area of revenue collection continues to perform exceptionally well. The actual collection of \$13.9 million surpass the budgeted amount of \$13.5 million. The actual figure increased by \$424,298.

The table below shows the revenue heads that exceeded their budgeted amounts for 2015.

AREAS OF REVENUE	BUDGET 2015	ACTUAL 2015	VARIANCE
	\$	\$	\$
Annual Fees	8,200,000	8,353,823	153,823
Multiform Foundations Registration	45,000	81,108	36,108
Transfer of Domicile	20,000	37,908	17,908
Due Diligence Fees	85,000	216,000	131,000
Penalties–Annual Fees	1,300,000	1,475,614	175,614
Certificates Issued	300,000	348,066	48,066
Apostilles	400,000	424,224	24,224
Registration of Captive Insurance Co.	870,000	939,128	69,128
Unclassified	300,000	494,034	194,034
Reinstatement Fees – Financial Services	80,000	106,353	26,353

The other areas of revenue collection did not exceeded its budget but the revenue collected was significant in amount.

MINISTRY OF COMMUNICATIONS, WORKS, PUBLIC UTILITIES

This Ministry had an estimate of \$7.27 million and its actual collections were only \$6.85 million recording a shortfall of \$420,719 million. The Ministry has five revenue Programs, two of which can be considered major; namely the Water Department and the Post Office.

Water Department:

The target amount set for the Water program was \$6.5 million where Water Rates were to realise \$6 million and Repairs and Connections the remaining \$0.5 million.

These targets were not attained as only \$5.66 million was realized. Water rates accounted for \$5,597,028 and Repairs and Connections amounted to only \$54,783.

Post Office:

Revenue collection from the Post Office was targeted at \$542,304. Among the sources are: Rent of Private P.O. Boxes for \$118,000; Sale of Postage Stamps \$280,000; Express Mail Service \$6,500; Receipts from Philatelic Operation \$130,000 and Unclassified \$5,970.

The actual revenue for 2015 amounted to \$515,731, resulting in a shortfall of \$26,573 from expectations. Sale of Postage Stamps amounted to \$304,388; EMS \$12,848; Rent on Private P.O. boxes \$46,020; Receipt from Philatelic Operation \$125,179; P.O. Box Handling Fees \$14,785; Commission on E-Top Up Service \$ 3,350 and Unclassified \$9,161.

MINISTRY OF HEALTH

The Ministry of Health had a moderate decrease in their target from \$1.88 million in 2014 to \$1.85 million in 2015. The Ministry generated actual revenue of \$1.25 million reflecting a shortfall of \$0.60 million. A declining trend in collections over the past three (3) years has been noted.

The Ministry's major collections come from the Medical University fees, Hospital fees and Unclassified revenue. Medical University fees were estimated for \$750,000 and only amassed \$447,585 for the year.

At the Alexandra Hospital, the revenue was \$656,593 compared to a budgeted figure of \$1,000,000 falling short by \$343,407. Despite not meeting its budget, the 2015 actual revenue performance decreased from 2014 revenue level by \$20,278.

The other item of revenue for the Ministry of Health is Unclassified revenue and this amounted to \$114,829.

As a result of these Programs not meeting their targets, there was an overall shortfall in revenue for the Ministry.

4.3 STATEMENT OF EXPENDITURE

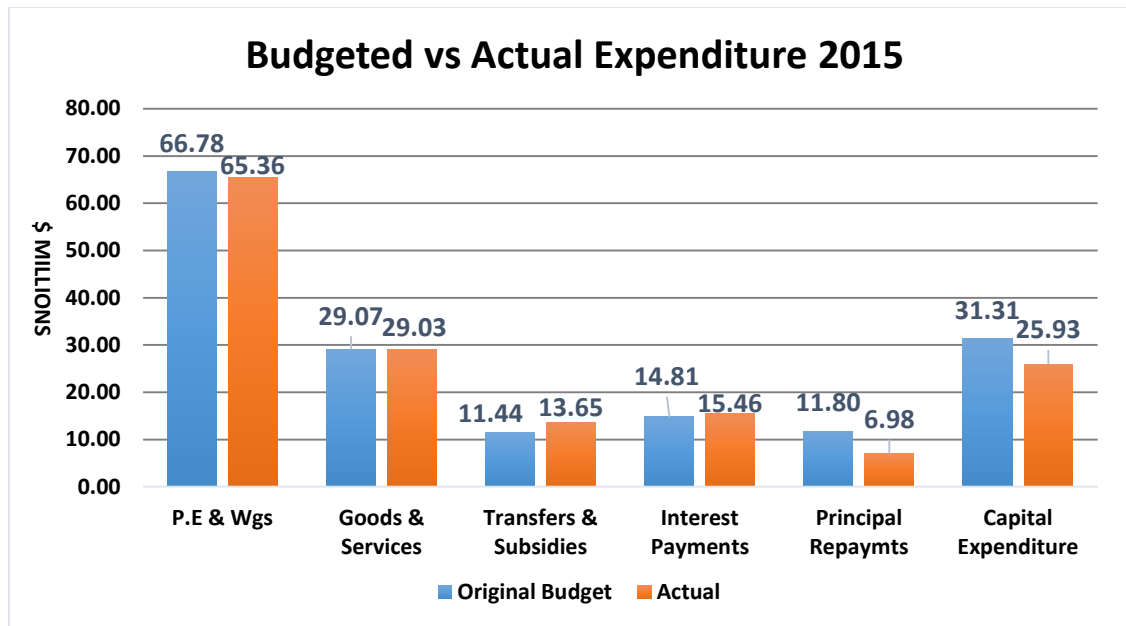
Actual recurrent expenditure totalled \$130.49 million, when compared to the budgeted estimate of \$133.91 million which achieved a saving of \$3.42 million for the financial year 2015. The expenditure are allocated into thirteen (13) Program Heads where only three (3) exceeded their budgeted allocations while the other ten (10) Program Heads returned savings.

The following tables show the savings and the excesses in both dollar amount and as a percentage, for Ministries whose budget allocations for 2015 were over \$0.5 million:

PROGRAM	Actual	Savings	
	\$	\$	%
Ministry of Communications, Works, et al.	10,209,260	841,869	7.6
Ministry of Finance, Statistics, & Economic Planning	51,068,219	3,700,114	6.8
Ministry of Health	13,421,231	1,433,677	9.7

PROGRAM	Actual	Excess	
	\$	\$	%
Premier's Ministry	14,976,454	3,086,996	26.0
Ministry of Tourism	6,047,100	675,259	12.6

In addition to the allocation among Ministries, the Budget is also allocated according to major expenditure classifications. On the current account these categories are: Personal Emoluments & Wages; Goods & Services; Transfers & Subsidies; and Interest and Principal Payments on Debt. The following chart highlights the comparison between the Budget and Actual expenditure figures in these categories for 2015.



Personal Emoluments & Wages accounted for 50% of the expenditures both budgeted and actual for the financial year 2015. In comparison to the \$66.78 million budgeted, there was actual savings of \$1.42 million or 2.1%. Similarly, the amount spent on Goods and Services recorded a small saving of \$0.04 million on the budget, but it also reflected a \$1.62 million decrease from the previous financial year's figures.

It can be highlighted that the Principal Repayments of \$6.98 million was less than the amount budgeted and also reflect a decrease of \$2.22 million or 24.1% from the \$9.20 million spent in 2014.

DEPUTY GOVERNOR GENERAL

The Office of the Deputy Governor General is one of the Program Heads that resulted in a saving for this financial year. The budgeted allocation was \$404,034 and a total of \$322,560 was spent, thereby realizing a saving of \$81,474 or 20.2%.

Savings as stated for the full allocation was also reflected amongst all Objects Code areas within their budgeted amounts.

LEGISLATURE

The budget allocated for this Program was \$674,374 and Actual Expenditure amounted to \$599,857 thereby recording a saving of \$74,517 or 11%. Although the overall expenditure resulted in savings, there were some object codes that incurred over-expenditure.

Actual expenditure for Travel and Subsistence amounted to \$213,364 and was given a budgeted amount of \$200,000 resulting on the over spending of \$13,364. Grants and Contributions also recorded an excess in spending of \$710 from its budgeted amount of \$40,000.

It is a continuous observation that there is a second Program that was budgeted under Legislature in the name of “Office of the Opposition Leader”. Despite the provisions made for spending, the previous five year period showed that there was only one instance of expenditure incurred on the program head, which was in 2014 for the amount of \$500. The following budgeted allocations have been made during the periods stated in the table:

YEAR	BUDGET	EXPENDITURE
	\$	\$
2011	Removed	
2012	25,000	-
2013	25,000	-
2014	25,500	500
2015	26,393	-

LEGAL SERVICES

The Legal Department consist of two expenditure Programs, namely Administration and Company Registry. A total of \$921,013 was allocated and captured spending of \$753,145 with saving of \$167,868.

Administration incurring \$655,431 and the Registry \$87,714. Neither of the two program heads incurred any over spending for the financial year.

PREMIER'S MINISTRY

Administration

The Administration Program was allocated \$2.16 million and incurred \$2.29 million in 2015. The major areas of over expenditure were: Wages, Office and General Expenses, Supplies and Materials, Grants and Contributions and Hosting and Entertainment.

Wages had a budget of \$0.65 million and incurred \$0.87 million; Office and General Expenses incurred \$28,384 compared to its budgeted figure of \$19,450. The allocation for Supplies and Materials was \$11,000 and the amount incurred was \$12,713. Grants and Contributions on the other hand, amounted to \$175,900 and was only budgeted for \$130,000. There was only \$8,000 allocated for Hosting and Entertainment but it realised an amount of \$37,339.

Registrar

A Total of \$787,362 was allocated for this Program and its expenditure amounted to \$690,654 thereby realizing a saving of \$96,708. Spending in most of the areas was also within the budgeted total. However, there was over spending within Personal Emoluments and Wages which exceeded its budgeted amount of \$508,082 by \$110,273. There was a \$1,400 spent for Training that was NOT budgeted in the financial year.

Magistrate

The Budget set for Magistrate Court was \$179,791 and the actual expenditure amounted to \$211,129 resulting in a net excess on the budget of \$31,338.

The main reason for the over-spending was the amount for Personal Emoluments. This had a budget of \$97,754 and incurred a total of \$135,660. The other areas of spending were within limits and so helped to reduce the excess to the net stated.

Department of Trade

An allocation of \$7.96 million was given to the Department of Trade which consist of three programs heads, namely Small Enterprise and Craft House \$801,176; Trade and Consumer Affairs \$413,951 and Supply Office of \$6,742,079. The three Programs realized a total expenditure of \$11.02 million which meant an excess of \$3.06 million overspent.

Amongst the three program heads, only Trade and Consumer Affairs recorded savings. Trade and Consumer Affairs incurred \$392,304 which resulted in savings of \$21,647 or 5.2% of its budget. On the other hand, Small Enterprise and Craft House incurred \$889,750 and realised an excess of \$88,574.

The major area of excess spending came about from the Supply Office, which realized \$9.74 million in expenses whereas it was allocated \$6.74 million. The excess of \$3 million over expenditure can be highlighted in the following areas. Supplies and Materials amounted to \$9.43 million and was allocated \$6.4 million and Operating and Maintenance was allocated \$15,000 and incurred \$19,192.

Overall, the Ministry and Programs of the Premier had a budget of \$11,889,458 and incurred expenditure of \$14,976,454; resulting in excess of \$3,086,996.

MINISTRY OF FINANCE, STATISTICS, ECONOMIC PLANNING, TRADE & INDUSTRY

For the financial year 2015, the Ministry of Finance and its Programs had an allocated budget of \$54.77 million and it incurred expenditure totalling \$51.07 million for a net saving of \$3.70 million. By comparison, over the last two financial years the Ministry has overspent its budgeted amount. In 2014, the Ministry was allotted \$52.26 million and it spent \$60.99 million for an over-expenditure of \$8.74 million. A net over-expenditure was realised in 2013 of \$8.69 million when it was given a budget of \$58.90 million and spent \$67.59 million.

Administration:

The Administration Program consists of five program heads namely, Administration, Information Technology Division, Central Procurement Unit, Financial Systems Unit and Budget and Fiscal Unit. The five programs were given a total budget of \$13.46 million and realised an actual expenditure of \$12.64 million.

Some of the main areas of expenditure for government-wide services are covered by the Ministry of Finance which include: Telephone costs of \$755,987; Internet Services of \$157,444; Operating and Maintenance \$375,836; National Celebrations and Local Hosting and Entertainment amounted to \$255,361; Professional and Consultancy Services \$323,199; Medical Insurance \$1,437,240; Claims against Government amounted to \$1,156,749; and Electricity bills cost the government \$5.50 million.

Treasury:

The Treasury allocation for 2015 was \$34.45 million and incurred actual expenditure of \$31.09 million with a net saving of \$3.36 million. The level of spending done in this financial year was \$7.95 million less than the \$39.04 million spent in 2014.

Keys areas of spending included Retiring Benefits of \$7.94 million; Domestic Debt Servicing of \$5.86 million; Overdraft interest of \$8.54 million; Treasury Bills interest of \$3.01 million; and Foreign Debt servicing of \$5.01 million.

MINISTRY OF COMMUNICATIONS, WORKS & PUBLIC UTILITIES

This Ministry was allocated \$11.05 million and had actual expenditure of \$10.21 million, compared to the \$9.55 million spent in the previous financial year. All of the five Programs in this Ministry realized net savings on their budget allocations, to provide the \$0.84 million savings recorded.

Public Works:

The Public Works Program was allocated a budget of \$5.12 million to cover the Activities of Minor Works to Roads & Bridges; Building Maintenance; Vehicle Repairs and the Asphalt Plant. This program returned actual expenditure of \$4.97 million and a net saving of \$0.15 million.

Water Department:

This Department had an allocation of \$2.85 million and spent \$2.51 million, thereby realizing net savings of \$0.34M. The Administration and Billing Division incurred a total of \$557,635; the Production Activity, total costs amounted to \$818,061; The Distribution Activity cost a total of \$1.07 million; and Quality Control cost was \$66,190.

Post Office:

The Post Office was allocated \$1.08 million and returned actual expenditure of \$1.02 million, compared to the \$0.92 million spent in 2014. This department consist of two programs that incurred the following expenses; Administration and Revenue Control of \$458,949 and Postal Deliveries and Dispatch of \$563,972.

MINISTRY OF AGRICULTURE, LANDS HOUSING, CO-OPERATIVES & FISHERIES.

The four programs under this Ministry has a total allocation of \$5,049,289. The allocations were broken down into: Administration \$483,246; Agriculture Department \$4.03 million; Cooperatives \$203,420; and Fisheries \$332,726. All four programs had savings which resulted in the overall saving by the Ministry of \$225,737 from the actual expenditure of \$4.83 million.

The Fisheries Department contributed savings of \$56,537 from the actual expenses of \$276,189. Department of Cooperatives had a budget increase of \$42,443 from the \$160,977 in 2014. The actual expenditure by Cooperatives amounted to \$152,256 thereby contributing savings of \$51,164.

The Administration program incurred a total of \$466,695 resulting in savings of \$16,551. The major spending area was Personal Emoluments of \$352,301. Actual expenditure by the Agriculture Department amounted to \$3.93 million. This was a slight increase from the \$3.70 million spent in the previous year. However, the Department still operated within its budget and recorded savings of \$101,485.

MINISTRY OF HEALTH

From the previous financial year's budget, the Ministry's budget increased by \$747,095 where it moved from \$14.12 million to \$14.85 million. Actual expenditure incurred in 2015 was \$13.41 million which was an increase from the \$12.77 million or 5.1% in 2014.

Public Health:

This program consists of seven activities with a total allocated budget of \$3.66 million and a total of \$3.33 million was spent. The major expenditures can be highlighted among Community Nurse Services, Environmental Health Services and Dental Unit. A budget of \$977,485 was given to the Community Nurse Services from which they incurred \$962,897. The key spending area within this Activity is on Supplies and Materials, which incurred an excess spending of \$9,735 from the budget of \$25,000.

Environmental Health Services was allocated \$926,259 from which it spent \$853,807 with a saving of \$72,452. Personal Emoluments and Wages were the main expenses for this Activity with \$797,828 or 93.4% of the total expenses incurred.

Other Activities under this Program are Dental Unit which incurred \$429,467 from its budget of just \$418,790 with an over-spending of \$10,677. This is as a result of Personal Emoluments and Wages which was allocated \$360,390 and total a spending of \$381,662. The saving from the other object codes helped to reduce the overall excess.

Alexandra Hospital:

The Alexandra Hospital budgeted operating expenses increased by \$601,645 from the \$7.57 million budget in 2014 to \$8.18 million for 2015. The actual costs incurred amounted to \$7.12 million thereby providing savings of \$1.06 million.

This program comprises four Activities with Patient Care consuming the biggest portion with a budget of \$4.97 million and incurred actual cost of \$4.24 million. Major spending areas within this activity were \$3.67 million for Personal Emoluments and Wages; Supplies & Materials cost \$167,281; Operating and Maintenance was \$44,117 and Allowances \$329,634. Allowances was the only object code that exceeded its budgeted amount of \$300,000.

The Administration and Maintenance costs amounted to \$1.20 million against its budget of \$1.36 million thereby saving \$0.16 million. Included in this level of spending are Salaries and Wages \$1.06 million; Supplies & Materials cost \$30,869 and Travel and Subsistence was \$35,984.

On the other hand, Domestic and Nutrition Services incurred expenses of \$997,544 against a budget of \$1.12 million, which resulted in a saving of \$119,776. The major spending areas were Supplies and Materials amounted to \$131,413, Operating and Maintenance amounted to \$46,100 and Personal Emoluments and Wages accounted for \$814,907.

MINISTRY OF TOURISM, CULTURE & INFORMATION

This Ministry had a budget allocation of \$5.37 million which was \$232,471 more than the 2014 budget of \$5.14 million. The allocations were split among: Administration \$3.31 million; Department of Culture \$1.28 million; and Department of Information \$785,502.

The Ministry incurred actual expenditure of \$6.05 million which was in excess of its budget by \$675,259 or 12.5%. The Administration incurred \$3.56 million thereby realising an excess of \$255,253. The Department of Culture incurred \$1.76 million and realising an excess of \$486,668. The Department of Information realised a saving of \$67,029 from the \$718,473 expenditure incurred.

MINISTRY OF EDUCATION AND LIBRARY SERVICES

The Ministry of Education and Library Services incurred \$19.74 million in actual expenditure for the financial year 2015; which provided net savings of \$388,475 from the budgeted amount of \$20.13 million. When compared to the previous financial year projections, the Ministry incurred \$18.69 million from its 2014 budget of \$19.52 million. In the two-year period, the Ministry has realised slight savings each year.

The Education Department Program, which includes Administration, Early Childhood, Special Education, Teacher's Resource Centre and School Libraries, was allocated a budget of \$3.34 million and spent \$3.88 million with an excess of \$545,172. It should be highlighted that Administration incurred \$2.58 million which was 32.2% more than its budget of \$1.95 million and Early Childhood costs was \$893,934 against its budget which was set at \$881,141.

Primary Education program costs amounted to \$6.58 million against a budget of \$7.33 million. Personal Emoluments and Wages accounted for 99% of the allocated budget by incurring actual expenditure of \$6.56 million.

Secondary Education program was allocated a budget of \$7.71 million and spent \$7.51 million realising a net saving of \$148,256. This program included expenses from Charlestown Secondary with costs totalling \$4.28 million; Gingerland Secondary \$2.52 million; and the Multi-Purpose Centre \$752,378.

HUMAN RESOURCES

The Human Resources Ministry was given a budget of \$1.42 million and a total of \$1.16 million was spent, thereby realizing a saving of \$260,858 or 18.4%. This Ministry consists of two Program heads; Administration and Training.

The Administration program was budgeted \$461,909 and incurred \$378,099 with a saving of \$83,810. Major expenditure was on Personal Emoluments and Wages of \$326,464 that realised an excess of \$24,677 when compared to its budget of \$301,787.

The Actual expenditure of \$779,588 under the Training program realised a saving of \$177,048 from its budgeted amount of \$956,636. The training component of this program incurred a total of \$735,677 or 94.4% of the overall expenditure for that Program Head.

MINISTRY OF SOCIAL DEVELOPMENT, YOUTH, SPORTS & COMMUNITY DEVELOPMENT

This Ministry's budget was increased by \$1.15 million or 19.8% from the \$5.81 million in 2014 to \$6.97 million in 2015. The actual expenditure incurred amounted to \$6.98 million and realised an excess of just \$16,866.

The Ministry consists of four program heads, where Administration program incurred a total of \$1.79 million from its budgeted amount of \$1.62 million. The Department of Community Development was allocated \$1.03 million and spent \$1.06 million thereby realising a total excess of \$34,929.

The budget for the Department of Social Services was \$2.44 million that consist of four activities namely; Administration \$447,806, Family Service \$547,650, Senior Citizens Division \$1.19 million and Gender Relations Division \$ 254,454. The actual expenditure for this financial year were Administration cost for \$548,663; Family Service of \$609,659; Senior Citizens Division of \$1.10 million and Gender Relations Division of \$228,006.

Department of Youth and Sports had a budget of \$1.88 million and incurred \$1.65 million with Administration accounting for \$179,626, Youth Department for \$554,536 and Sports & Sports Wellness for \$913,355.

Conclusion:

In reviewing the Detailed Statements of Expenditure, continuous efforts were made to control expenditure during the year. However, attention must be focused on significant expenditure items.

1. Supply Office where it was given a budget of \$6.40 million for Supplies & Materials and the amount incurred to \$9.43 million. An excess of \$3.03 million. This program has increased over the years and is yet to be given a fair budget based on previous expenditure trends.
2. Expenditure for Electricity across government amounted to \$5.52 million and was allocated a budget of \$6 million. This significant decrease from the previous financial year expenditure of \$10.3 million is not a cause for concern, as it indicates the arrears situation with NEVLEC has stabilized substantially. The backlog has been virtually cleaned up and most Departments are relatively current with their payments.

3. Audit also notes the tendency of making monthly salary payments from Wages for persons who should really be paid from the Personal Emoluments of a substantive post. This has the effect of distorting the Wages component of total expenditure.

4.4 THE CAPITAL ACCOUNT

Capital Expenditure was budgeted an amount of \$31.31 million that anticipated sources to be from Revenue in the amount of \$16.14 million; Loans of \$11.70 million; and Grants or Development Aid of \$3.47 million to support a total of 47 projects.

Actual expenditure for capital projects amounted to \$25.93 million representing 82.8% of the budgeted amount. Of this amount, spending from Revenue amounted to \$23.79 million; Loans of \$1.64 million; and Grants or Development Aid of \$0.50 million. This included expenditure for 40 budgeted projects and 3 projects that were not budgeted for 2015.

Actual capital revenue realized was \$26.64 million. The sources of this revenue were Loans of \$1.64 million and Budgetary Support which was funded by the Federal Government amounted to \$25 million.

The following are some of the capital projects implemented by various Ministries:

The Premier's Ministry spent \$47,956 on the Upgrade of Disaster Management and \$173,963 for Upgrade of Police stations.

The different projects undertaken by the Ministry of Finance incurred a total of \$1.40 million in capital expenditure. Some of the major projects were Computerization of Government Offices amounted to \$420,527; Purchases of Vehicles of \$450,017; Equipment and Furniture of \$278,537 and Customs Enforcement Upgrade \$158,356.

The Ministry of Communications, Works, Public Utilities and Posts had capital expenditure amounting to \$18.10 million or 69.8% of the total capital spending. The Ministry spent a total of \$11.31 million on Road Improvement, Purchase of various assets and energy projects. The Public Works Department spent \$6.12 million on Maintenance of schools, Hanley's Road and other roads improvement and renovation of buildings. The Water Department along with the Ministry incurred a total of \$6.60 million on the continuous Water Development Project.

The Ministry of Agriculture, Lands, Cooperatives and Fisheries spent \$980,383 which included the purchase of supplies, materials and equipment for divers and fishermen in the amount of \$466,895. The Expansion of Veterinary Clinic incurred \$500,000 this project was not allocated in the budget and was an additional expense for the Ministry from Revenue sources.

Overall capital expenditure for the Ministry of Health was \$1.99 million on projects that included Improvement to Alexandra Hospital of \$358,318; Medical Supplies of \$678,426; Improvement to Health Facilities amounted to \$149,168; Environmental Work Program of \$773,654 and a total of \$37,620 was spent towards the Diagnostic Wing at the Alexandra Hospital.

The Ministry of Tourism, Culture and Information incurred a total expenditure of \$516,816 which comprised Production Development of \$470,898 and Development of Media Services amounted to \$45,918.

The Ministry of Education incurred \$773,662 on various activities which included furniture for schools \$6,323; Upgrade of Kitchens at schools \$195,495 and \$18,494 on Schools Meal Programme. The Ministry incurred an additional project during the year that was not budgeted in the amount of \$553,349 for the Joycelyn Liburd Primary School Kitchen. **(See cover page)**

The capital projects done by The Ministry of Social Development, Youth, Sports and Community Development included \$112,499 for upgrades to Community Centres; also upgrades to Sporting facilities for \$1.13 million; the St. James raceway maintenance used \$151,734; Community House Assistance used \$117,146 **(see cover page)**; the Youth Empowerment program accounted for \$392,034 and Sporting Equipment \$1,185 were all projects budgeted for under this Ministry. There was \$38,304 sent on the Development of New River Play Field which was not budgeted in this financial year allocations.

In conclusion, more effort to control capital expenditure is needed so that the government would not incur a total of \$1.09 million additional expenses that were not planned for in the financial year. Indeed, Audit recognises that priorities change and have to be reorganised during the year, especially as regards long term projects, but unplanned projects can create unwarranted pressures at times.

4.5 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

The statement of Financial Assets and Liabilities as at December 31, 2015 is summarized with comparative data as follows:

	2015	2014	2013
Financial Liabilities			
Bank Overdraft (Net of Cash)	81,138,957	81,022,377	66,916,646
Net Deposits	48,816,733	52,588,671	51,196,566
Trust Funds	86,040,035	80,803,037	80,087,508
Advances	(2,938,106)	2,725,413	3,026,059
Total Liabilities/Fixed Assets	213,057,619	217,139,499	201,226,779
Surplus/ (Deficit)	4,081,880	(15,912,720)	(514,534)
Accumulated Deficit	<u>213,057,619</u>	<u>217,139,499</u>	<u>201,226,779</u>

As noted, the Surplus for the current year is stated at \$4.08 million with the Accumulated Deficit at \$213.06 million. The Bank Overdrafts at yearend amounted to \$81.14 million and increased from the previous financial year by \$116,580.

The Trust Funds comprise primarily the outstanding Treasury Bills as at year end. The value of Treasury Bills as disclosed in the Public Debt statement at the 2015 year end was \$94.19 million (\$94,185,414).

The summarized Statement of Receipts and Payments shows:

	2015	2014
Net Cash Flow from Operating Activities	4,687,294	3,374,362
Net Cash Flows from Investing Activities	(24,461,911)	(17,009,593)
Net Cash Flows from Financing Activities	<u>19,658,037</u>	<u>(470,501)</u>
Net Increase / (Decrease) in Cash	(116,580)	(14,105,731)
Opening Cash Position	(81,022,377)	(66,916,646)
Yearend Cash Position	(81,138,957)	(81,022,377)

Although the surplus for the year is \$4.08 million, the cash position of the Administration worsened with the net decrease in cash of \$116,580.

4.6 STATEMENT OF PUBLIC DEBT

At the end of the 2015 financial year review, the total Public Debt is disclosed as \$376,595,928 reflecting an increase of \$12.90 million or 3.5% over the previous year. During this period, the Domestic portion increased from \$290.33 million to \$306.27 million or by \$15.94 million while the foreign portion decreased by \$3.03 million to \$70.33 million.

Both the Domestic and Foreign portions of the public debt include Government Guarantees which reflect an overall reduction. The Domestic Guarantees have decreased by \$461,774 and stated at \$14,289,922. On the other hand, the Foreign Guarantees have been reduced by \$2.41 million and stated at \$17,366,732. The domestic guarantees are in respect of some loans from institutions such as the Bank of Nevis, National Bank, FINCO and Social Security. The foreign debt guarantees cover some loans from the Unit Trust Corporation (Trinidad); and from the CDB. It must be noted that guaranteed debt accounts for 8.4% of the total public sector debt and many of the NIA debts are also covered by guarantees at the Federal level.

The Nevis Airport Project loan of EURO €2 million which started in 1995, was paid off during the period under review. The outstanding amount at the start of 2014 was \$500,696.

New disbursement of \$7.89 million were made on the Restructured Kuwait Instruments with principal payments of \$695,371 for the yearend. Additional disbursement of \$2.02 million was added to the Nevis Water Enhancement project which brought the balance to \$16.72 million at yearend.

The outstanding Treasury Bills as at the end of the financial year was disclosed at \$94.19 million and reflects a net increase of \$10.67 million or 12.8% over the period.

The following statement provides the current Debt position with comparative data:

PUBLIC DEBT:	2015	2014	2013	2012
	\$	\$	\$	\$
Domestic	306,269,192	290,332,319	296,592,462	278,022,777
Foreign	70,326,736	73,359,407	75,436,047	81,708,180
Guaranteed –Domestic	14,289,922	14,751,696	14,011,669	15,641,789
Guaranteed - Foreign	17,366,732	19,779,648	23,632,146	25,354,379
Total Debt	376,595,928	363,691,726	372,028,509	359,730,957

ACKNOWLEDGMENTS

In conclusion, I express my sincere appreciation to the staff of the Nevis Audit Office who completed the audit assignments on the accounts for the period under review. Although the National Audit Office has overall responsibility for the Report on the accounts, it is the staff at the Nevis Audit Office who provides all the ground work, the vouching, inspections and analyses. I thank them for their dedication and commitment to the tasks and particularly to the Motto of working Towards Greater Accountability.

Audit recognises the extremely difficult conditions faced by the Treasury staff following the fire which destroyed the entire Treasury building in 2014. The efforts and commitment to rebuilding the financial record is deeply appreciated and we place on record our congratulations to the Treasurer and staff team for a great accomplishment.

My gratitude is also expressed to the staff of other Ministries and Departments in Nevis, for their valuable and timely assistance. Without such ready and willing cooperation, the National Audit Office would not be able to fulfil its legislative mandate.



Opinion in the Financial Statements

Audit Mandate

In accordance with Section 76 (2) of the Constitution Order 1983 and Section 7 of the Audit Act No. 8 of 1990, we have audited the Public Accounts of the Nevis Island Administration for the year ended December 31, 2015. These Financial Statements are the responsibility of the Treasurer, Nevis Treasury.

Responsibility of the Treasurer

The presentation of statements, accounts and schedules of the Public Accounts are the responsibility of the Treasurer in fulfilment of Section 57 (4) of the Finance Administration Act, 2007 and the requirements of the Cash Basis of the International Public Sector Accounting Standards (IPSAS).

The Treasurer is also responsible for maintaining a system of internal controls to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Responsibility of the Auditor

The National Audit Office's responsibility is to audit the financial statements and form an opinion based on the work conducted.

Basis for Opinion

We conducted our audit in accordance with INTOSAI auditing standards. These standards require that we plan and perform the audit to obtain reasonable, rather than absolute assurance that the financial statements are free from material misstatement. It is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect misstatements arising from fraud or error.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Financial Statements and Notes presented in the Public Accounts present fairly, in all material respects, the financial position of the Nevis Island Administration as at December 31, 2015.

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Albert Edwards

On behalf of the

Acting Director of Audit

November 19, 2018

APPENDIX 1

UNAUTHORIZED EXPENDITURE 1988 - 2013

<u>HEAD</u>	<u>SUBHEAD</u>	<u>NAME</u>	<u>UNESTIMATED</u> \$
<u>1988:</u>			
Ministry of Finance	27	Pension & Grants	11,899.18
	52	Increase to Civil Servants	21,883.88
Premier	2	Travelling & Subsistence	422.52
Ministry of Communications, Works, & Public Utilities	3	Upkeep of Office Equipment	75.30
	8	M'tce of Terminal Bldg.	216.61
	30	Rent of Water Rights	434.90
Department of Education	22	Staff Text & Supplies	395.45
Department of Health	13	Environmental Disease	744.72
	10	School Health Programme	647.05
	38	One 1500 V.A Transformer	200.00
Community Affairs & Libraries	15	Books & Materials	94.72
	12	Caretaker Services, Old Age Pension, Sev'nce Pay N.E. Workers	200.00
Min. C.W. & P.U.	12(a)	Cades Bay to Camp via Mont Lily	18,054.40
	18	Bull Dozer	20,000.00
	21(g)	Main street Charlestown	113,096.62
	21(j)	Brick Kiln to Maddens	675.96
<u>1989:</u>			
Premier	50223	Substitutes	251.25
Finance	60252	Civil Servants Increase	5,460.85

<u>HEAD</u>	<u>SUBHEAD</u>	<u>NAME</u>	<u>UNESTIMATED</u>
<u>1990:</u>			
Min. C.W. & P.U	529600	Computer Room – Customs	568.87
	529910	Repairs to Cultural Complex	793.78
<u>1991:</u>			
Legal	40100	Personal Emoluments	1,071.20
Finance	60224	Loss of Exchange	3,593.08
Min. C.W. & P.U	529909	Purchase of 2 M.W Generating Set	249,380.67
<u>1992:</u>			
Finance	60217	Refunds Drawbacks & Re- payments from Revenue	1,249.28
Min. C.W. & P.U	520600	One Pick Up	374.48
Education, Health & Social Affairs	530200	Day Care Centre, St. Thomas	241.54
<u>1996:</u>			
Legal	40016	Operating & Maintenance	88.00
Premier	50509	Office & General Expenses	506.35
Finance	60101	Personal Emoluments	56,137.22
	60115	Telephones, fax, Postage	49.80
	60509	Office & General Expenses	20,283.02
Min. A.L.&T	70102	Wages	5,771.86
	70110	Supplies & Materials	96.82
	70202	Wages	462.60
Dept. of Agriculture	80101	Personal Emoluments	10,083.60
Min. C. W. & P.U.	100101	Personal Emoluments	26,172.76
	100214	Operating & Maintenance	4,336.43
Public Works	120102	Wages	214,340.78

<u>PROGRAM</u>	<u>ACTIVITY</u>	<u>NAME</u>	<u>UNESTIMATED</u>
	120116	Operating & Maintenance	22,866.93
Electricity	130110	Supplies & Materials	46,440.21
	130116	Operating & Maintenance	50,743.73
Education Dept.	140102	Wages	709.97
	140314	Tools, Instruments, Furniture	124.65
Health Dept.	150415	Telephone, Fax, Postage	55.60
Comm. Affairs, Culture & Libraries	160102	Personal Emoluments	35,302.18
1998:			
Premier	0509054	Computer Lab	2,528.87
2000:			
Min. of Finance			1,214,215.98
Min. of Education			239,630.06
2001:			
Min. of Finance	06020119	Debt Servicing	2,309,015.09
Min. of Health	09010101	Personal Emoluments	9,043.82
2002:			
Min. of Finance	06020119	Debt Servicing	1,323,799.23
2003:			
Min. of Finance	06020119	Debt Servicing	1,199,238.57
2005:			
Legislature	020101	Administration	21,687.06
Min. of Finance	0602	Treasury	2,550,831.58

<u>PROGRAM</u>	<u>ACTIVITY</u>	<u>NAME</u>	<u>UNESTIMATED</u>
2006:			
Min. of Finance	0602	Treasury	2,078,764.44
2009:			
Min. of Finance	0601	Administration	6,959,131.20
2010:			
Min. of Finance	0601	Administration	20,208,156.48
Min. of Soc Dev	1301	Administration	221,183.33
Min. of Trade	1401	Administration	348,211.90
Min. of Finance	0601	Capital Admin	286,284.79
2011:			
Premier's Min.	0501	Administration	134,970.98
Min. of Finance	0601	Administration	4,661,021.71
Min. of Tourism	1001	Administration	593,124.18
Min. of Soc Dev	1301	Administration	606,030.09
Min. of Trade	1401	Administration	1,457,636.69

2013: Total unauthorized expenditure was \$7,452,783.65 incurred on five (5) Programs.

2014: Total unauthorized expenditure was \$5,504,800.51 incurred on four (4) Programs.