



# Report of the Director of Audit



## AUDIT OF THE PUBLIC ACCOUNTS OF THE NEVIS ISLAND ADMINISTRATION

**December 31, 2019**

**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, 2019.

Respectfully submitted,

Tanisha Mills  
On Behalf of the  
Acting Director of Audit  
November 27, 2020



# **St. Kitts and Nevis**

## **National Audit Office**

Report by the Director of Audit

On the Public Accounts

Of the Nevis Island Administration

For the year 2019

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## **1. INTRODUCTION**

The Public Accounts of the Nevis Island Administration for the year ended December 31, 2017 and 2018 along with the Audit Report on those accounts, were forwarded to the Honourable Premier on November 20, 2019 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, 1990. Those Accounts along with the Audit Report were tabled in the Nevis Island Assembly on December 3, 2019.

The Public Accounts of the Nevis Island Administration are prepared by the Treasurer in the Treasury Department and submitted to the National Audit Office to be audited by the Director of Audit in accordance with Section 57 (2) (a) of the Financial Administration Act.

### **Accounting Policies Used:**

These accounts have been prepared in compliance with Part 1 of the International Public Sector Accounting Standards (IPSAS) for Budgetary Entities (Cash Basis).

IPSAS 1 requires 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 Public Accounts have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The following statements in respect of the financial years 2019 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

**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 Treasury department has made good progress in the preparation of the Annual Accounts and brought the accounts up to date. In fact, efforts were made to complete the 2019 financials by August 2020.

**Appropriations:**

The original budget was approved by legislative action in the Nevis Island Assembly with the passing of the Appropriation Act on December 5, 2018 for the 2019 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.

**2. NEVIS AUDIT OFFICE****Staffing:**

I must place on record my gratitude for the sterling contribution, throughout the period of audit, rendered by the Staff of the Nevis Audit Office.

Staffing the Office has been and remains a priority as it dampens the scope of audits that we do undertake. We would like to express our gratitude to Mr. Albert Edwards for his period of service at the Nevis Audit Office during April 2016 to March 2019. Mr. Edwards served as Audit Consultant and Senior Audit Manager during that time; the Audit Office will not only miss him, but we would like to thank him for his hard work and dedication given to the staff as he retires.

We welcome the addition of Ms. Teresa Archibald who joined the staff in March 2019, as Audit Manager and continues in that capacity. As the Office was short staffed, at that time, the addition of Ms. Archibald was most welcomed.

**Budget:**

The Nevis Audit Office received an expenditure budget of \$510,400 for the fiscal year 2019, which included \$352,000 in salaries, wages and allowances and \$158,400 in other expenditure. This budget allocation was an increase of some \$20,000 or 4% from the 2018 allocation.

The actual expenditure for the Nevis Audit Office amounted to \$441,556 which realized a savings of \$68,843 or 13.5% when compared to the budget provision. Major spending areas were Personal Emoluments of \$298,682; Rental of Property of \$64,800 and Training of \$30,508.

**Activities:**

The Nevis Audit Office continues to participate in local, regional and international activities as they arise, for training of its staff is a top priority.

In March to April 2019, the Nevis Audit Office in collaboration with the National Audit Office in St. Kitts engaged in training courses in Modules 3 and 4 of Audit Fundamentals. These courses which included topics such as Auditing of the Financial Statements and Auditing the Procurement Progress were facilitated by the Management Institute for National Development (MIND) out of Jamaica. Modules 1 and 2 of this course was completed during the previous year, 2018.

One officer attended the CAROSAI's XI Congress in Georgetown, Guyana under the theme, "Vision of Performance for Relevance and Success" during the month of June.

During the month of October, all staff participated in training in Intuit QuickBooks Online Certification which was conducted by Mr. Pierre Bowrin to enhance their knowledge and ability to conduct audits of the departments using this software.



### **3. OVERVIEW OF THE PUBLIC ACCOUNTS**

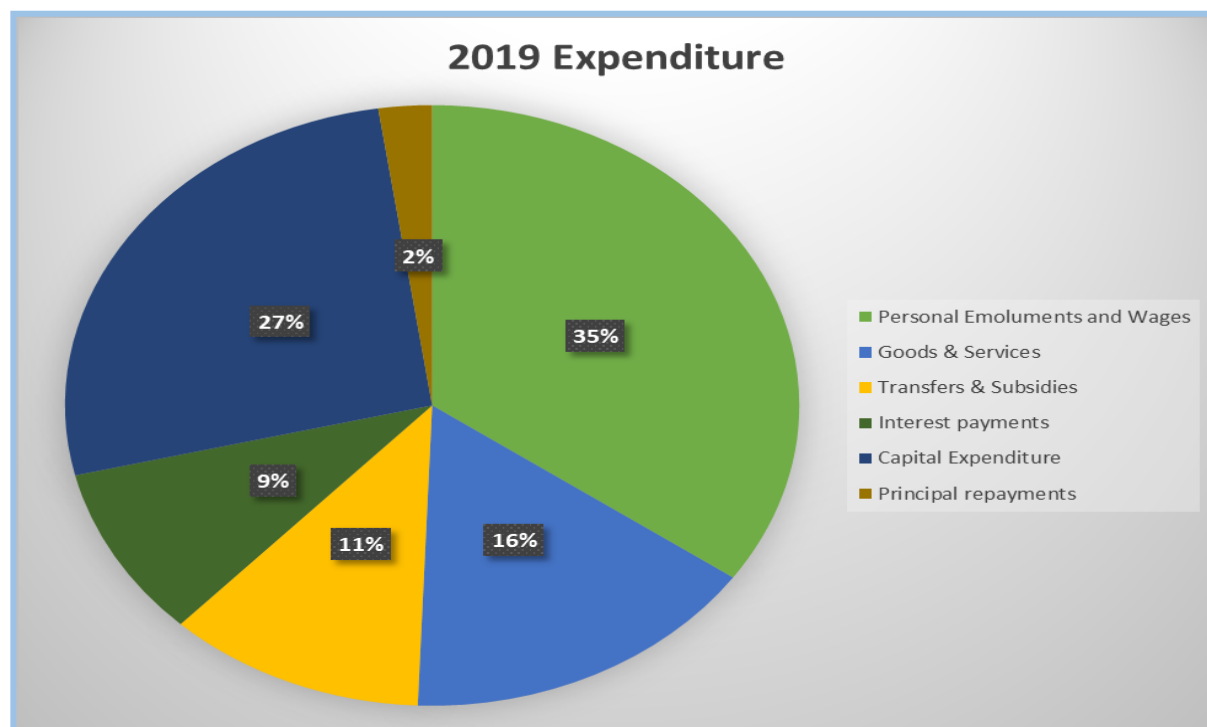
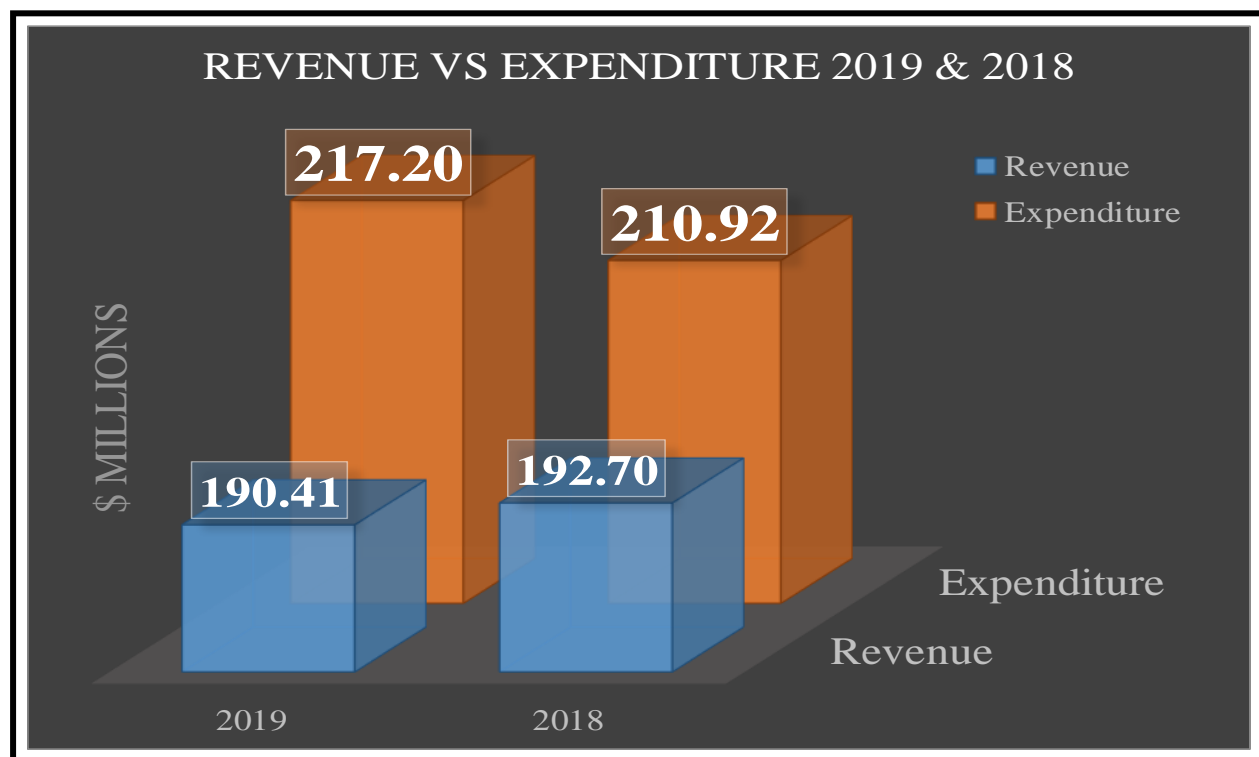
#### **PERFORMANCE SUMMARY**

The public accounts for the year ended December 31, 2019 disclose an overall deficit of **\$26.78 million (\$26,783,103)**. This is a significant increase from the \$18.22 million deficit result in 2018 and the \$16.37 million deficit in 2017.

For the year 2019, the Nevis Island Assembly approved an Estimated Overall Deficit of \$48.55 million (\$48,545,100). The current account was projected to have a deficit of \$12.97 million and the capital account's deficit was projected at \$35.58 million. At the end of the fiscal year, the Statement of Revenue and Expenditure shows actual revenue collection totalled **\$190.41 million** comprising Current Revenue of \$138,514,013 and Capital Revenue of \$51,899,997. The actual expenditure totalled **\$217.20 million** comprising Current Expenditure of \$159,872,286 and Capital Expenditure of \$57,324,827 which resulted in the deficit mention (**\$26.78 million**).

In comparison to the previous year's financials, total expenditure for 2019 increased by \$6.28 million from the 2018 level; whereas total revenue decreased by \$2.29 million. It can be noted in the results that expenditure on the current account decreased by \$0.24 million while the capital expenditure increased by \$6.51 million over the 2018 fiscal accounts. On the other hand, the current revenue increased by \$0.07 million and capital revenue decreased by \$2.36 million for the net decrease in revenue as stated.

The following graphs and table represent the comparison of Revenue and Expenditure for the financial years 2019 and 2018 along with the broad categories.



**NEVIS ISLAND ADMINISTRATION**  
**STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED**  
**DECEMBER 31 2019**

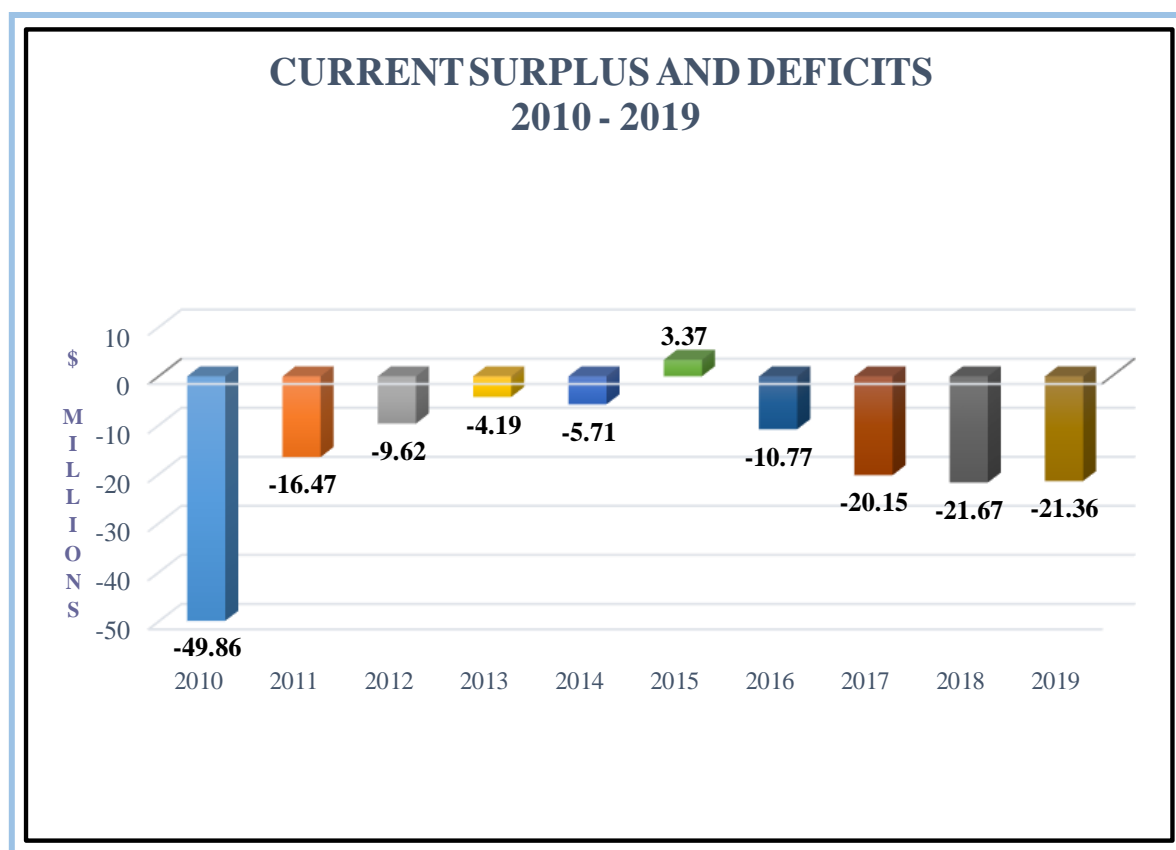
	2019	2018
<b>REVENUE</b>	\$	\$
<i>Taxes on Income</i>	18,339,298	17,608,922
<i>Taxes on Property</i>	3,920,737	3,852,772
<i>Taxes on Domestic Goods and Consumption</i>	19,228,338	17,878,826
<i>Taxes on International Trade and Transactions</i>	63,142,760	62,724,477
<i>Non-Tax Revenue</i>	33,882,880	35,674,940
<i>Interest, Dividends &amp; Currency</i>	0	700,875
<i>Capital Revenue</i>	51,899,997	54,262,582
<i>Budgetary Grants</i>	0	0
<i>Total Revenue</i>	<b>190,414,010</b>	<b>192,703,395</b>
<b>EXPENDITURE</b>		
<i>Personal Emoluments and Wages</i>	(75,398,493)	(72,655,070)
<i>Goods and Services</i>	(34,560,753)	(35,048,849)
<i>Transfers and subsidies</i>	(24,742,644)	(22,650,043)
<i>Interest payments</i>	(20,064,922)	69,632,764
<i>Capital expenditure</i>	(57,324,827)	(50,812,322)
<i>Principal repayments</i>	(5,105,475)	(99,387,343)
<i>Total Expenditure</i>	<b>(217,197,113)</b>	<b>(210,920,863)</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(26,783,103)</b>	<b>(18,217,468)</b>

The Statement of Revenue and Expenditure presents the data by source of Revenue and by the classification of Expenditure. Taxes on Domestic Goods and Consumption shown in the table above would reveal that this revenue source increased by \$1.35 million over the previous year. It also continued its upward trend where in 2017 the amount collected was \$15.26 million, then \$17.8 million in 2018 and now \$19.23 million.

Attention can also be drawn to Non-Tax Revenue that has decreased by \$1.79 million or 5% in comparison to 2018. Most of this decrease resulted from revenue collected by Regulation and Supervision Department that decreased by \$1.11 million from the previous year.

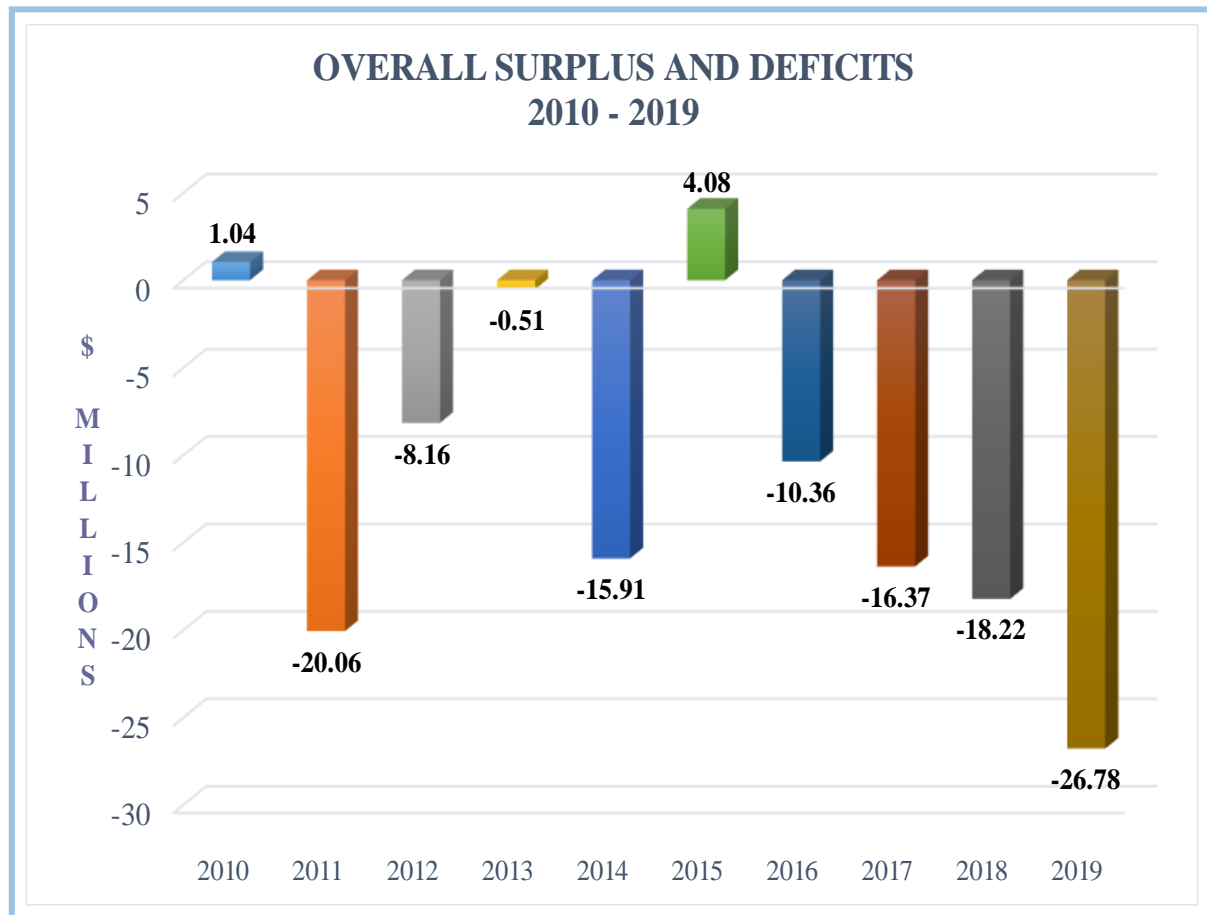
The actual expenditure in the current year increased by \$6.28 million or 2.9% over the previous financial year. It can be shown that expenditure on Transfers and subsidies increased by some \$2.09 million or 9.3% from the 2018 amount of \$22.65 million. Personal Emoluments and Wages show the highest area of expenditure and recorded an increase of \$2.73 million over the 2018 level of \$72.66 million.

The following graph shows the results on the Current account covering the ten years 2010 to 2019:



It can be noted that during the ten-year stretch, there was only one year that realized a surplus on the current account and that was in 2015, with \$3.37 million. The accumulated Deficits on the current account for this period exceed \$159.8 million. It can be concluded that the Ministry of Finance needs to exert more control over the spending levels on the current account.

The overall annual results of surpluses and deficits (Current and Capital accounts) during the period 2010 to 2019 are shown in the following graph:



The historical data shows several years of Deficit results and only two years of surplus results. The surpluses are shown in 2010 of \$1.04 million and 2015 of \$4.08 million that barely managed a total of over \$5 million. The remaining eight (8) year period in the chart accumulated a total Grand Deficit of \$116.37 million, with the highest being in 2019 of \$26.78 million.

## **4. ANALYSIS OF THE FINANCIAL STATEMENTS**

### **4.1 THE STATEMENT OF RECEIPTS AND PAYMENTS**

The Statement of Receipts and Payments shows the cash receipts and payments of the Nevis Island Administration that is sub-classified by three broad activities, namely: Operating, Investing and Financing activities. This statement also shows the opening and ending balances of cash for 2019.

The following table presents a summary of these results with comparative data.

	<b>2019</b>	<b>2018</b>
<b>Net Cash Flows:</b>		
<b>Operating Activities</b>	(17,481,392)	75,152,615
<b>Investing Activities</b>	(50,310,814)	(48,031,016)
<b>Financing Activities</b>	<u>46,794,522</u>	<u>(45,124,760)</u>
<b>Net increase/(decrease) in cash</b>	<b>(20,997,685)</b>	<b>(18,003,161)</b>
<b>Opening Cash Position</b>	(137,153,605)	(119,150,444)
<b>Yearend Cash Position</b>	<b>(158,151,290)</b>	<b>(137,153,605)</b>

#### **Net Cash Flow from Operating Activities**

Receipts from operating activities totalled \$138.88 million in 2019. Tax revenues collected by the major revenue collectors, Inland Revenue and Customs Departments accounted for 75.3% of the total receipts. Payments on operating activities totalled \$156.37 million with the highest contributor coming from Personal Emoluments and Wages of 48.2%. This resulted in the net cash outflow from operating activities of **(\$17.48)** million.

### Net Cash Flow from Investing Activities

The investing activities resulted in a net cash outflow of **(\$50.31)** million, where \$38.97 million were from receipts from trust funds and other public funds. Payments from investing activities totalled \$89.28 million with Capital Expenditure contributing 64.2% of those payments.

### Net Cash Flow from Financing Activities

The receipts from financing activities were \$51.89 million from the proceeds from borrowings in 2019. Payments totalled \$5.11 million which represented domestic and foreign loan principal payments, for a resulting net cash inflow of \$46.79 million.

The following is the entire statement of Receipts and Payments for 2019, with comparative data for 2018:

**NEVIS ISLAND ADMINISTRATION  
STATEMENT OF RECEIPTS AND PAYMENTS  
AS AT 31 DECEMBER 2019**

<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>RECEIPTS</b>		<b>\$</b>	<b>\$</b>
Taxes on Income	<b>1.14</b>	18,339,298	17,608,922
Taxes on Property	<b>1.14</b>	3,920,737	3,852,772
Taxes on Domestic Goods and Consumption	<b>1.14</b>	19,228,338	17,878,826
Taxes on International Trade and Transactions	<b>1.14</b>	63,142,760	62,724,477
Budgetary Grants			
Utilities	<b>1.15</b>	6,487,807	5,680,162
Fines, Fees & Forfeitures	<b>1.16</b>	1,638,582	1,501,007
Postal Services	<b>1.17</b>	589,659	833,352
Other Receipts	<b>1.18</b>	25,166,832	27,213,167
Repayment of Personal Advances	<b>1.19</b>	16,405	24,952
Repayment of Subsistence Advances		-	50,000
Repayment of Other Government Advances		353,706	200
<b>PAYMENTS</b>			
Personal Emoluments and Wages	<b>1.21</b>	(75,398,493)	(72,655,070)
Goods and Services	<b>1.22</b>	(34,560,753)	(35,048,849)
Transfers and Subsidies	<b>1.23</b>	(24,742,644)	(22,650,043)

Interest Payments		(20,064,922)	(69,632,764)
Issuance of Personal Advances	<b>1.30</b>	(57,900)	(800)
Issuance of Subsistence Advances	<b>1.30</b>	-	-
Issuance of Other Government Advances	<b>1.30</b>	(1,540,806)	(1,493,224)
<b>Net Cash Flows from Operating Activities</b>		<b>(17,481,392)</b>	<b>(75,152,615)</b>

## **CASH FLOWS FROM INVESTING ACTIVITIES**

### **RECEIPTS**

Proceeds from sale of land and properties		-	447,252
Interest, Dividend and Currency	<b>1.17</b>	-	700,875
Capital Grants	<b>1.20</b>	-	-
Repayment of Other Advances		-	-
Returns on Investments		-	-
Receipts from Trust Funds	<b>1.32</b>	399,291	105,631
Receipts from Other Public Funds	<b>1.33</b>	38,567,408	8,147,327

### **PAYMENTS**

Capital Expenditure		(57,324,827)	(50,812,322)
Net Lending		-	-
Issuance of Other Advances		-	-
Purchase of Investments		-	-
Outflows from Trust Funds	<b>1.32</b>	(2,336,654)	(1,533,786)
Outflows from Other Public Funds		(29,616,032)	(5,085,993)
<b>Net Cash Flows from Investing Activities</b>		<b>(50,310,814)</b>	<b>(48,031,016)</b>

## **CASH FLOWS FROM FINANCING ACTIVITIES**

### **Receipts**

Proceeds from borrowings – Foreign	<b>1.20</b>	-	-
Proceeds from borrowings – Domestic	<b>1.20</b>	51,899,997	54,262,582

### **Payments**

Repayment of borrowings – Foreign	<b>1.24</b>	-	(3,935,026)
Repayment of borrowings – Domestic	<b>1.24</b>	(5,105,475)	(95,452,316)
<b>Net Cash Flows from Financing Activities</b>		<b>(46,794,522)</b>	<b>(45,124,760)</b>

<b>Net increase/(decrease) in cash</b>		<b>(20,997,685)</b>	<b>(18,003,161)</b>
Cash at the beginning of the period		(137,153,605)	(119,150,144)
<b>Cash at the end of the period</b>		<b>(158,151,290)</b>	<b>(137,153,605)</b>

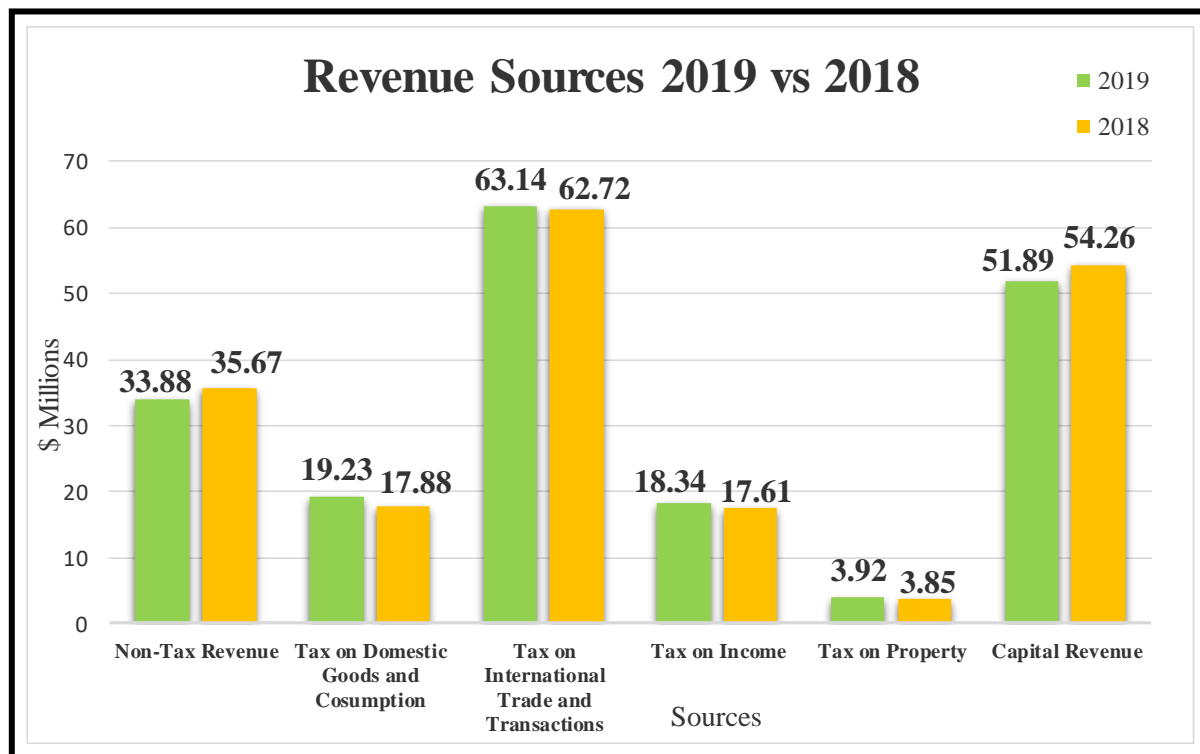


## 4.2 STATEMENT OF REVENUE

The projected revenue for 2019 was \$191.41 million with the Current account of \$137.72 million and Capital account of \$53.63 million. The total actual revenue sources on the Current account generated \$138.51 million; and on Capital account it was \$51.90 million, for a total of \$190.41 million.

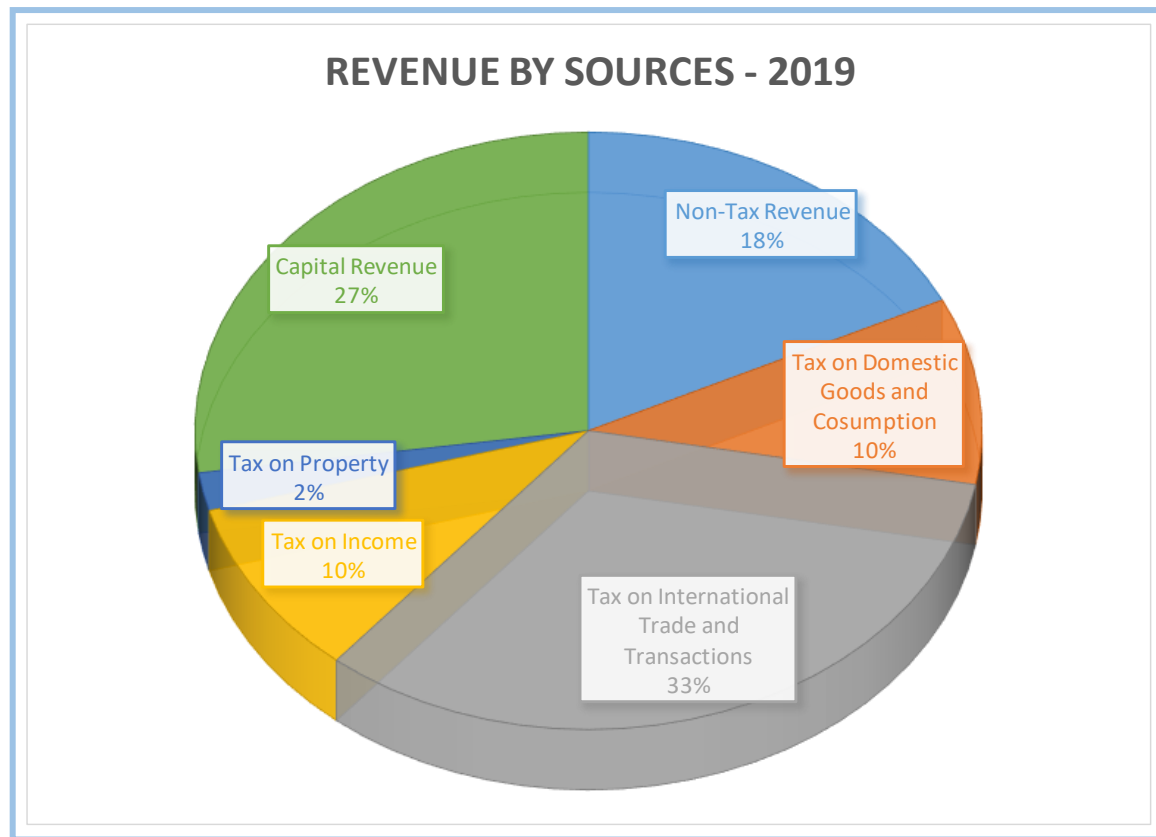
The overall performance in revenue fell short of **(\$1)** million from that projected. However, the Current account showed an increase of the projected amount by \$0.73 million and the Capital account fell short of projections by **(\$1.73)** million. This highlights that the overall decrease in revenues was primarily due to performance on the Capital account.

The following graph depicts the actual revenue collections for 2019 vs 2018:



Total revenue collected for 2019 was \$2.29 million or 1.19% less than the 2018 collection of \$192.70 million. Also, on the capital account, the revenue collection was reduced by \$2.37 million or 4.37% from that of 2018.

The following chart shows the broad categories of the sources of revenue and their contribution to the revenue pie for 2019.



As illustrated in the graph above, Taxes on Income account for 10% of the revenue collected which increased by 1% from the previous year collection and is also the only revenue source that increased from the previous financial year. Taxes from International Trade and Transactions accounted for 33% of the revenue and continues to be the largest contributor. These taxes are mainly collected by the Inland Revenue Department and Customs Department.

Capital Revenue was the second largest contributor with 27% in 2019, although that decreased from the 28% collected in previous financial year. This Capital Revenue comprises the Federal Budgetary Support of \$39,031,000 and Loans and Grants Aid of \$12,868,996.

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

<b>MINISTRY</b>	<b>BUDGET 2019</b>	<b>ACTUAL 2019</b>	<b>ACTUAL 2018</b>
	\$	\$	\$
<b>Legal</b>	310,000	260,995	245,353
<b>Premier</b>	2,033,200	2,100,262	1,602,587
<b>Finance</b>	125,863,700	126,343,624	127,695,437
<b>Min of Communications</b>	7,369,000	7,634,659	6,725,194
<b>Min of Agriculture, Lands</b>	503,000	445,179	409,451
<b>Min of Health</b>	1,595,000	1,630,229	1,660,258
<b>Min of Tourism, Culture, Info</b>	-	5,800	-
<b>Min of Education and Library</b>	7,200	22,522	17,663
<b>Min of Social Development</b>	101,000	70,740	84,870
<b>Total Current Account Revenue</b>	<b>137,782,100</b>	<b>138,514,010</b>	<b>138,440,813</b>
<b>Capital Account Revenue</b>	53,625,000	51,899,997	54,262,582
<b>Grand Total Revenue</b>	<b>191,407,100</b>	<b>190,414,007</b>	<b>192,703,395</b>

Amongst the eight (8) revenue Heads that were prepared with a budget, five recorded revenue as being ‘Over the Estimate’ during the financial year 2019. These were: Premier’s Ministry, Ministry of Finance, Ministry of Communications, Ministry of Health and Ministry of Education.

## **LEGAL SERVICES**

The Legal Services has two programs that were estimated to generate a combined total of \$310,000 with Registration of Companies (\$50,000) and Unclassified revenue (\$240,000). The actual revenue collection totalled \$260,995 against its budgeted amount resulting in a shortfall of \$49,005 or 15.8%. The funds were generated from Registration of Companies of \$26,850 and Unclassified revenue of \$234,145. When compared to the previous year, the actual revenue increased by \$15,642 from the \$245,353 collected in 2018.

## **PREMIER’S MINISTRY**

This Ministry had three major programs for revenue collections namely; Administration, Registrar and Magistrate Court that exceeded its target, by \$67,062 or 3.3% in 2019. However, only one program managed to attain its target; the Administration program exceeded its target by \$77,469.

The Administration Program which is responsible for Passports, Permits, etc and Work Permit ID fees, had a target of \$1.77 million and generated \$1.84 million. Passports, Permits, etc recorded the majority of this total with \$1,748,267 while Work Permit ID fees were \$12,800 and Unclassified revenue was \$83,587. In comparison with 2018, the Administration program continued to perform exceedingly well and realized an increase in revenue of \$377,831 over 2018.

The Registrar Program had a target of \$11,000 and its actual was \$7,280 recording a shortfall of \$3,720. The Registrar Program generated \$7,678 in 2018 and \$8,314 in 2017 for an overall decrease in revenue of \$1,034 or 12.4%.

The Magistrate Court Program’s was given a target of \$255,000 and recorded a shortfall of \$6,687 resulting in \$248,313 collected for the year. Fines and Forfeitures for this year accounted for 99% of this program’s revenue collections with \$248,043.

## **MINISTRY OF FINANCE, STATISTICS, ECONOMIC PLANNING**

There are six (6) programs for revenue collection under the Ministry of Finance that were given a target of \$125.86 million which they surpassed by \$0.48 million. The four (4) major revenue collectors for this Ministry are Customs Department, Inland Revenue, Regulation and Supervision and the Supply Office.

The actual collection in 2019 was \$126.34 million which is a decrease of \$1.36 million from the \$127.70 million collected in 2018.

## Customs Department

It was estimated that the Customs Department would realize \$44.34 million for the year 2019, where this estimate reflected a decrease of \$35,300 from the 2018 estimate. The actual collections of \$46.78 million compares favourably against the budgeted figure by \$2.44 million or 5.5%. The total amount collected by the Customs Department was \$0.55 million more in comparison to the amount collected in 2018.

The following is a five year trend of actual amounts of the major revenue streams contributing to the overall performance of the Customs Department:

	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
<b>Import Duties</b>	11,950,067	11,751,122	11,741,073	11,423,642	11,580,483
<b>Customs Service Charge</b>	9,912,244	8,858,547	8,137,624	7,962,044	7,381,912
<b>Environmental Levy</b>	1,856,475	1,853,164	2,388,845	2,582,092	1,864,497
<b>Excise Duty</b>	5,306,337	6,644,679	5,383,818	5,167,480	3,947,773
<b>Value Added Tax</b>	17,309,294	16,108,503	15,558,612	16,214,542	15,498,979

The Customs Department had surpassed its actual revenue in comparison to 2018, except for Excise Duty which decreased from its 2018 revenue by \$1.34 million. On the other hand, the Value Added Tax (VAT) exceeded its 2018 revenue by \$1.20 million in 2019. This tax has increased its actual revenue by 11.7% since 2015. The Customs Service Charge has shown an increase over 2018 revenue of \$1.05 million.

Except for Customs Service Charge and Value Added Tax, all other revenue streams mentioned above fell below their respective targets,

## Inland Revenue Department

The Inland Revenue Department (IRD) projected revenue collections were set at \$58.36 million for 2019, which represented the largest collections for the Ministry with 46.4%. The IRD

realized revenue amounting to \$58.99 million and was more than the \$57.31 million collected in 2018 and the \$54.25 million in 2017. Overall, the IRD realized an increase in revenue of \$627,369 over its projected revenue.

The following shows the major revenue streams contributing to the overall performance of the IRD with comparison to the previous year:

	<b>ACTUAL 2019</b>	<b>ACTUAL 2018</b>	<b>VARIANCE</b>
	\$	\$	\$
<b>Stamp Duty – Property</b>	7,445,334	8,273,225	-827,891
<b>Business &amp; Occupation Licenses</b>	707,517	739,030	-31,513
<b>Social Services Levy</b>	10,444,268	10,489,135	-44,867
<b>Wheel Tax</b>	2,846,038	2,736,536	109,502
<b>Licenses – Drivers, Temporary</b>	292,038	290,127	1,911
<b>Licenses – Drivers, Permanent</b>	562,944	572,381	-9,437
<b>Income Tax</b>	7,302,808	6,199,265	1,103,543
<b>Property Tax</b>	3,920,737	3,852,771	67,966
<b>Value Added Tax</b>	16,382,658	16,926,295	-543,637

The majority of taxes fell short of the 2018 actual revenue with the remaining significantly surpassing the amounts. The taxes that significantly surpassed the 2018 revenue levels are Income Tax by \$1.10 million; Property Tax by \$67,966; Wheel Tax by \$109,502 and Licenses – Drivers, Temporary by \$1,911.

All revenue streams mentioned above surpassed their respective budgeted targets, with the exception of Stamp Duty- Property, Business & Occupation Licenses, Social Services Levy and Value Added Tax.

## **Regulation and Supervision**

This area of revenue collection typically performs exceptionally well, however, it fell short of its budgeted amount this year. The actual collection was \$12.79 million compared to its budgeted amount of \$14.06 million resulting in a shortage of \$1.27 million. Some of the revenue collected are Penalties-Annual Fees of \$1.30 million; Due Diligence Fees of \$217,512; Registration of Offshore Companies of \$529,039 and Unclassified of \$727,971.

## **Supply Office**

The Supply Office had a target of \$8.33 million and its actual collection was \$6.29 million which resulted in a shortage of \$2.04 million. Over the past three years, the Supply Office's actual revenue has been fluctuating from \$7.45 million in 2016; \$6.94 million in 2017; \$7.50 million in 2018 and \$6.29 million in 2019.

## **MINISTRY OF COMMUNICATIONS, WORKS, PUBLIC UTILITIES**

This Ministry had a projection of \$7.37 million and its actual revenue were \$7.63 million, recording an increase of \$265,659. In comparison with 2018, the Ministry's actual revenue increased by \$0.90 million from the \$6.73 million collected then.

The major portion of the revenue for this Ministry was expected to flow from the Water Department, which had a budget of \$6.23 million or 84.5% of the total budget. Actual collections from the Water Department was \$6.49 million which surpassed its target by \$0.26 million. Water Rates accounted for \$6.36 million while Water Connections gained \$125,566.

The second major revenue collection for the Ministry is the Post Office. The Post Office had a budgeted amount of \$728,500 and realized \$589,658. This revenue collection comprises P.O. Box rentals of \$74,465; Sale of Postal Stamps of \$403,582 and Unclassified revenue of \$56,865. When compared with 2018, the actual revenue has decreased by \$39,839 from the \$629,497 collected in the previous year.

## **MINISTRY OF HEALTH, GENDER AFFAIRS**

The Ministry of Health had a projection of \$1.59 million and its actual revenue collected was \$1.63 million recording an increase of \$35,229. In comparison to 2018, the projected revenue collection was set at \$1.60 million and realized collection of \$1.66 million. The Ministry of Health performed better in 2018 with \$1.66 million whereas the revenue collected in 2019 was \$1.63 million.

The Ministry's major collections come from the Medical University fees, Hospital fees and Unclassified revenue. Only the Hospital fees surpassed its budgeted target. Medical University fees were estimated at \$600,000 and revenue collected was \$593,420.

At the Alexandra Hospital, the budget was \$875,000 and the revenue collected exceeded expectations by \$70,089 recording revenue of \$945,089.

The other item of revenue for the Ministry of Health is Unclassified revenue and this amounted to \$91,720 reflecting an increase from 2018 by \$5,105. The Unclassified revenue also did not meet its budgeted level and fell short by \$28,280.

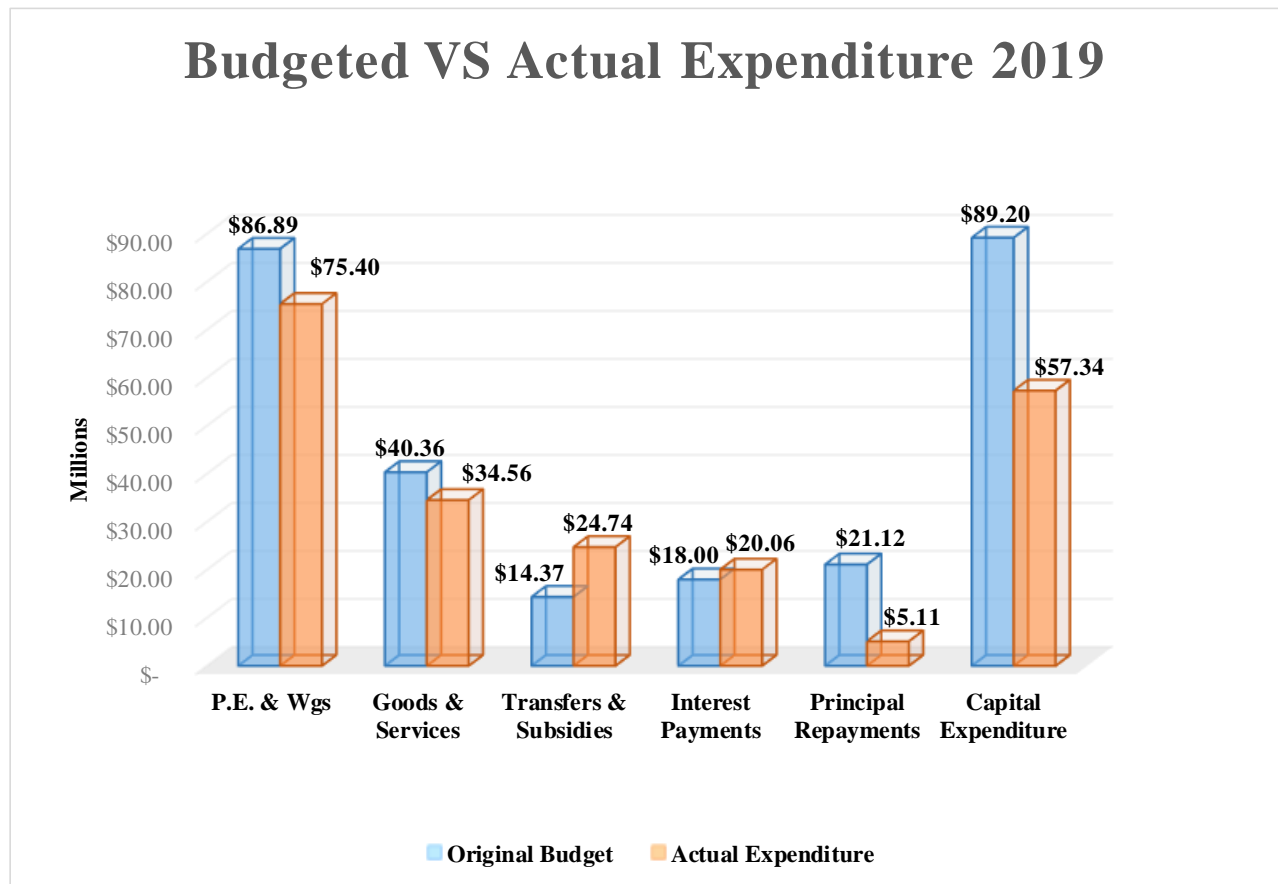
### **4.3 STATEMENT OF EXPENDITURE**

Thirteen (13) Ministries were allocated a collective budget for current expenditure for the 2019 financial year of \$180.75 million and Capital Expenditure of \$89.20 million for the eight (8) of the thirteen Program Heads for an overall expenditure total of \$269.95 million.

The actual expenditure amounted to \$217.20 million with the Current account of \$159.87 million and Capital account of \$57.32 million. The overall performance for expenditure resulted in a saving of \$52.75 million from the budgeted amount. There were savings on both the Current and Capital accounts. The Current account showed savings of the projected amount by \$20.88 million and the Capital account showed savings on projections by \$31.88 million.



Expenditure classifications are: Personal Emoluments & Wages; Goods & Services; Transfers & Subsidies; Interest and Principal Payments and Capital Expenditure. The following chart highlights the comparison between the Budget and Actual expenditure figures in these classifications for 2019.



The amount spent on Personal Emoluments & Wages recorded an increase of \$2.74 million from the 2018 actual of \$72.66 million but was still kept under its budget allocation for 2019 of \$86.89 million. Transfers & Subsidies of \$24.74 million was significantly over the \$14.37 million budgeted for the year with an excess of \$10.37 million. The major components of this amount were Gratuity & Pensions \$10.58 million; Grants and Contributions \$4.15 million and Extra Salary Payment \$6.42 million. It can also be highlighted that the Interest Payments were slightly over the budgeted amount of \$18 million by \$2.06 million.

During 2019 financial year, with the exception of one (1) Program Head, all other Heads kept their spending on the current account well within the budgeted amounts provided. The following tables show some of the savings and the excess on the budget allocation for Ministries with budgeted figures over \$5 million for 2019:

<b>MINISTRY</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>EXCESS</b>
<b>Premier's Ministry</b>	\$5,228,800	\$5,238,561	(\$9,761)

<b>MINISTRY</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>SAVINGS</b>
<b>Ministry of Finance, Statistics, etc</b>	\$84,693,000	\$76,233,462	\$8,459,537
<b>Ministry of Communication, Works, etc</b>	\$13,784,800	\$12,614,550	\$1,170,249
<b>Ministry of Agriculture, Lands, etc</b>	\$7,438,600	\$6,133,935	\$1,304,664
<b>Ministry of Health &amp; Gender Affairs</b>	\$21,668,900	\$18,296,778	\$3,372,121
<b>Ministry of Education, etc</b>	\$26,109,100	\$22,706,236	\$3,402,863
<b>Ministry of Social Development, etc</b>	\$12,474,500	\$12,138,808	\$335,691

## **DEPUTY GOVERNOR GENERAL**

The allocation to the Office of the Deputy Governor General for 2019 was \$541,000. A total of \$466,801 was spent, thereby realizing a saving of \$74,198 or 13.7%. The budgeted amount was increased by some \$167,000 from the 2018 allocation. There were a few instances where the budget was overspent at the program level. The Purchase of Tools, Instruments, etc was allocated \$5,000 and it incurred \$22,838. Operating and Maintenance was over the budget by \$11,138 and Supplies and Materials by \$7,795.

## **LEGISLATURE**

This Ministry was given a budget of \$887,600, which reflected a 0.94% decrease from the 2018 budget. Despite the decrease in budget allocation, this Ministry still realized a savings of \$242,337 and recording an actual expenditure of \$645,262.

Legislature has two program heads being Administration and Office of the Opposition Leader that both realized savings. Administration was budgeted \$698,000 and recorded \$473,730. While Office of the Opposition Leader recorded actual expenditure of \$171,531 from the \$189,600 budget that was provided.

## **LEGAL SERVICES**

During the fiscal year 2019, this program was given a budget of \$1.21 million allocated between two Programs namely Legal Department and Company Registry which received \$1.10 million and \$0.11 million respectively.

An overall total of \$1.05 million was spent where Legal Department incurred \$957,078 and the Company Registry incurred \$89,835, which resulted in an overall saving of \$161,385 or approximately 13.4% of the budget.

## **PREMIER'S MINISTRY**

The expenditure budget for this Ministry was \$5.23 million and it incurred expenditure of \$5.24 million. This year, the Ministry exceeded its budget by only \$9,762 compared to the \$547,954 overspent in 2018. The expenditures for the Premier's Ministry are subdivided into three (3) programmes; Office of the Premier, Registrar and High Court and Magistrate.

### **Office of the Premier**

The Office of the Premier was allotted a budget of \$4.06 million which comprised Administration \$2.89 million, Security Services Division \$1.83 million and Public Utilities and Energy \$89,200. The actual expenditure totalled \$4.22 million and exceeded its budget by \$163,305. Amongst the three units, only Administration exceeded over its budget allocation with an actual expenditure of \$3.34 million and resulted in excess of \$0.45 million.

There were a few instances where the budget was overspent on the object code level. Hosting and Entertainment vote was allocated \$150,000 and it incurred \$633,682. For the past years, this

object code has exceeded its budget more than twice what was budgeted. In 2017 there was \$40,000 allocated and \$90,098 was spent, which is approximately 125.3% more than the budgeted figure. In 2018, the budget was \$80,000 and the actual expenditure incurred totalled \$623,840 or 679.8% more.

Other major areas of over expenditure were: Production and Marketing of \$261,662 from the allocated amount of \$120,000; Grants and Contributions had a budget of \$200,000 and incurred \$297,188 and Purchase of Tools, Instruments, etc had \$15,000 budgeted yet a total of \$23,751 was expended.

### **Registrar and High Court**

The actual expenditure for this programme was \$770,475, resulting in \$150,525 being returned as savings on the budgeted amount of \$921,000. Additionally, the actual expenditure for 2019 increased by 3.9% over the previous year when \$741,539 was spent. However, the budget had a 5.7% increase, moving from \$871,000 in 2018 to \$921,000 for the current period.

### **Magistrate**

The budget set for the Magistrate Court was \$248,100 and the expenditure amounted to \$244,981 which reflected a savings of \$3,119. This programme kept within its budget for this fiscal year, compared to the excess of \$23,317 incurred in the 2018 expenditure.

## **MINISTRY OF FINANCE, STATISTICS & ECONOMIC PLANNING**

For the 2019 financial year, the Ministry of Finance and its programmes were allocated a budget of \$84.69 million, while actual expenditure was \$76.23 million and returned a savings of \$8.46 million. Comparatively, for the previous financial period, the Ministry was not able to save funds and instead returned a net over-expenditure of \$6.69 million.

## **Administration**

Administration realized an actual expenditure of \$16.13 million against a budget of \$14.94 million, thereby resulting in an excess of \$1.19 million. This budget was shared amongst Administration, Central Procurement Unit, Internal Audit, Budget Division and Economic Policy Division.

Some of the main areas of expenditure for government-wide services are covered by the Ministry of Finance which includes: Telephone costs of \$1.04 million; Medical Insurance of \$2.63 million; Claims against Government of \$1.71 million and Electricity of \$7.07 million. Collectively in 2018, these areas cost government \$10.34 million, whereas in the current year, they only amounted to \$12.41 million; reflecting a \$2.07 million increase in costs.

## **Treasury Department**

The Treasury Department expenditure allocation for 2019 was \$48.98 million; of which \$48.43 million went to Administration and \$554,500 to Accounting Operations. Actual expenditure incurred by this department was \$42.94 million with \$42.49 million incurred by Administration and \$453,223 from Accounting Operations, which realized a savings of \$6.04 million. The level of spending done in this financial year was \$4.53 million less than the \$47.47 million spent in 2018.

Key areas of common spending included Retiring Benefits of \$10.58 million; Domestic Debt servicing cost of \$16.47 million; Overdraft Interest \$2.28 million; Treasury Bills Interest \$1.87 million; Foreign Debt servicing \$4.53 million; and Extra Salaries, Wages and Pensions \$6.42 million.

## **Supply Office**

The actual expenditure for this department amounted to \$7.21 million, while the allocated budget was \$8.70 million and realizing a savings of \$1.49 million. Compared with the previous financial year, the expenditure for this department totalled \$8.84 million generating an over-expenditure of \$159,251 from its budget of \$8.68 million.

An area worth mentioning is the Supplies and Material that incurs more than 90% of the expenditure for this department. It can be shown that in 2016, Supplies and Materials totalled \$7.52 million; \$7.77 million in 2017; \$8.44 million within 2018 and \$6.81 million during the current financial year.

## **MINISTRY OF COMMUNICATIONS, WORKS, PUBLIC UTILITIES**

This Ministry was allocated \$13.78 million and had actual expenditure of \$12.61 million, compared to the \$12.13 million spent in the previous financial year. Five of the six (6) Programs in this Ministry realized net savings on their budget allocations, to provide the \$1.17 million savings recorded.

### **Public Works**

The Public Works Programme was allocated the largest portion of the budget; \$5.99 million to cover activities such as Road, Bridges and Minor Works of \$1.54 million; Repair Shop of \$1.22 million; and the Asphalt Plant of \$307,000. This program recorded expenditure of \$6.08 million and exceeded its budget by \$87,538. A total of \$2.04 million spent on Administration; \$1.22 million on Road, Bridges and Minor Works and \$1.51 million on Buildings.

### **Water Department**

This department had an allocation of \$3.59 million and spent \$2.95 million, thereby realizing a net saving of \$0.64 million. The Administration and Billing Division incurred a total of \$815,186; for the Production Activity, total costs amounted to \$999,466; the Distribution Activity cost a total of \$1.04 million; and Quality Control cost was \$95,409.

## **MINISTRY OF AGRICULTURE, LANDS, COOPERATIVES**

The actual expenditure incurred by this Ministry amounted to \$6.13 million or approximately 82.3% of its assigned budget of \$7.44 million and realizing a savings of \$1.31 million.

The Ministry of Agriculture et al is divided in five (5) programmes; Administration; Department of Agriculture; Department of Cooperatives; Department of Marine Resources; and Nevis Disaster Management Department. The actual expenditure for each programme was: Administration \$679,922; Department of Agriculture \$4.51 million; Department of Cooperatives \$140,016, Department of Marine Resources \$364,298; and Nevis Disaster Management Department \$437,947.

All programmes fell within their budget allocations except for the Administration programme, which incurred an excess of \$16,922 over the budgeted amount of \$663,000.

## **MINISTRY OF HEALTH, GENDER AFFAIRS**

From the previous financial year's budget, the Ministry's budget increased by \$3.12 million where it moved from \$18.55 million to \$21.67 million. Actual expenditure incurred was \$18.29 million, which was some \$1.73 million or 10.4% more than the \$16.56 million spent in 2018. Amongst the five (5) programmes under this Ministry, all return savings that resulted in the overall savings for the Ministry at \$3.38 million.

### **Public Health**

The budgeted portion allotted to this department was \$6.15 million and a total of \$4.86 million was spent. Amongst the seven (7) activities under this Program, the major expenditures can be highlighted among Community Health Services, Environmental Health Services and Health Promotion Unit. A budget of \$1.52 million was given to the Community Health Services from which they incurred \$1.25 million. The major spending area within this Activity is on Office and General Expenses, which incurred an excess of \$4,904 over its budgeted \$13,000.

Environmental Health Services was allocated \$1.43 million from which it spent \$1.19 million with a saving of \$243,052. While the Health Promotion Unit incurred costs of \$676,862 on its \$794,400 budget allocation.

## **Alexandra Hospital**

The Alexandra Hospital budgeted allocation increased by \$1.14 million from the \$9.24 million budget in 2018 to \$10.38 million for 2019. The actual costs incurred amounted to \$9.16 million thereby providing savings of \$1.22 million. This program comprises four (4) Activities namely; Administration, Patient Care, Diagnostic Services and Domestic and Nutrition Services.

Amongst those four (4) Activities, Patient Care consumed the biggest portion with a budget of \$6.13 million and incurred actual cost of \$5.25 million. Major spending areas within this Activity were \$4.48 million for Personal Emoluments and Wages; Supplies & Materials cost \$248,081; Operating and Maintenance was \$81,213 and Allowances \$407,178. Operating and Maintenance was the only object code that exceeded its budgeted amount of \$62,000.

The actual expenditure associated with the other Activities were: Administration and Maintenance \$1.72 million; Diagnostic Services \$914,624 and Domestic and Nutrition Services \$1.28 million.

## **MINISTRY OF EDUCATION, LIBRARY SERVICES**

The Ministry of Education and Library Services incurred \$22.71 million in actual expenditure for the financial year 2019; which provided a net savings of \$3.40 million from the budgeted amount of \$26.11 million. When compared to the previous financial year, the Ministry incurred \$21.18 million from its budget of \$24.62 million. In the two-year period, the Ministry has realized slight savings each year.

The seven Programs under this Ministry incurred the following total expenditure; Administration of \$1.56 million; Education Department of \$4.12 million; Primary Education with \$7.50 million; Secondary Education of \$8 million; Public Library with \$431,032; Higher and Continuing Education of \$468,449 and Department of Information Technology of \$623,171. All these programs maintained spending within their budget for 2019, with the exception of Administration.

The Administration program was allocated a budget of \$1.45 million and spent \$1.56 million with an excess of \$116,041. Major areas of over expenditure were: Public Assistance of \$38,617



from the allocated amount of \$30,000; Rental of Assets had a budget of \$80,000 and incurred \$154,140 and Student Education Learning Fund had \$5,000 budgeted yet a total of \$40,040 was incurred.

## **MINISTRY OF SOCIAL DEVELOPMENT, YOUTH, SPORTS, ET AL**

This Ministry's budget was increased by \$0.49 million or 4% from the \$11.98 million in 2018 to \$12.47 million in 2019. The actual expenditure incurred amounted to \$12.14 million and realized a savings of \$335,691.

The Ministry consists of five (5) program heads, where Administration program incurred a total of \$5.54 million from its budgeted amount of \$4.63 million resulting in an excess of \$0.91 million. Amongst the three Activities under this program head, the Sustainable Development Unit was the only one that had returned savings in the amount of \$131,961.

The budget for the Department of Social Services was \$3.13 million that consist of three Activities namely; Administration \$921,000, Family Services \$915,500 and Senior Citizens Division \$1.29 million. The actual expenditure for this financial year were: Administration \$701,458; Family Services \$778,147 and Senior Citizens Division \$1.24 million.

The Department of Community Development was allocated \$1.35 million and spent \$1.08 million thereby realizing a total savings of \$265,128. Department of Youth and Sports had a budget of \$2.47 million and incurred \$1.98 million with Sports Unit spending \$1.68 million and Youth Division of \$298,651. The smallest program Head, the Department of Information incurred a total expenditure of \$808,535 over its budgeted amount of \$907,000.

## **CONCLUSION**

**From the Detailed Statements of Expenditure for 2019, it can be concluded that significant effort was made to control expenditure for the year. The fact that only one (1) of the expenditure Heads on the current account exceeded its budgeted allocation, is commendable. Hence the resulting net savings on the Budget in the amount of \$20.88 million.**

Attention must be focused on those significant expenditure items that keep going out of control each year and identify where in the control processes are the weak links.

1. Expenditure for Electricity across government amounted to \$7.07 million; yet its budget was only \$6 million which resulted in an excess of \$1.07 million. Electricity expense has increased by \$0.84 million from the previous year and it is a cause for concern as improvement needs to be made to reduce wastage.
2. The Extra payment of Salaries, Wages and Pensions was \$6.42 million, but there was no amount budgeted for it. In fact, this item has never been expressly budgeted in all the years that payments have been made, but it has a big effect on the overall expenditure performance.
3. It has come to the attention of the Audit Office that Appropriation Warrants have been granted to cover National Celebrations and Outstanding Bills for Culturama Events for the past two years. Appropriation warrants were granted for National Celebrations in the amount of \$300,000 for 2019 and \$300,000 for 2018. Also, Appropriation warrants were approved for Outstanding Bills for Culturama Events of \$833,300 for 2019 and \$765,000 for 2018. This raises concerns whether the usual strict budgetary requirements do not apply to these events. Departments should not be making commitments to procure goods and services without first having a budget in place.

In fact, Appropriation warrants are primarily used to cover unforeseen expenditure, or that which could not have been reasonably estimated at budget time. Audit is not convinced these events meet the criteria. Culturama is certainly not a new, or unexpected phenomena and must by now have well developed planning processes. There can hardly be a compelling argument for Hosting and Entertainment to be allocated a mere \$150,000 and then incur \$634,000. Proper budgeting analysis needs to be done to minimize these instances.

#### **4.4 THE CAPITAL ACCOUNT**

The capital expenditure budget for 2019 was approved at \$89.20 million that anticipated sources to be from Revenue in the amount of \$35.58 million; Loans of \$41.48 million; and Grants or Development Aid of \$12.15 million to support a total of 79 projects.

Actual expenditure for capital projects amounted to \$57.32 million representing 64.3% of the budgeted amount. Of this amount, spending from Revenue amounted to \$32.13 million; Loans amounted to \$2.12 million; and Grants or Development Aid was \$23.07 million. This covered expenditure on 66 budgeted projects and 3 projects that were not budgeted for in 2019. At the end of the 2019 financial year, 13 projects with a combined estimated budget of \$6.11 million had not been started. Of these 13 projects, 4 were new projects and the remainder were projects from prior years that had not commenced or were ongoing in 2018.

Actual Capital Revenue realized was \$51.90 million where the sources came from Loans and Grants of \$12.87 million and Federal Budgetary Support of \$39.03 million.

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

Under the Office of the Premier, \$2.85 million or 64.3% of its \$4.43 million budget allocation was spent. Major expenditure included \$2.12 million on the Renovation of New Castle Police Station, \$350,855 on Updates of Police Services and \$265,734 on Construction of CCTV Building.

The eleven projects that were budgeted by the Ministry of Finance incurred a total of \$8.50 million over its budget of \$8.20 million, resulting in an excess of \$0.30 million. Some of the major projects were Reconstruction of Treasury Building amounted to \$4.83 million; Construction of Water Taxi Pier (**see cover page**) of \$1.15 million; and Procurement of Property- Bath Plain amounted to \$1.09 million. There was \$541,292 spent on a Corporate Registry System and \$150,000 spent on Charlestown Pier Renovation, both these projects were not budgeted for in this financial year.

The Ministry of Communications, Works, Public Utilities and Posts had a capital expenditure amounting to \$24.22 million or 64.3% out of a budgeted \$37.66 million. The Ministry spent a total of \$14.98 million on Road Improvement, Water Drilling Programme and Purchase of

various assets and energy projects. The Public Works Department spent \$6.38 million on Secondary Village Roads, Maintenance of schools and Water – Road Repair Projects. The Water Department incurred a total of \$2.86 million on the continuing project for Water Service Upgrade.

The capital projects done by the Ministry of Agriculture, et al included Purchase of materials and equipment, Upgrade of Veterinary Clinic and Disaster Management Upgrades incurred a total of \$1.09 million from a budget of \$3.13 million. Major spending was the Feral Animal Control project that incurred a total of \$615,750.

The Ministry of Health spent \$8.51 million or 54.5% of its budgeted \$15.6 million. The \$10 million that was budgeted for the Improvement of Alexandra Hospital only incurred \$5.36 million. Other projects were Procurement of Equipment of \$1,330,029, Procurement of Ambulance of \$315,689 and Procurement of Medical Supplies \$797,935. There were two projects that incurred more than their budget. These were the WHO STEP Chronic Disease Risk Factor Survey, over by \$20,415 and Procurement of Pharmaceutical Supplies by \$175,989.

The Ministry of Tourism incurred a total expenditure of \$980,035 over its budget of \$1.90 million on two projects namely; the Tourism Product Development and Construction of Pinney's Recreational Park.

The Ministry of Education had budget for eight projects but only incurred costs on six projects for the year. From its budget allocation of \$8.87 million, the Ministry incurred a total of \$5.58 million on projects such as Upgrade and Refurbishment of Schools, Schools Meal Programme and Computerization of Schools.

The capital projects done by the Ministry of Social Development incurred an overall outlay of \$5.59 million which was 59.3% of the budgeted amount of \$9.42 million. Some of their major projects included \$2.10 million for Construction of Gingerland Festival Village (**see cover page**); Renovation of Cultural Complex for \$773,860; the Community House Assistance used \$453,995; the Youth Empowerment program accounted for \$426,466 and Upgrade and Maintenance of Sporting Facilities \$399,931. There was \$1.80 million spent on Roofing Assistance Programme, which was not budgeted for in this financial year.

**It is recommended that:**

1. **Ministries should carefully plan their capital expenditure projects, since projects that are not properly planned, or budgeted for, can cause large unfavourable variances that can undermine the budget and create additional pressures to fund those which have been approved, thereby affecting the overall performance of the financial accounts.**

#### **4.5 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

The Statement of Financial Assets and Liabilities as at December 31, 2019 and 2018 are summarized with comparative data as follows:

	<b>2019</b>	<b>2018</b>
<b>Financial Liabilities/Assets</b>		
Cash and Cash Equivalents	158,151,290	137,153,605
Other Public Funds	62,907,077	53,955,701
Trust Funds	92,302.604	94,239,967
Advances	(28,573,766)	(27,345,171)
<b>Total Liabilities/ Net Assets</b>	<b>284,787,205</b>	<b>258,004,102</b>
Deficit B/fwd	<b><u>258,004,102</u></b>	<b><u>239,786,634</u></b>
Surplus/ (Deficit) for year	(26,783,103)	(18,217,468)
<b>Accumulated Deficit</b>	<b><u>284,787,205</u></b>	<b><u>258,004,102</u></b>

## **Cash and Cash Equivalents**

Cash and cash equivalents at yearend amounted to an overdraft position of \$158.14 million and increased from the previous financial year by \$20.99 million, as the cash position worsened due to the net outflow of such funds during the year.

## **Advances**

At the end of 2019, advances totalled \$28.57 million and increased by \$1.23 million over the previous financial year. The net movement in advances for 2019 was \$41,494 in Personal Advances and \$1.19 million in Other Advances. There is a significant decrease in personal advances over the years. As a result, the net movement shows a total of six accounts with activities for the year, along with two new accounts added.

## **Trust Funds**

Trust Funds at the end of the financial year totalled \$92.30 million with a net movement of \$1.94 million during the year. These funds comprise primarily the outstanding Treasury Bills as at the year end. The value of Treasury Bills as disclosed in the Public Debt statement at the 2019 year-end was \$95.58 million (\$95,584,687).

## **Other Public Funds**

The other public funds totalled \$62.91 million for the financial yearend. This comprise primarily of deposits accounts that were created for specific purposes and each should have been closed after it has served its purpose. However, it can be seen that some of these accounts are used on a daily basis to record receipts of monies and payment for expenditure that can be properly classified as normal government revenues and expenditures. This suggests that actual Government revenues and expenditures are being understated.

## 4.6 STATEMENT OF PUBLIC DEBT

The Public Debt at the end of the 2019 financial year review is disclosed as \$461,459,473 reflecting an increase of \$22.39 million or 5.1% over the previous year. During this period, the Domestic portion increased from \$384.14 million to \$412.23 million or by \$28.09 million while the foreign portion decreased by \$5.69 million to \$49.23 million.

The outstanding Treasury Bills as at the end of 2019 is disclosed at \$95,584,687 and reflects a net increase of \$1.83 million or 1.9% over the previous financial year 2018.

Both the Domestic and Foreign portion of the public debt include Government Guarantees which have shown different results over the period under review. The Foreign Debt Guarantees have been reduced from \$11.99 million in 2018 to \$10.25 million in 2019. On the other hand, the Domestic Guarantees have increased by \$7.36 million moving from \$30.94 million to \$38.30 million. It must be noted that the total guaranteed debt accounts for 10.5% of the total public sector debt.

There were three new instruments added in 2019; FCIB Loan amounting to \$2.44 million, Finco Loan amounting to \$600,000 and NIA Capital Projects Loan for an amount totalling \$8.83 million.

For the yearend, total principal payments for 21 loans amounted to \$10.39 million. Disbursements were made during the year from the Nevis Water Enhancement Project of \$597,226 with principal repayment of \$1.32 million which brought the outstanding balance to \$17.73 million at the yearend.

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

<b>PUBLIC DEBT:</b>	2019	2018	2017	2016	2015
		\$	\$	\$	\$
Domestic	412,230,073	384,139,805	357,951,802	319,264,013	306,269,192
Foreign	49,229,400	54,923,074	58,582,367	64,625,106	70,326,736
Guaranteed –Domestic	38,299,397	30,935,602	23,056,996	13,086,593	14,289,922
Guaranteed – Foreign	10,247,446	11,999,231	13,690,264	15,367,707	17,366,732
<b>Total Debt</b>	<b>461,459,473</b>	<b>439,062,879</b>	<b>416,534,169</b>	<b>383,889,119</b>	<b>376,595,928</b>



## **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, 2019. 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, 2019.

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Tanisha Mills

On behalf of the

Acting Director of Audit

November 27, 2020.