



2021

AUDIT OF THE PUBLIC ACCOUNTS NEVIS ISLAND ADMINISTRATION



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, 2021.

Respectfully submitted,

Tanisha Mills
On Behalf of the
Director of Audit
5 July, 2023



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 2021

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1. INTRODUCTION

The Public Accounts of the Nevis Island Administration for the year ended December 31, 2020 along with the Audit Report on those accounts, were forwarded to Honourable Premier on November 17, 2021 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 7th, 2021.

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 year 2021 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 2021 financials by August 2022. However, finalized submission was done April 2023.

Appropriations:

The original budget was approved by legislative action in the Nevis Island Assembly with the passing of the Appropriation Act on December 8, 2020 for the 2021 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.

Opinion in the Financial Statements

Opinion

I have audited the Public Accounts of the Nevis Island Administration, which comprise the Statement of Financial Assets and Liabilities as at December 31, 2021, the Statement of Revenue and Expenditure, the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts and the Notes to the Financial Statements including Accounting Policies.

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, 2021.

Basis for Opinion

The audit was conducted in accordance with generally accepted auditing standards. The Director of Audit's responsibilities under those standards are further described in the Director of Audit's Responsibilities for the Audit of Public Accounts section of this report. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

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.

Director of Audit's Responsibilities for the Audit of the Public Accounts

The Director of Audit's responsibility is to audit the Public Accounts, express an opinion based on the work conducted and report in accordance with section 76 (2) and (4) of the Constitution of the Federation of St. Christopher and Nevis and section 7 of the Audit Act Cap 20.01.

The objectives of this Office are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud and to issue an audit report that includes an opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Submission of Report

In accordance with Section 76 (4) of the Constitution Order 1983 and Section 8 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, 2021. This report is being submitted to the Minister of Finance for presentation before the Nevis Island Assembly.

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Tanisha Mills

On behalf of the

Director of Audit

July 05, 2023.

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.

We would like to express our gratitude particularly to those staff who have since left the Office, including Ms. Teresa Archibald for her period of service at the Nevis Audit Office during March, 2019 to April, 2021. Ms. Archibald served as Audit Manager during this time; the Audit Office express thanks for her hard work and dedication.

Budget:

In the fiscal year of 2021, the Nevis Audit Office received an expenditure budget of \$495,400 which included \$350,500 in salaries, wages, and allowances and \$144,900 in other expenditures.

The actual expenditure for the Nevis Audit Office amounted to \$390,701 which realized a savings of \$104,699 or 21% when compared to the budget provision. Major spending areas were Personal Emoluments of \$296,643 and Rental of Property of \$64,800.

Activities:

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

In February, all staff participated in a webinar hosted by CAROSAI on the topic, “Demystifying Data Analytics”.

Two officers participated in a workshop facilitated by the Ministry of Human Resources on the topic, “Performance Management and Strategic Performance Appraisal.”

Two officers participated in a workshop held by The Caribbean Regional Technical Assistance Centre (CARTAC) on the topics, “Audit Software” in July.

During the month of October, all staff participated in a workshop hosted by Canadian Audit & Accountability Foundation on the topic, “Root Cause Analysis”.

All staff participated in a webinar hosted by CAROSAI on the topic, “Quality Management Standards” in November.

3. OVERVIEW OF THE PUBLIC ACCOUNTS

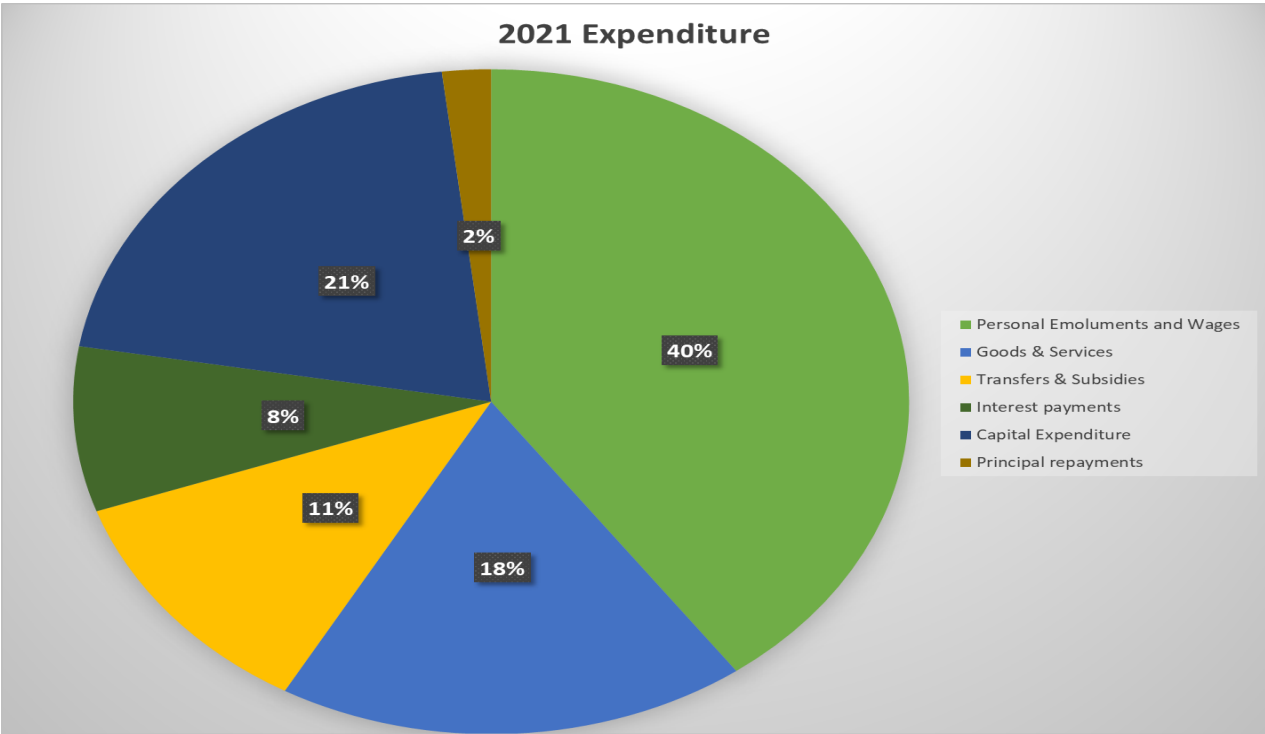
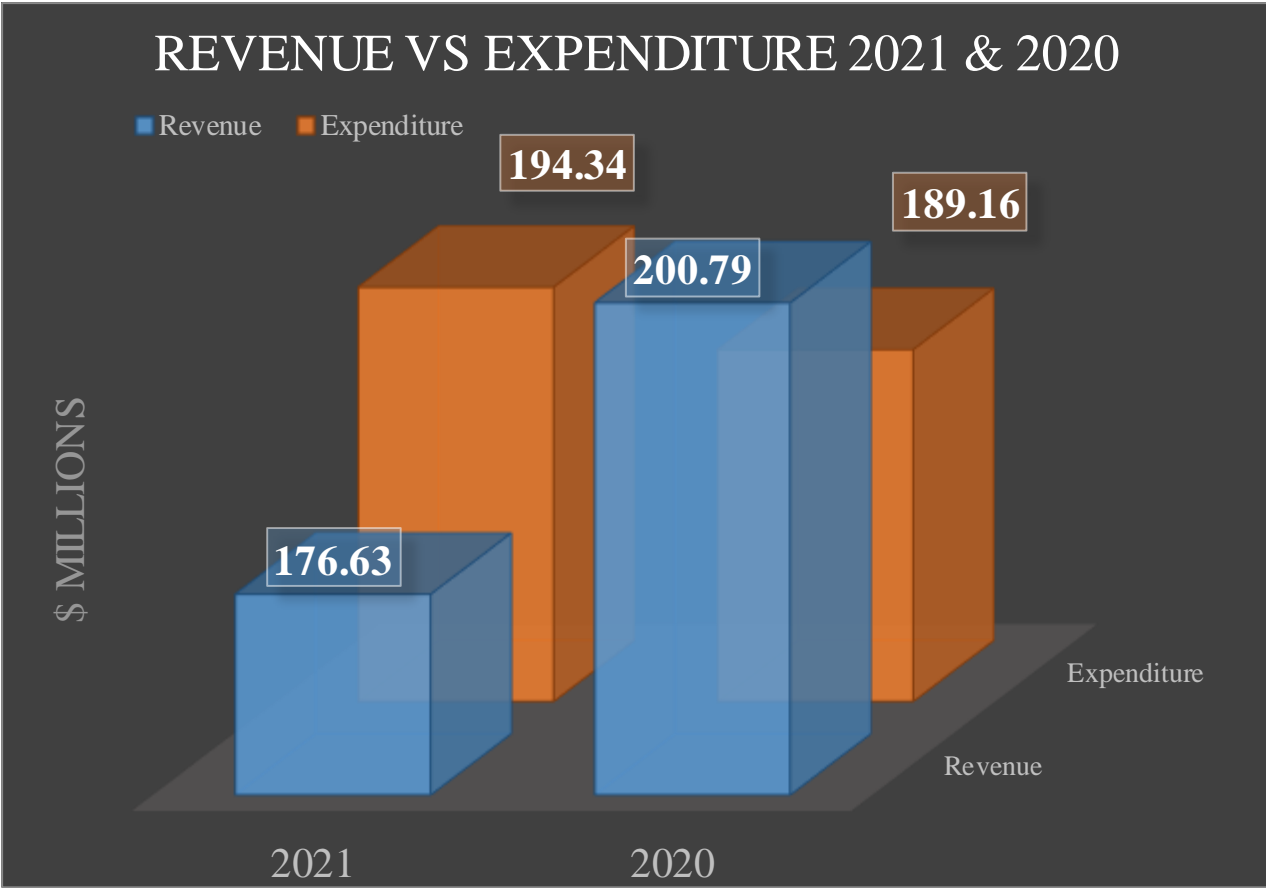
PERFORMANCE SUMMARY

The public accounts for the year ended December 31, 2021 disclosed an overall deficit of **\$17.71 million (\$17,710,917)**. This is a significant downturn from the \$11.63 million surplus result in 2020 but a slightly better result than the deficit of (-\$26.78 million) recorded in 2019.

For the fiscal year of 2021, the Nevis Island Administration had approved an Estimated Overall Deficit of \$31.89 million (\$31,890,000). The recurrent account was projected to have a deficit of \$1,730,000 and the capital account’s deficit was projected at \$30.16 million. At the end of the fiscal year, the Statement of Revenue and Expenditure shows actual revenue collection totalled **\$176.63 million** comprising Recurrent Revenue of \$119,709,249 and Capital Revenue of \$56,919,289. The actual expenditure totalled **\$194.34 million** comprising Recurrent Expenditure of \$154,615,683 and Capital Expenditure of \$39,723,772 which resulted in the deficit mentioned of (**\$17.71 million**).

In comparison to the previous fiscal year, the total expenditure for 2021 increased by \$5.18 million from the 2020 level; whereas total revenue decreased by \$24.16 million. It can be noted in the results that expenditure on the recurrent account increased by \$12.13 million while the capital expenditure decreased by \$6.95 million from the 2020 fiscal accounts. On the other hand, the current revenue increased by \$907,393 and capital revenue decreased by \$25.06 million for the net increase in revenue as stated.

The following graphs and table represent the comparison of Revenue and Expenditure for the financial years 2021 and 2020 along with the broad categories.



NEVIS ISLAND ADMINISTRATION
STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED
DECEMBER 31 2021

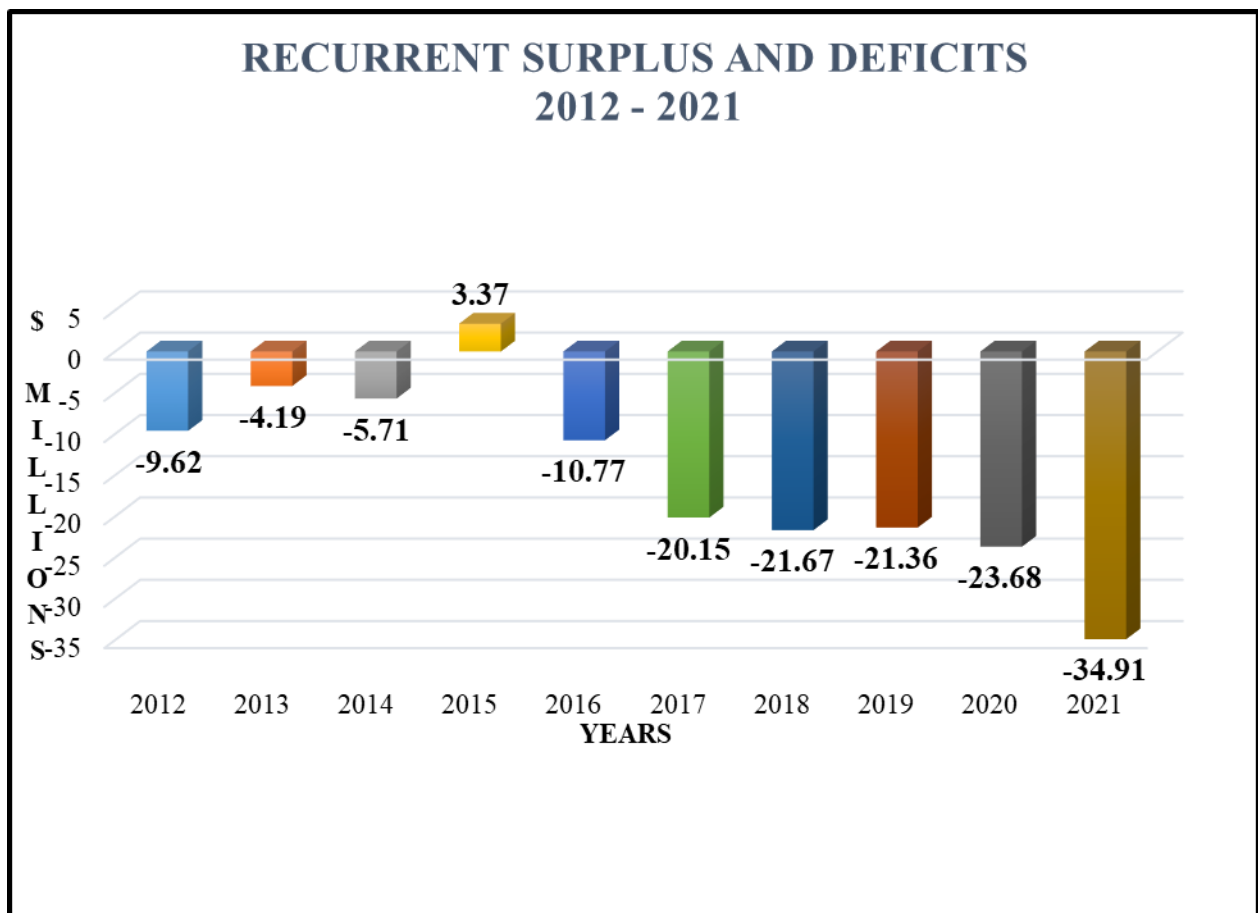
	2021	2020
	\$	\$
REVENUE		
<i>Taxes on Income</i>	15,130,132	17,355,308
<i>Taxes on Property</i>	5,272,944	3,154,991
<i>Taxes on Domestic Goods and Consumption</i>	18,026,864	17,809,230
<i>Taxes on International Trade and Transactions</i>	48,923,584	50,771,199
<i>Non-Tax Revenue</i>	32,355,726	29,510,878
<i>Interest, Dividends & Currency</i>	0	200,250
<i>Capital Revenue</i>	56,919,289	81,987,421
<i>Budgetary Grants</i>	0	0
Total Revenue	176,628,538	200,789,278
EXPENDITURE		
<i>Personal Emoluments and Wages</i>	(77,781,800)	(77,138,556)
<i>Goods and Services</i>	(35,359,894)	(27,777,497)
<i>Transfers and subsidies</i>	(22,228,143)	(15,822,825)
<i>Interest payments</i>	(15,578,692)	(17,925,603)
<i>Capital expenditure</i>	(39,723,772)	(46,678,492)
<i>Principal payments</i>	(3,667,152)	(3,816,418)
Total Expenditure	(194,339,455)	(189,159,391)
SURPLUS/(DEFICIT)	(17,710,917)	11,629,886

The Statement of Revenue and Expenditure presents the data by source of Revenue and by the classification of Expenditure. Taxes on Income shown in the table above would show that this revenue source decreased by \$2.23 million or 12.8% from the previous year. It continues its downward trend where in 2019 the amount collected was \$18.34 million, then \$17.36 million in 2020 and now \$15.13 million.

Attention can also be drawn to Non-Tax Revenues that have increased by \$2.84 million or 9.64% in comparison to 2020. Most of this increase resulted from a rise of some \$2 million in revenue collected by the Regulation and Supervision Department.

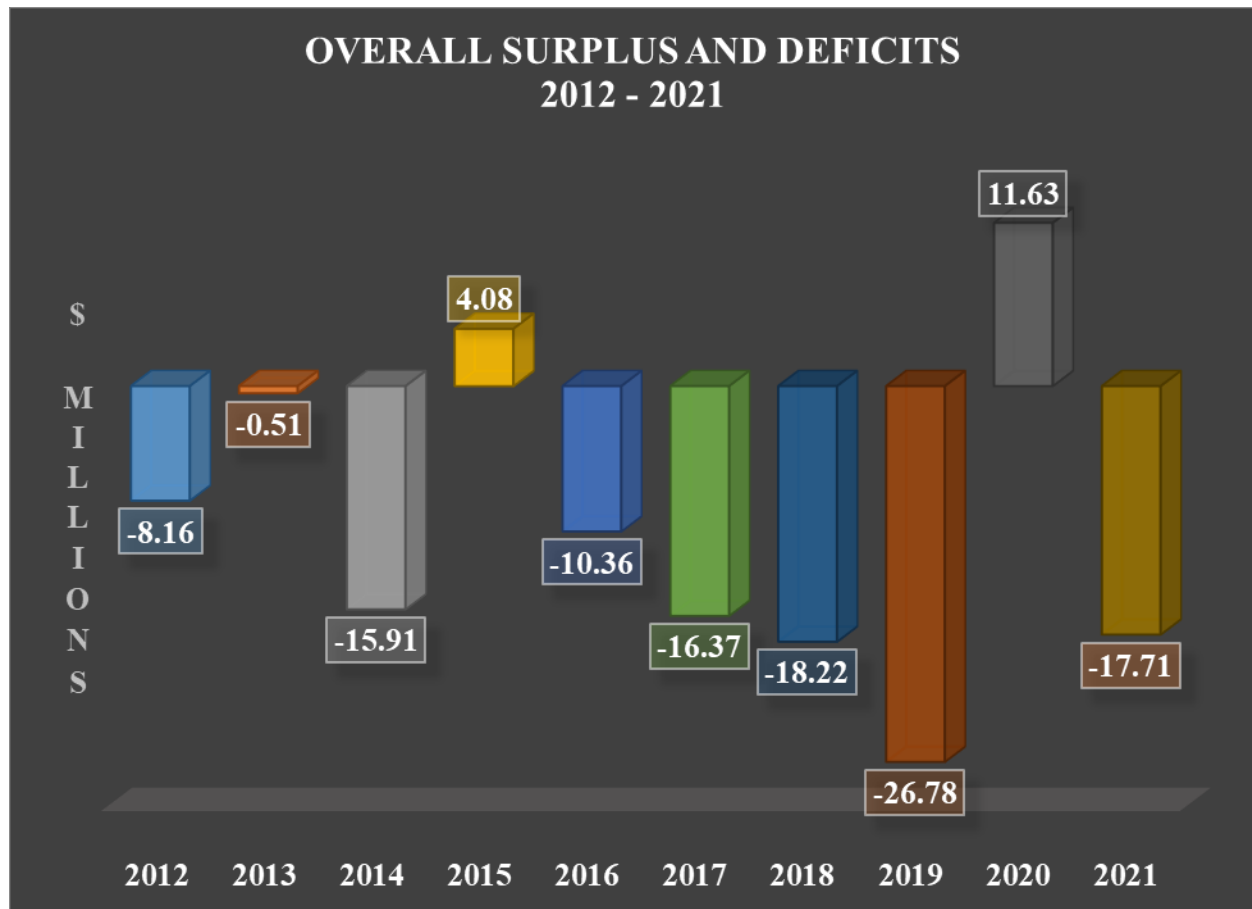
The actual expenditure in the current year increased by \$5.18 million or 2.74% over the previous financial year. Capital Expenditure shows the second largest area of expenditure and recorded a decrease of \$6.95 million from the \$46.68 million spent in 2020. Goods and Services increased by some \$7.58 million or 27.3% over the 2020 amount of \$27.78 million.

The following graph shows the results on the Current account covering the ten years 2012 to 2021:



It can be noted that during the ten-year stretch, there was only one year that realized a surplus on the recurrent account and that was in 2015, with \$3.37 million. The accumulated Deficits on the recurrent account for these periods exceed \$145.5 million

The overall annual results of surpluses and deficits (Recurrent and Capital accounts) during the period 2011 to 2020 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 2015 of \$4.08 million and \$11.63 million in 2020. The remaining eight (8) year period in the chart accumulated a total Grand Deficit of \$114.02 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 2021.

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

	2021	2020
Net Cash Flows:		
Operating Activities	(31,811,416)	(20,696,641)
Investing Activities	(40,383,750)	(40,374,752)
Financing Activities	<u>53,252,137</u>	<u>77,714,730</u>
Net increase/(decrease) in cash	(18,943,029)	16,643,337
Opening Cash Position	(141,507,953)	(158,151,290)
Yearend Cash Position	(160,450,982)	(141,507,953)

Net Cash Flow from Operating Activities

Receipts from operating activities totalled \$122.06 million in 2021 where Tax revenues collected accounted for 72% of the total receipts. Payments on operating activities totalled \$153.87 million with the highest contributor coming from Personal Emoluments and Wages of 50.5%. This resulted in a net cash outflow from operating activities of **(\$31.81)** million.

Net Cash Flow from Investing Activities

The receipts from investing activities were \$31.44 million from major sources like trust funds and other public funds. Payments totalled \$71.82 million which represented Capital Expenditure that contributed to 55.3% of these payments, for a resulting net cash outflow of (\$40.38) million.

Net Cash Flow from Financing Activities

The financing activities resulted in a net cash inflow of \$53.25 million, where \$56.92 million were from the proceeds from borrowings in 2021. Payments from financing activities totalled \$3.67 million which represented domestic and foreign loan principal payments.

The following is the entire statement of Receipts and Payments for 2021, with comparative data for 2020:

**NEVIS ISLAND ADMINISTRATION
STATEMENT OF RECEIPTS AND PAYMENTS
AS AT 31 DECEMBER 2021**

RECEIPTS	Notes	2021 \$	2020 \$
Taxes on Income	1.14	15,130,132	17,355,308
Taxes on Property	1.14	5,272,944	3,154,991
Taxes on Domestic Goods and Consumption	1.14	18,026,864	17,809,230
Taxes on International Trade and Transactions	1.14	48,923,584	50,771,199
Budgetary Grants			
Utilities	1.15	6,435,676	5,544,428
Fines, Fees & Forfeitures	1.16	2,007,921	1,744,074
Postal Services	1.18	555,184	394,941
Other Receipts	1.19	23,356,945	21,692,436
Repayment of Personal Advances	1.30	20,250	8,450
Repayment of Subsistence Advances	1.30	1,639	0
Repayment of Other Government Advances	1.30	2,332,132	300,000
PAYMENTS			
Personal Emoluments and Wages	1.21	-77,781,800	-77,138,556
Goods and Services	1.22	-35,359,894	-27,777,497
Transfers and Subsidies	1.23	-22,228,143	-15,822,825
Interest Payments		-15,578,692	-17,925,603

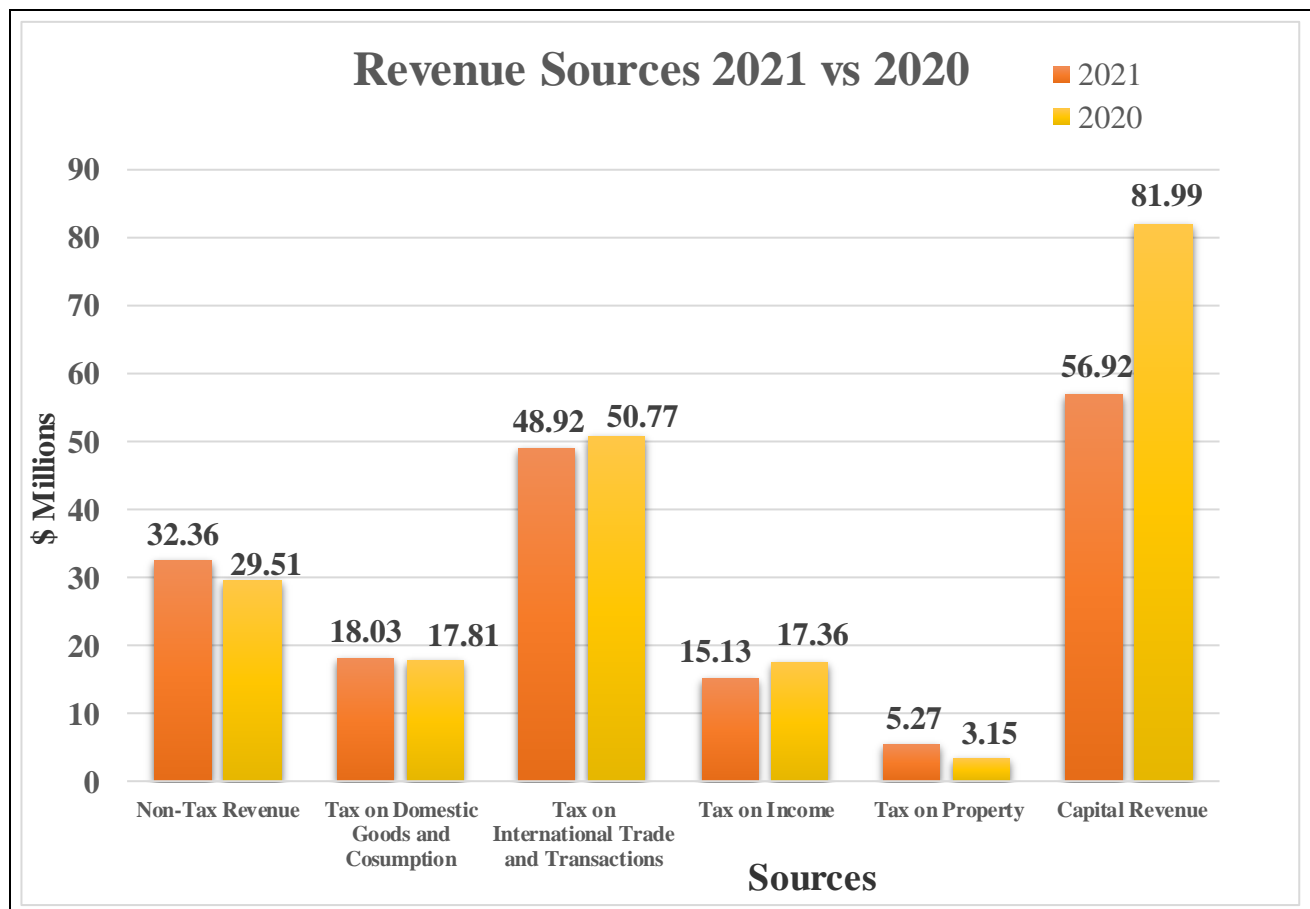
Issuance of Personal Advances	1.30	-8,300	-45,186
Issuance of Subsistence Advances	1.30	0	0
Issuance of Other Government Advances	1.30	-2,917,856	-762,030
Net Cash Flows from Operating Activities		-31,811,416	20,696,641
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of land and properties		0	135,000
Interest, Dividend and Currency	1.17	0	200,250
Capital Grants	1.20	0	456,273
Repayment of Other Advances		-	-
Returns on Investments		-	-
Receipts from Trust Funds	1.32	1,473,610	1,099,202
Receipts from Other Public Funds	1.33	29,968,665	34,858,226
Payments			
Capital Expenditure		-39,723,772	-46,678,492
Net Lending			
Issuance of Other Advances			
Purchase of Investments			
Outflows from Trust Funds	1.32	-2,882,883	-4,565,491
Outflows from Other Public Funds	1.33	-29,219,369	-25,879,719
Net Cash Flows from Investing Activities		-40,383,750	-40,374,752
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from borrowings - Foreign		0	0
Proceeds from borrowings - Domestic	1.20	56,919,289	81,531,148
Payments			
Repayment of borrowings - Foreign		0	0
Repayment of borrowings - Domestic	1.24	-3,667,152	3,816,418
Net Cash Flows from Financing Activities		53,252,137	77,714,730
Net increase/(decrease) in cash		-18,943,029	16,643,337
Cash at the beginning of the period		-141,507,953	-158,151,290
Cash at the end of the period		-160,450,982	-141,507,953

4.2 STATEMENT OF REVENUE

Projected revenue for 2021 was \$160.34 million with the Recurrent account of \$128.16 million and Capital account of \$32.18 million. The total actual revenue sources on the Recurrent account generated \$119.71 million; and on the Capital account, it was \$56.92 million, for a total of \$176.63 million.

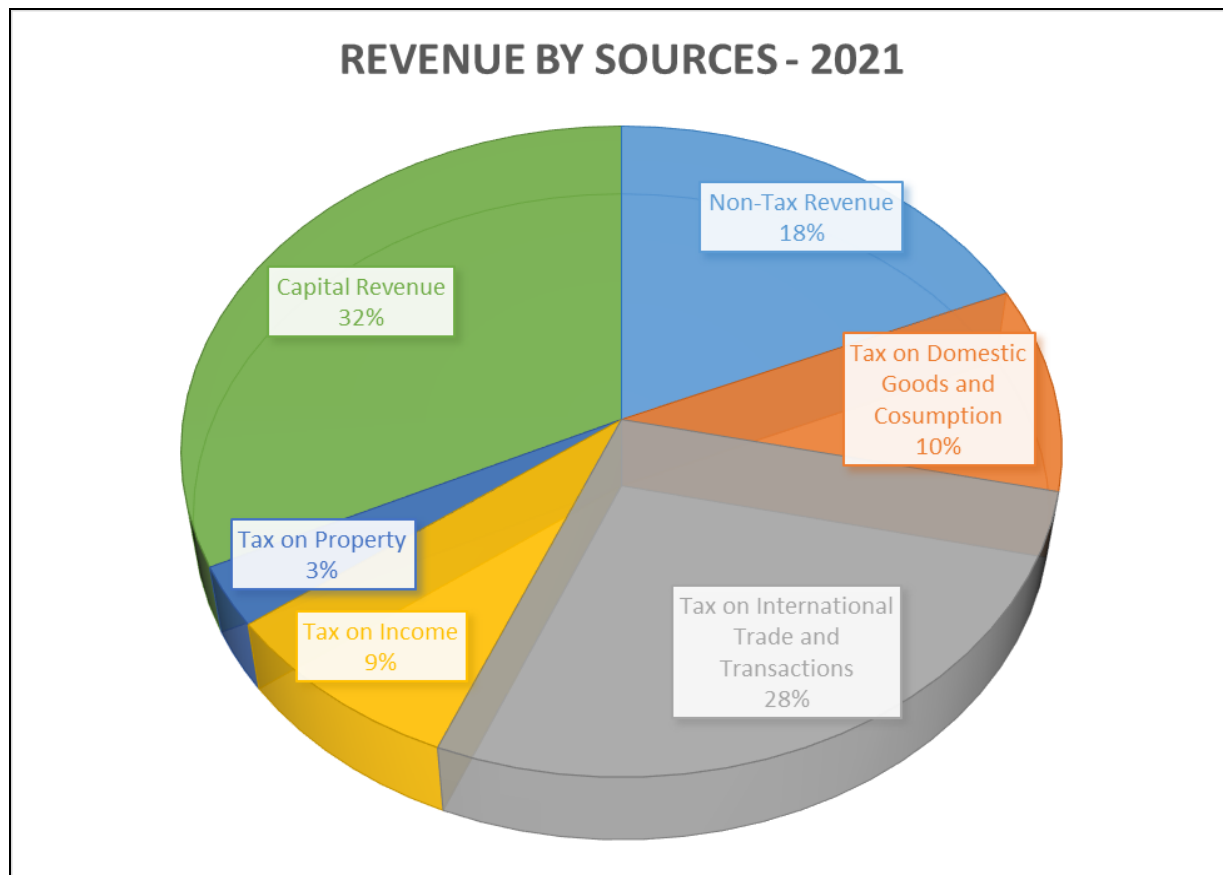
The overall performance in revenue exceeded its projected amount by \$16.29 million. However, the Recurrent amount showed a decrease of the projected amount by (\$8.45) million and the Capital account increased projections by \$24.74 million. This highlights that the overall increase in revenues was primarily due to performance on the Capital account.

The following graph depicts the actual revenue collections for 2021 vs 2020:



Total revenue collected for 2021 was \$24.16 million or 12.04% less than the 2020 collection of \$200.79 million. Also, on the capital account, the revenue collection was reduced by \$25.07 million or 30.6% from that of 2020.

The following chart shows the broad categories of the sources of revenue and their contribution to the revenue pie for 2021.



As illustrated in the graph above, Capital Revenue accounted for 32% of the revenue collected which decreased by 11% from the previous year collection and is also the largest fall in revenue source from the previous financial year. This Capital Revenue comprises the Federal Budgetary Support of \$54,047,772 and Loans and Grants Aid of \$2,871,516.

Taxes from International Trade and Transactions accounted for 28% of the revenue and was the second-largest contributor for 2021 which are mainly collected by the Inland Revenue Department and Customs Department. Both Taxes on Property and Non-Tax Revenue increased from the previous year collection by 2% and 3% respectively.

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

MINISTRY	BUDGET 2021	ACTUAL 2021	ACTUAL 2020
	\$	\$	\$
Legal Services	310,000	226,281	204,176
Premier's Ministry	2,061,000	1,610,643	1,562,423
Min of Finance	116,177,300	108,265,004	108,503,043
Min of Com, Works	7,370,000	7,370,390	6,224,839
Min of Agriculture, Lands	482,000	536,106	487,819
Min of Health, Gender Affairs	1,640,000	1,659,275	1,756,950
Min of Tourism, Culture, Info	5,800	800	2,000
Min of Education, Library	17,200	17,350	16,787
Min of Social Development	100,000	23,400	43,821
Total Current Account Revenue	128,163,300	119,709,249	118,801,858
Capital Account Revenue	32,180,000	56,919,289	81,987,179
Grand Total Revenue	160,343,300	176,628,538	200,789,037

Amongst the nine (9) revenue Heads that were prepared with a budget, four recorded revenue as being 'Over the Estimate' during the financial year 2021. These were: Ministry of Communications, Ministry of Agriculture, Ministry of Health; and Ministry of Education.

LEGAL SERVICES

The Legal Services consists of two programs that were estimated to generate a combined total of \$310,000 with Registration of Companies (\$50,000) and Unclassified revenue (\$260,000). The actual revenue collection totalled \$226,281 against its budgeted amount resulting in a shortfall of \$83,719 or 27%. The funds were generated from Registration of Companies of \$37,500 and Unclassified revenue of \$188,781. When compared to the previous year, the actual revenue increased by \$22,105 from the \$204,176 collected in 2020.

PREMIER’S MINISTRY

The Premier’s Ministry had three major programs for revenue collections namely; Administration, Registrar and Magistrate Court that fell short of its target, by \$450,357 or 21.8% in 2021.

The Administration Program which is responsible for Passports, Permits, etc, and Work Permit ID fees, had a target of \$1.79 million and generated \$1.36 million. Passports, Permits, etc recorded the majority of this total with \$1,286,715 while Work Permit ID fees were \$9,625 and Unclassified revenue was \$63,613. In comparison with 2020, the Administration program continued to perform exceedingly well but realized a decrease in revenue of \$79,536 from 2020 of \$1.44 million.

The Registrar Program had a target of \$11,000 and its actual was \$6,550 recording a shortfall of \$4,450. The Registrar Program generated an increase of \$2,942 from previous financial year of \$3,608 in 2020.

The Magistrate Court Program was given a target of \$255,000 and recorded a shortfall of \$10,909 resulting in \$244,091 collected for the year. Fines and Forfeitures for this year accounted for majority of this program’s revenue collections with \$243,861.

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 \$116.18 million which fell short by \$7.91 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 2021 was \$108.27 million which is a decrease of \$238,040 from the \$108.50 million collected in 2020.

Customs Department

It was estimated that the Customs Department would realize \$43.5 million for the year 2021, where this estimate reflected a decrease of \$3.75 million from the 2020 estimate. The actual collections of \$38.90 million compared unfavourably against the budgeted figure by \$4.6 million or 10.6%. The total amount collected by the Customs Department was \$1.18 million more in comparison to the amount collected in 2020.

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

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Consumption tax	53,063	56,502	225,915	326,167	49,705
Import Duties	9,483,912	8,902,624	11,950,067	11,751,122	11,741,073
Customs Service Charge	6,890,258	8,171,607	9,912,244	8,858,547	8,137,624
Environmental Levy	1,820,050	1,707,511	1,856,475	1,853,164	2,388,845
Excise Duty	5,737,177	5,326,880	5,306,337	6,644,679	5,383,818
Value Added Tax	14,753,043	13,550,153	17,309,294	16,108,503	15,558,612

All program by the department has surpassed its actual revenue in comparison to 2020, except for Consumption tax and Customs Service Charge. On the other hand, the Value Added Tax (VAT) was the largest contributor to the department's revenue and increased by \$1.20 million when compared to 2020. Over the past five years, this tax showed a total decrease of \$0.81 million or 5.18%. Import Duties has shown an increase over 2020 revenue of \$0.58 million.

Inland Revenue Department

The Inland Revenue Department (IRD) projected revenue collections were set at \$52.54 million for 2021, which represented the largest collections for the Ministry with 45.2%. The IRD realized revenue amounting to \$49.50 million and was less than the \$52.19 million collected in

2020 and \$58.99 million collected in 2019. Overall, the IRD realized a decrease in revenue of \$3.04 million 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:

Taxes	ACTUAL 2021	ACTUAL 2020	VARIANCE
	\$	\$	\$
Stamp Duty – Property	10,595,683	9,475,922	1,119,761
Business & Occupation Licenses	766,496	749,778	16,718
Social Services Levy	8,605,751	9,523,524	(917,773)
Wheel Tax	2,739,351	2,828,104	(88,753)
Licenses – Drivers, Temporary	73,365	121,000	(47,635)
Licenses – Drivers, Permanent	551,705	558,650	(6,945)
Income Tax	6,095,012	7,423,783	(1,328,771)
Property Tax	5,272,944	3,154,991	2,117,953
Value Added Tax	10,184,474	12,971,110	(2,786,636)

The majority of taxes fell short of the 2020 actual revenue with the remaining significantly surpassing the amounts. The taxes that significantly surpassed the 2020 revenue levels are Stamp Duty – Property by \$1.12 million, Business & Occupations Licenses by \$16,718 and Property Tax by \$2.12 million.

All revenue streams mentioned above surpassed their respective budgeted targets, with the exception of Social Services Levy, Wheel Tax, Licenses – Drivers, Temporary, and Value Added Tax.

Regulation and Supervision

Revenue collection in this area continues to perform exceptionally well and surpassed its budgeted amount for the year. The actual collection was \$13.81 million compared to its budgeted amount of \$11.28 million resulting in an excess of \$2.53 million. Some of the revenue sources collected are Annual Fees of \$8.16 million; Penalties –Annual Fees of \$1.51 million; Due Diligence Fees of \$116,100; Registration of Offshore Companies of \$638,267 and Unclassified of \$2.07 million.

Supply Office

The Supply Office had a target of \$7.50 million and its actual collection was \$5.11 million which resulted in a shortfall of \$2.39 million. Over the past five years, the Supply Office's actual revenue has been fluctuating from \$6.94 million in 2017; \$7.50 million in 2018; \$6.29 million in 2019; \$5.21 million in 2020 to \$5.11 million in 2021.

MINISTRY OF COMMUNICATIONS, WORKS, PUBLIC UTILITIES

This Ministry had a projection of \$7.37 million and its actual revenue was \$7.37 million, recording an increase of \$390. In comparison with 2020, the Ministry's actual revenue increased by \$1.15 million from the \$6.22 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 \$6.11 million or 82.9% of the total budget. Actual collections from the Water Department were \$6.44 million which surpassed its target by \$0.33 million. Water Rates accounted for \$6.37 million while Water Connections gained \$67,161.

The second major revenue collection for the Ministry was the Post Office. The Post Office had a budgeted amount of \$725,500 and realized \$555,184. This revenue collection comprised P.O. Box rentals of \$95,605; Sale of Postal Stamps of \$377,481 and Unclassified revenue of \$48,842. When compared with 2020, the actual revenue has increased by \$160,243 from the \$394,941 collected in the previous year.

MINISTRY OF HEALTH, GENDER AFFAIRS

The Ministry of Health had a projection of \$1.64 million and its actual revenue collected was \$1.66 million recording an increase of \$19,275. In comparison to 2020, the projected revenue collection was set at \$1.60 million and realized collection of \$1.76 million. The Ministry of Health performed better in 2020 with \$1.76 million over the revenue collected in 2021 of \$1.66 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 \$502,693.

At the Alexandra Hospital, the budget was \$920,000 and the revenue collected exceeded expectations by \$172,506 recording revenue of \$1.09 million.

The other item of revenue for the Ministry of Health is Unclassified revenue and this amounted to \$64,075 reflecting a decrease from 2020 by \$785. The Unclassified revenue also did not meet its budgeted level and fell short by \$55,925.

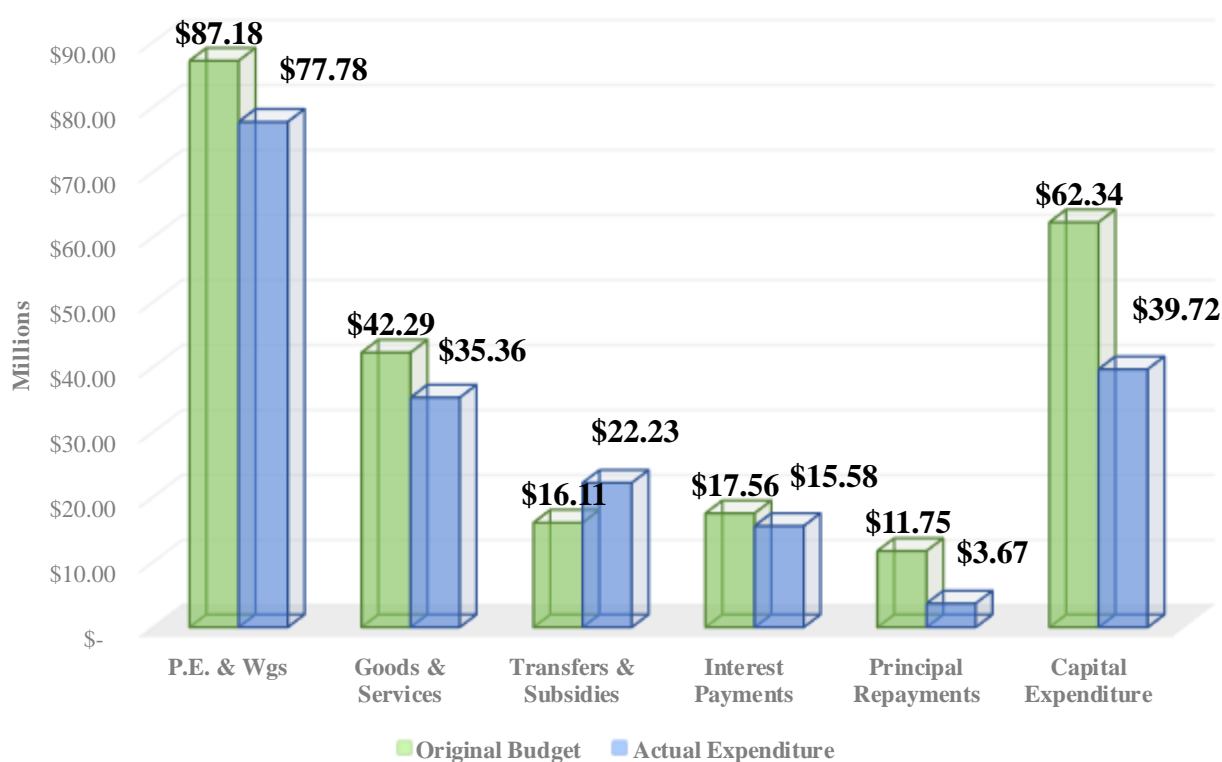
4.3 STATEMENT OF EXPENDITURE

On December 8, 2020, the Nevis Island Assembly passed the 2021 Appropriation Act and this authorized Expenditure of \$237.73 million. Thirteen (13) Ministries were allocated a collective budget for Recurrent expenditure of \$174.89 million and Capital Expenditure of \$62.34 million for the eight (8) of the thirteen Program Heads. This represents a decrease of \$1.98 million or 0.83% from that of the budgeted amount in 2020 of \$239.71 million.

The actual expenditure amounted to \$194.34 million with the Recurrent account of \$154.62 million and Capital account of \$39.72 million. The overall performance for expenditure resulted in a savings of \$43.39 million from the budgeted amount. There were savings on both the Recurrent and Capital accounts. The Recurrent account showed savings on the projected amount by \$20.27 million and the Capital account showed savings on projections by \$22.68 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 2021.

Budgeted VS Actual Expenditure 2021



The amount spent on Personal Emoluments & Wages recorded an increase of \$0.64 million from the 2020 actual of \$77.14 million but was still kept under its budget allocation for 2021 of \$87.18 million. Transfers & Subsidies of \$22.23 million were over the \$16.11 million budgeted for the year with an excess of \$6.12 million. The major components of this amount were Gratuity & Pensions \$10.68 million; Grants and Contributions \$2.79 million and Public Assistance of \$1.91 million. It can also be highlighted that the Goods and Services returned a savings of \$6.93 million from its budgeted amount of \$42.29 million. The amount spent on Goods and Services recorded an increase of \$7.58 million from the 2020 actual of \$27.78 million.

During the 2021 financial year, all Program Heads kept their spending on the current account well within the budgeted amounts provided. The following tables show some of the savings on the budget allocation for Ministries with budgeted figures over \$5 million for 2021:

MINISTRY	BUDGET	ACTUAL	SAVINGS
Premier's Ministry	\$5,505,000	\$4,809,042	\$696,458
Ministry of Finance, Statistics, etc	\$76,659,300	\$72,600,736	\$4,058,564
Ministry of Communication, Works, etc	\$14,540,800	\$12,431,216	\$2,109,584
Ministry of Agriculture, Lands, etc	\$6,933,500	\$6,132,260	\$801,240
Ministry of Health & Gender Affairs	\$22,294,800	\$17,970,581	\$4,324,219
Ministry of Education, etc	\$27,394,500	\$24,497,364	\$2,897,136
Ministry of Social Development, etc	\$12,910,000	\$10,559,775	\$2,350,225

DEPUTY GOVERNOR GENERAL

The allocation to the Office of the Deputy Governor General for 2021 was \$570,500. A total of \$387,205 was spent, thereby realizing a saving of \$183,295 or 32.1%. The budgeted amount was increased by some \$10,000 from the 2020 allocation. The Department spent \$7,800 in Public Assistance which still has not been given a budget in the past few years but the department keep incurring expenses from this object code. Operating and Maintenance was allocated \$15,000 and it incurred \$33,637 resulting in an excess of \$18,637. All other programs maintain their expenses below the budgeted allocations.

LEGISLATURE

This Ministry was given a budget of \$810,200 which reflected a 4.7% decrease from the 2020 budget. Despite the decrease in budget allocation, this Ministry still realized a savings of \$300,059 and recorded an actual expenditure of \$510,141.

Legislature has two program heads being Administration and Office of the Opposition Leader that both realized savings. Administration was budgeted \$622,200 and recorded \$370,780. While Office of the Opposition Leader recorded an actual expenditure of \$139,361 from the \$188,000 budget that was provided.

LEGAL SERVICES

There was a total of \$1.10 million allocated between two Programs namely Legal Department and Company Registry which received \$0.99 million and \$0.11 million respectively. An overall total of \$971,867 was spent where Legal Department incurred \$906,050 and the Company Registry incurred \$65,817 which resulted in an overall saving of \$123,933 or approximately 11.3% of the budget.

There were a few instances where the budget was overspent at the program level. Office and General Expenses was allocated \$30,000 and it incurred \$32,850. The Department spent \$59,073 in Wages which was not given a budgeted allocation for the financial year.

PREMIER'S MINISTRY

The expenditure budget for this Ministry was \$5.51 million and it incurred expenditure of \$4.81 million. This year, the Ministry realised a saving of its budget by \$0.70 million compared to the \$0.98 million saved in 2020. 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

This Program was allotted a budget of \$4.39 million which comprised Administration \$3.45 million, Security Services Division \$806,000 and Public Utilities and Energy \$133,000. The actual expenditure totalled \$3.82 million with saving from its budget by \$0.57 million. Amongst the three units, all returned savings from its budget allocations.

Some major areas of over expenditure were: Production and Marketing of \$187,232 from the allocated amount of \$130,000 and Wages had \$625,000 budgeted yet a total of \$921,541 was expended.

Registrar and High Court

The actual expenditure for this programme was \$802,270, resulting in \$52,230 being returned as savings on the budgeted amount of \$854,500. Additionally, the actual expenditure for 2021 increased by 4.4% over the previous year when \$768,185 was spent. However, the budget had a slight decrease, moving from \$859,500 in 2020 to \$854,500 for the current period.

Magistrate

The budget set for the Magistrate Court was \$260,500 which increased by \$1,000 from the 2020 budget of \$259,500. The Actual expenditure amounted to \$184,674 which reflected a savings of \$75,826. This programme kept within its budget for the past three fiscal years, returning savings of \$3,119 in 2019, \$65,548 in 2020 and now \$75,826 in 2021.

MINISTRY OF FINANCE, STATISTICS & ECONOMIC PLANNING

The Ministry of Finance and its nine (9) programmes were allocated a budget of \$76.66 million and had actual expenditure of \$72.60 million for a net savings of \$4.06 million. Comparatively, for the previous financial period, the Ministry was able to save funds and instead returned a savings of \$12.86 million.

Administration

Administration realized an actual expenditure of \$18.99 million against a budget of \$16.69 million, thereby resulting in a savings of \$2.72 million. This budget was shared amongst Administration, Central Procurement Unit, Internal Audit, Budget Division and Economic Policy Division.

The Ministry takes on some of the main areas of expenditure for government-wide services which include: Telephone costs of \$1.66 million; Medical Insurance of \$2.64 million; Claims against Government of \$32,968 and Electricity of \$9.95 million. Collectively in 2020, these

areas cost the government \$8.72 million, whereas in the current year, they amounted to \$14.28 million; reflecting a \$5.56 million increase in costs.

Treasury Department

The Treasury Department expenditure allocation for 2021 was \$39.95 million; of which \$39.45 million went to Administration and \$507,500 to Accounting Operations. Actual expenditure incurred by this department was \$37.19 million with \$36.79 million incurred by Administration and \$396,994 from Accounting Operations, which realized a savings of \$2.76 million. The level of spending done in this financial year was \$4 million more than the \$33.19 million spent in 2020.

Key areas of common spending included Retiring Benefits of \$10.68 million; Domestic Debt servicing cost of \$10.28 million; Overdraft Interest \$2.58 million; Treasury Bills Interest \$1.56 million; and Foreign Debt servicing \$4.82 million.

Supply Office

The budget set for the Supply Office was \$8.26 million and the expenditure amounted to \$7.25 million which reflected a savings of \$1.01 million. Compared with the previous financial year, the expenditure for this department totalled \$6.95 million generating a savings of \$1.04 million from its budget of \$7.99 million.

An area worth mentioning is the Supplies and Material that incurred 94% of the expenditure for this department. It can be shown that in 2018, Supplies and Materials totalled \$8.44 million; \$6.81 million in 2019; \$6.53 million within 2020 and \$6.84 million during the current financial year.

MINISTRY OF COMMUNICATIONS, WORKS, PUBLIC UTILITIES

This Ministry was allocated \$14.54 million and had actual expenditure of \$12.43 million, compared to the \$12.17 million spent in the previous financial year. All six (6) Programs in this Ministry realized net savings on their budget allocations, to provide the \$2.11 million savings recorded.

Public Works

The Public Works Programme was allocated the largest portion of the budget; \$6.15 million to cover activities such as Road, Bridges and Minor Works of \$1.50 million; Repair Shop of \$1.18 million; Buildings of \$1.30 million and the Asphalt Plant of \$283,000. This program recorded expenditure of \$5.47 million and returned a savings from its budget by \$679,443. A total of \$1.57 million was spent on Administration; \$1.25 million on Road, Bridges and Minor Works and \$1.29 million on Buildings.

Water Department

This department had an allocation of \$3.64 million and spent \$3.17 million, thereby realizing a net saving of \$469,624. The Administration and Billing Division incurred a total of \$972,169; for the Production Activity, total costs amounted to \$927,838; the Distribution Activity cost a total of \$1.19 million; and Quality Control cost was \$86,713.

MINISTRY OF AGRICULTURE, LANDS, COOPERATIVES

The actual expenditure incurred by this Ministry amounted to \$6.13 million or approximately 88.4% of its assigned budget of \$6.93 million and realizing a savings of \$0.80 million.

The Ministry of Agriculture et al is divided into 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 \$652,205; Department of Agriculture \$4.57 million; Department of Cooperatives

\$140,100, Department of Marine Resources \$367,488; and Nevis Disaster Management Department \$405,226.

Compared to the previous financial year, this department was allocated \$7.06 million and incurred spending of \$6.20 million and realized a net savings of \$0.86 million.

MINISTRY OF HEALTH, GENDER AFFAIRS

The allocation of this Ministry was \$22.29 million and reflected an increase from the \$21.99 million provided in the 2020 budget. Actual expenditure incurred was \$17.97 million, which was some \$0.12 million less than the \$18.09 million spent in 2020. Amongst the five (5) programmes under this Ministry, all returned savings that resulted in the overall savings for the Ministry at \$4.32 million.

Public Health

The budgeted portion allotted to this department was \$6.53 million and a total of \$4.93 million was spent. Amongst the seven (7) activities under this Program, the major expenditures can be highlighted between Community Health Services, Environmental Health Services and Health Promotion Unit.

A budget of \$1.64 million was given to the Community Health Services from which they incurred \$1.40 million. The major spending area within this Activity is on Office and General Expenses, which incurred an excess of \$5,258 over its budgeted \$15,000 and Supplies and Materials, which incurred \$43,155 from its budget of \$40,000.

Environmental Health Services was allocated \$1.44 million from which it spent \$1.15 million with a saving of \$287,008. The Health Promotion Unit incurred costs of \$670,478 on its \$832,900 budget allocation.

Alexandra Hospital

The Alexandra Hospital budgeted allocation increased slightly to \$10.84 million from the budget in 2020 when it was \$10.60 million. The actual costs incurred amounted to \$9.39 million thereby providing savings of \$1.45 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 \$6.54 million and incurred actual cost of \$5.57 million. Major spending areas within this Activity were \$4.80 million for Personal Emoluments and Wages; Supplies & Materials cost \$166,231; Operating and Maintenance was \$65,066 and Allowances \$478,090. Allowances and Professional & Consultancy Services was the only two object code that exceeded its budgeted amount of \$68,090 and \$6,064 respectively.

The actual expenditure associated with the other Activities were: Administration and Maintenance \$1.81 million; Diagnostic Services \$914,149 and Domestic and Nutrition Services \$1.09 million.

MINISTRY OF EDUCATION, LIBRARY SERVICES

The Ministry of Education and Library Services incurred \$24.50 million in actual expenditure for the financial year 2021; which provided a net savings of \$2.89 million from the budgeted amount of \$27.39 million. When compared to the previous financial year, the Ministry incurred \$23.47 million from its budget of \$25.71 million. In the two-year period, the Ministry has realized slight savings each year, from \$2.24 million in 2020 to \$2.89 million in 2021.

The seven Programs under this Ministry incurred the following total expenditure; Administration of \$1.65 million; Education Department of \$4.89 million; Primary Education with \$8.13 million; Secondary Education of \$8.32 million; Public Library with \$471,799; Higher and Continuing Education of \$400,868 and Department of Information Technology of \$634,804. All these programs maintained spending within their budget for 2021.

MINISTRY OF SOCIAL DEVELOPMENT, YOUTH, SPORTS, ET AL

This Ministry's budget was increased by \$547,000 or 4.4% from the \$12.36 million in 2020 to \$12.91 million in 2021. The actual expenditure incurred amounted to \$10.56 million and realized a savings of \$2.35 million.

The Ministry consists of five (5) program heads, where Administration program incurred a total of \$4.04 million from its budgeted amount of \$4.96 million resulting in a net savings of \$0.92 million. Amongst the three Activities under this program head, all return savings from its budgeted allocation.

The budget for the Department of Social Services was \$3.40 million that consist of four Activities namely; Administration \$1.11 million, Family Services \$881,500, Senior Citizens Division \$1.08 million and Counselling Unit \$329,000. The actual expenditures for this financial year were: Administration \$894,516; Family Services \$831,624, Senior Citizens Division \$931,182 and Counselling Unit \$5,357.

The Department of Community Development was allocated \$1.33 million and spent \$1.14 million thereby realizing a total savings of \$187,029. Department of Youth and Sports had a budget of \$2.42 million and incurred \$1.98 million with Sports Unit spending \$1.71 million and Youth Division \$274,853. The smallest program Head, the Department of Information incurred a total expenditure of \$729,439 from its budgeted amount of \$795,000.

CONCLUSION

From the Detailed Statements of Expenditure for 2021, it can be concluded that significant effort was made to control expenditure for the year, especially during a time when the Nation continued to experience the COVID-19 pandemic. The fact that ALL of the expenditure Heads on the current account returned savings of its budgeted allocation, is commendable. Hence the resulting net savings on the Budget in the amount of \$20.27 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. Audit notes from the examination of the supporting documents, there are instances of misuse of government expenditure. Government expenditure is now noted in the purchase of items and I quote “necessary and form a fundamental part of our diet and emotional wellbeing”, as explained in one response that we queried. This type of mind-set is certainly unacceptable and the Ministry of Finance should be taking a dim view on such explanations and in fact, may need to look at revising the policies that guide government expenditure, especially for what could be deemed personal preferences.
2. Expenditure for Electricity across government amounted to \$9.95 million; yet its budget was only \$7.23 million which resulted in an excess of \$2.72 million. In 2020, the electricity expense incurred was \$5.29 million and \$7.07 million in 2019. Audit notes that Electricity expenses are not being paid as they are incurred, resulting in these expenses being carried forward for payment in the new accounting period.

4.4 THE CAPITAL ACCOUNT

The capital expenditure budget for 2021 was approved at \$62.34 million that anticipated sources to be from Revenue in the amount of \$30.16 million; Loans of \$21.40 million; and Grants or Development Aid of \$10.78 million to support a total of 79 projects.

Actual expenditure for capital projects amounted to \$39.72 million representing 63.7% of the budgeted amount. Of this amount, spending from Revenue amounted to \$30.65 million; Loans amounted to \$8.40 million; and Grants or Development Aid was \$0.67 million. This covered expenditure on 56 budgeted projects and 3 projects that were not budgeted for in 2021. At the end of the 2021 financial year, 23 projects with a combined estimated budget of \$7.53 million

had not been started. Of these 23 projects, 5 were new projects and the remainder were projects from prior years that had not commenced or were ongoing in 2020.

Actual Capital Revenue realized was \$56.92 million where the sources came from Loans and Grants of \$2.87 million and Federal Budgetary Support of \$54.05 million.

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

Under the Office of the Premier, \$1.16 million or 52.7% of its \$2.20 million budget allocation was spent. Major expenditure included \$112,422 on the Renovation of New Castle Police Station, \$284,566 on Updates of Police Services and \$507,486 on the Construction of CCTV Building (**see cover page**).

The nine projects that were realised by the Ministry of Finance incurred a total of \$5.04 million over their budget of \$3.85 million, resulting in a net excess of \$1.19 million. Some of the major projects were Financial Services Registry System of \$1.94 million; Computerization of Government Services of \$614,158 and Statistical Surveys amounted to \$95,667. There was a \$2.17 million spent on Compensation –Rest Haven Property, which was not budgeted for in this financial year.

The Ministry of Communications, Works, Public Utilities and Posts had a capital expenditure amounting to \$14.89 million or 75.4% out of a budgeted \$19.74 million. The Ministry spent a total of \$4.46 million on Road Improvement, Water Drilling Programme and Purchase of various assets and energy projects. The Public Works Department spent \$8.10 million on Secondary Village Roads, Renovation and Expansion of Government Buildings and Asphalt Plant Maintenance. The Water Department incurred a total of \$2.33 million on the continuing project for Water Service Upgrade. There was \$271,807 spent on the Cherry Garden Soak away Project, which was not budgeted for in this financial year.

The capital projects done by the Ministry of Agriculture, et al included Upgrade of Agricultural Facilities, Feral Animal Control and Disaster Management Upgrades incurred a total of \$3.56 million from a budget of \$5.75 million. Major spending was the Feral Animal Control project that incurred a total of \$1.55 million and the Procurement of Agriculture Equipment of \$650,562.

The Ministry of Health spent \$7.66 million or 57.6% of its budgeted \$13.30 million. The \$7.50 million that was budgeted for the Improvement of Alexandra Hospital only incurred \$4.10 million. Other projects were Procurement of Pharmaceutical Supplies of \$381,079, Improvement of Health Facilities of \$97,965, Procurement of Medical Supplies of \$849,521 and Covid-19 Pandemic Response Fund of \$1.30 million.

The Ministry of Tourism incurred a total expenditure of \$1.44 million over its budget of \$7.33 million on two projects namely; the Tourism Product Development and Construction of Pinney's Recreational Park (**see cover page**).

The Ministry of Education had a budget for twelve projects but only incurred costs on eight projects for the year. From its budget allocation of \$6.95 million, the Ministry incurred a total of \$3.37 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 \$2.59 million which was 69.6% of the budgeted amount of \$3.72 million. Some of their major projects included \$200,258 for Improvement & Maintenance of Community Centers; Upgrade and Maintenance of Sporting Facilities \$1.30 million; the Community House Assistance used \$931,642 and the Youth Empowerment program accounted for \$77,702. There was \$4,256 spent on the Refurbishment of New River School Building, 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.**

4.5 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Statement of Financial Assets and Liabilities as at December 31, 2021 and 2020 are summarized with comparative data as follows:

	2021	2020
Financial Liabilities/Assets		
Cash and Cash Equivalents	160,450,982	141,507,953
Other Public Funds	72,634,880	71,885,584
Trust Funds	87,427,041	88,836,314
Advances	(29,644,667)	(29,072,532)
Total Liabilities/ Net Assets	290,868,236	273,157,319
Deficit B/fwd	<u>273,157,319</u>	<u>284,787,205</u>
Surplus/ (Deficit) for year	(17,710,917)	11,629,886
Accumulated Deficit	<u>290,868,236</u>	<u>273,157,319</u>

Cash and Cash Equivalents

Cash and cash equivalents at yearend amounted to an overdraft position of \$160.45 million and increased from the previous financial year by \$18.94 million, as the cash position worsened due to the net outflow of such funds during the year.

Advances

At the end of 2021, advances totalled \$29.64 million and increased by \$0.57 million over the previous financial year. The net movement in advances for 2021 was (\$11,950) in Personal Advances and \$585,723 in Other Advances. The net movement in personal advances 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 \$87.43 million with a net movement of \$1.41 million during the year. These funds comprise primarily the outstanding Treasury Bills as at the year end.

Other Public Funds

The other public funds totalled \$72.63 million for the fiscal year end. This comprises 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 payments 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 2021 financial year review is disclosed as \$495,080,166 reflecting an increase of \$2.88 million or 0.59% over the previous year. During this period, the Domestic portion increased from \$446.47 million to \$454.30 million or by \$7.83 million while the foreign portion decreased by \$4.95 million, moving from \$45.73 million to \$40.78 million.

The outstanding Treasury Bills as at the end of 2021 is disclosed at \$99,853,962 and reflects a net increase of \$1.08 million or 1.1% over the previous financial year 2020.

Both the Domestic and Foreign portions of the public debt include Government Guarantees which both show a decrease for the period under review. The Foreign Debt Guarantees have been reduced from \$8.89 million in 2020 to \$7.16 million in 2021. On the other hand, the Domestic Guarantees have decreased by \$237,111 moving from \$45.04 million to \$44.80 million. It must be noted that the total guaranteed debt accounts for 10.5% of the total public sector debt.

There were no new instruments added in 2021. For the yearend, total principal payments for 25 loans amounted to \$10.02 million. Disbursements were made during the year from the Water Drilling Programme of \$500,000 with principal repayment of \$305,771 which brought the outstanding balance to \$2.35 million at the yearend. Other disbursements were made from the NIA Capital Projects Loan of \$2.37 million along with repayment on the principal of \$675,463 resulting in an outstanding balance for the year of \$17.71 million.

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

PUBLIC DEBT:	2021	2020	2019	2018 \$	2017 \$
Domestic	454,296,665	446,473,663	412,230,073	384,139,805	357,951,802
Foreign	40,783,501	45,729,370	49,229,400	54,923,074	58,582,367
Guaranteed –Domestic	44,801,063	45,038,173	38,299,397	30,935,602	23,056,996
Guaranteed – Foreign	7,155,450	8,887,921	10,247,446	11,999,231	13,690,264
Total Debt	495,080,166	492,203,033	461,459,473	439,062,879	416,534,169

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 groundwork, 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.

My gratitude is also expressed to the Treasurer and staff for a great accomplishment in keeping the accounts for the Nevis Island Administration up to date and ready accessible. We also expressed gratitude 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

Work of the Nevis Audit Office



2021 AUDIT REPORT

INTEGRITY COMMISSION (NEVIS)



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Background Information

The Integrity Commission (Nevis) was established pursuant to the Integrity in Public Life Ordinance, NO. 2 of 2013. This Ordinance was established to ensure integrity in public life, to obtain declarations of the assets, liabilities, income, and interest in relation to property of persons in public life, to give effect to the provisions of the Inter-American Convention against Corruption, and for matters incidental thereto and connected therewith.

The Integrity Commission (Nevis) commenced operations on 3rd June, 2019 and consists of five (5) employees: a Chairman, two Commissioners, one Office Manager/Secretary for the Commission, and one Accountant/Compliance Officer.

Accounting Policies Used:

The Accounts for the Integrity Commission (Nevis) were prepared by Pelican Accounting & Business Solutions, Basseterre, St. Kitts, and submitted to the Nevis Audit Office to be audited in accordance with Section 37 of the Integrity in Public Life Ordinance.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small to Medium-sized Entities issued by the International Accounting Standards Boards.

The financial statements submitted for Audit examination comprise the Statement of Financial Position as at December, 2021 and the Statement of Income and Expenditure, the Statement of Cash Flows for the period September 1, 2020 to December 31, 2021, and notes to the financial statements.



Opinion in the Financial Statements

Opinion

I have audited the Accounts of the Integrity Commission (Nevis), which comprise the Statement of Financial Assets and Liabilities as at December 31, 2021, the Statement of Income and Expenditure, the Statement of Cash Flows for the period September 1, 2020 to December 31, 2021 and the Notes to the Financial Statements including a summary of significant accounting policies.

The financial statements and notes presented in the Accounts present fairly, in all material respects, the financial position of the Integrity Commission (Nevis) as at December 31, 2021.

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.

Responsibility of the Commission

The presentation of statements, accounts and schedules of the Accounts are the responsibility of the Commission in fulfillment of Section 37 of the Integrity in Public Life Ordinance.

The Commission shall keep proper accounts of receipts, payments, assets and liabilities and those accounts shall be audited annually by the Director of Audit or such other Auditor appointed by the Deputy Governor General for that purpose.

The Commission 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.

.....

Tanisha Mills
On behalf of the
Director of Audit

November 16, 2022.

Overview of the Accounts

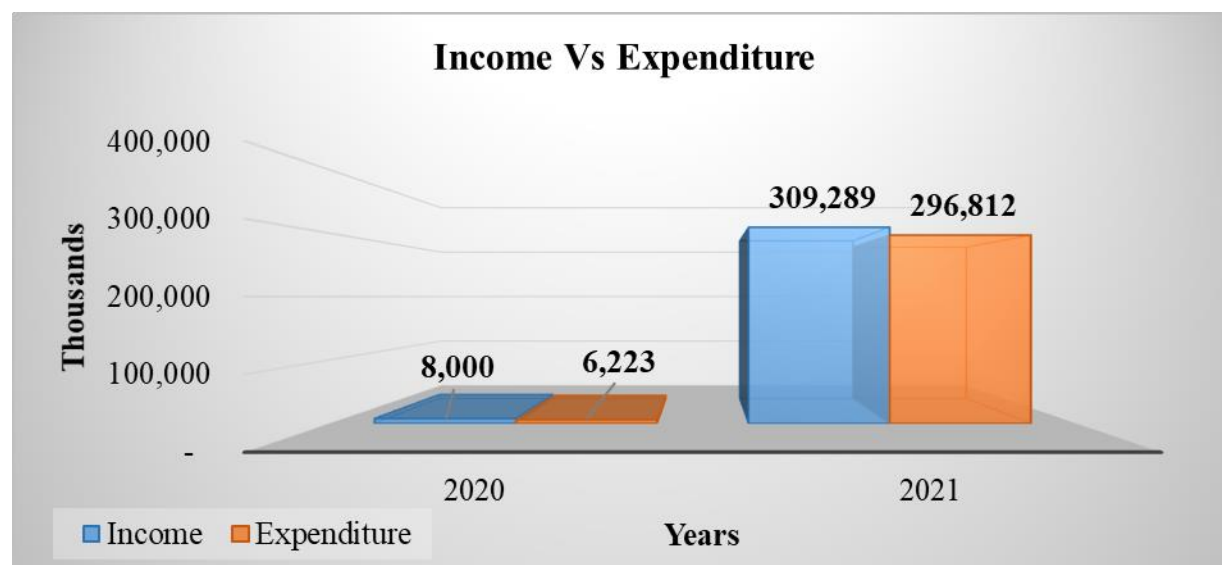
Performance Summary

The accounts for the year ended December 31, 2021 disclosed a Net Income of **\$14,255**. Before September 2020, the Integrity Commission (Nevis)'s expenses were handled under the Office of the Premier in the Nevis Island Administration. The Commission now functions as a Statutory Body of the Nevis Island Administration, where they receive monthly subventions for running the Administrative operations of the Office.

At the end of the 2021 fiscal year, the Statement of Income and Expenditure for the Integrity Commission (Nevis) shows actual income collection totaled **\$317,289**, comprising of Government Subvention of \$309,789 and Litigation Income of \$7,500. The actual expenditure totaled **\$303,035**, comprising of Commissioners Allowance of \$117,000, Payroll Expenses of \$118,043, Office Expenses of \$3,830, Utilities of \$6,452, and Rent or Lease payments of \$27,750, which resulted in the Net Income mentioned of **\$14,255**.

Compared to the previous fiscal period, September 1 to December 31, 2020, the Commission recorded Income of \$8,000 and Expenditure of \$6,223, resulting in a Net Income of \$1,777.

The following graph shows the comparison of Income and Expenditure for the fiscal periods 2020 and 2021 separately.



INTEGRITY COMMISSION (NEVIS)
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
FOR SIXTEEN MONTHS ENDING DECEMBER 31, 2021

All figures are expressed in Eastern Caribbean Dollars

INCOME

Government Subvention	309,789
Litigation income	7,500
TOTAL INCOME	317,289

EXPENDITURE

Bank charges	1,429
Commissioners Allowance	117,000
Legal and professional fees: Bailiff Fees	6,780
Depreciation	218
Office expenses	3,830
Other general and administrative expenses	5,661
Advertising Expenses: Production and Marketing	2,932
Payroll Expenses: Salaries	101,532
Payroll Expenses: Social Security	16,511
Purchases	6,120
Rent or lease payments	27,750
Repairs and Maintenance	2,010
Stationery and printing	1,103
Supplies	3,246
Travel expenses - general and admin expenses	462
Utilities: Electricity	6,452
TOTAL EXPENDITURE	303,035
NET INCOME (LOSS)	14,255

The Statement of Income and Expenditure presents the data by source of Income and by the classification of Expenditure. Government Subvention represented 97% of the Income for the period, with a total of \$309,789.

On the expenditure side, the highest area of expenditure is the Commissioners Allowance, with a total of \$117,000. The payroll expenses were the second highest, costing \$118,043 or 38.9 % of the overall expenditure. A total of \$6,780 was recorded for Legal and Professional fees, which consist of Bailiff Fees. It can also be highlighted that a total of \$6,120 was spent on Purchases and \$3,246 on Supplies.

Conclusion

From the Statements and other documentation presented to Audit for 2020 and 2021, it can be concluded that significant effort was made to control expenditure for the years, especially during a time when the Nation was hit with an unexpected pandemic.

The fact that the Integrity Commission (Nevis) newly operating as a subsidiary and returned savings of \$14,255 is commendable.