



2024

AUDIT OF THE PUBLIC ACCOUNTS NEVIS ISLAND ADMINISTRATION



Before



Before



After



After

ST. KITTS AND NEVIS
NATIONAL AUDIT OFFICE



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, 2024.

Respectfully submitted,

Tanisha Mills
On Behalf of the
Director of Audit
19th November, 2025



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 2024

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1. INTRODUCTION

The Public Accounts of the Nevis Island Administration for the year ended December 31, 2023 along with the Audit Report on those accounts, were forwarded to Honourable Premier on November 18, 2024 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 3rd, 2024.

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 2024 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 2024 financials by June 2025.

Appropriations:

The original budget was approved by legislative action in the Nevis Island Assembly with the passing of the Appropriation Act on December 5, 2023 for the 2024 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, 2024, 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, 2024.

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, 2024. 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

19th November, 2025.

2. NEVIS AUDIT OFFICE

Staffing:

I would like to take this opportunity to formally acknowledge and commend the outstanding support provided by the staff at the Nevis Audit Office throughout the audit process. Their dedication and professionalism were evident during the entire review period, despite the fact that there were no additional personnel available at the office. This situation has underscored the importance of addressing staffing needs, as it directly impacts the scope and depth of the audits we are able to perform. Ensuring that the office is adequately staffed remains a critical priority, as it will enhance our capacity to conduct thorough and comprehensive audits in the future.

Budget:

In the fiscal year 2024, the Nevis Audit Office received a budget allocation of \$547,400. This financial plan included \$401,500 earmarked specifically for salaries, wages, and allowances, while the remaining \$145,900 was set aside for various operational expenses. Ultimately, the office's actual spending amounted to \$413,486, leading to a notable savings of \$133,914, which equates to a 24% decrease from the initially budgeted figures. The major components of the expenditures were Personal Emoluments, which accounted for \$329,049, and Rental of Property, which totaled \$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.

All staff participated in a workshop conducted by representative from CARTAC on the topic ‘Audit Planning’ during the month of January.

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

In April, one officer participated in a workshop hosted by the Ministry of Human Resources on the topic, “Building an Exemplary Public Sector”

Two officers participated in a workshop facilitated by the Ministry of Human Resources on the topic, “Leadership/Management Training” in May.

OLACEFS-EUROSAI Joint Conference on the topic “Audits for resilient futures” in Mexico City in July.

3. OVERVIEW OF THE PUBLIC ACCOUNTS

PERFORMANCE SUMMARY

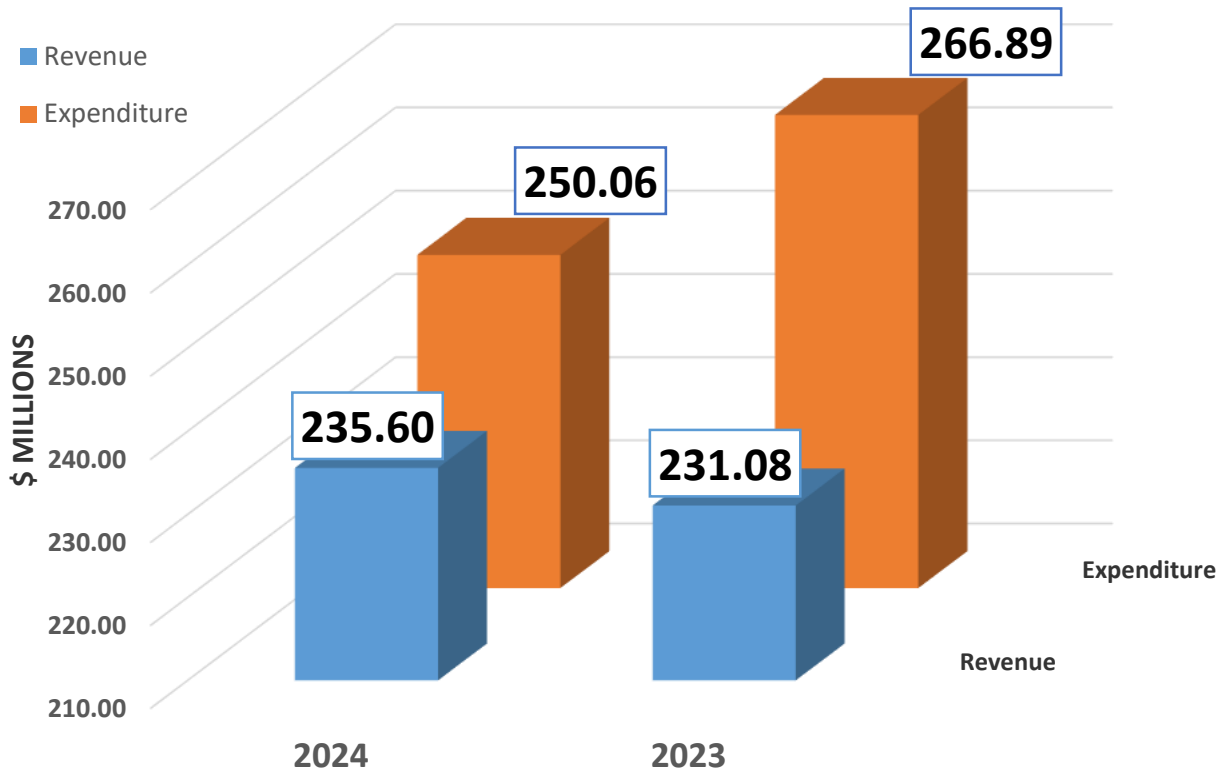
The public accounts for the fiscal year ending December 31, 2024, revealed a total deficit of **\$14.46 million (\$14,464,054)**. This is a significant improvement from the (\$35.81 million) deficit result in 2023.

The Nevis Island Administration had approved an Estimated Overall Deficit of \$44.63 million (\$44,634,900). The recurrent account was anticipated to yield a surplus of \$12,350,100, while the capital account was expected to face a deficit of \$56.99 million. At the conclusion of the fiscal year, the Statement of Revenue and Expenditure indicates that actual revenue collection amounted to **\$235.60 million**, which includes Recurrent Revenue of \$159,150,495 and Capital Revenue of \$76,452,828. The total actual expenditure reached **\$250.06 million**, consisting of Recurrent Expenditure of \$191,964,877 and Capital Expenditure of \$58,102,500, leading to the aforementioned deficit of **(\$14.46 million)**.

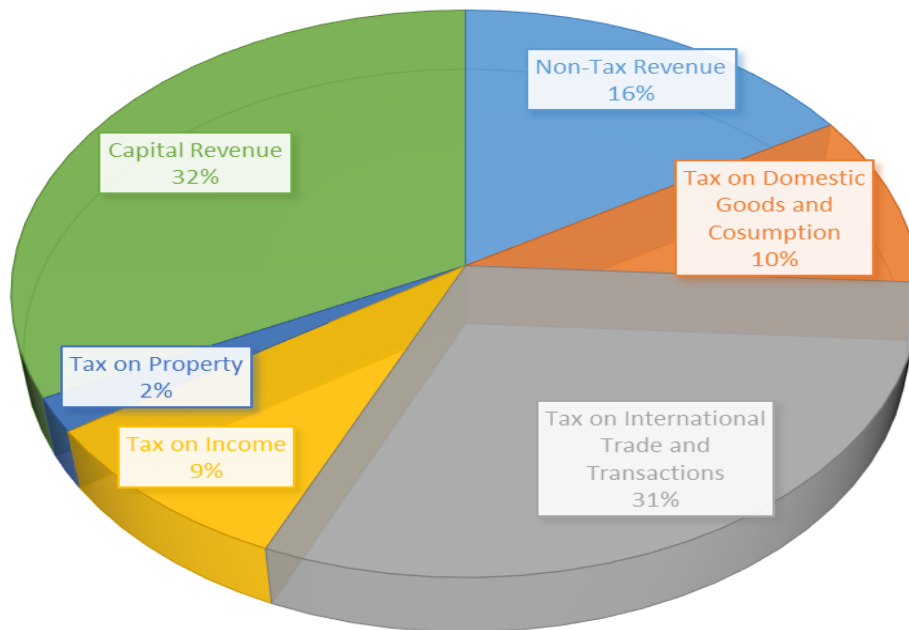
When compared to the previous fiscal year, total expenditure for 2024 increased by \$16.82 million from the 2023 figures, while total revenue saw an increase of \$4.52 million. The results reveal that expenditure on the recurrent account increased by \$3.44 million, as well as capital expenditure fell by (\$20.26 million) compared to the 2023 fiscal accounts. On the other hand, recurrent revenue experienced an increase of \$11.82 million, whereas capital revenue decreased by (\$7.30 million), contributing to the overall rise in revenue as noted.

The following graphs and table represent the comparison of Revenue and Expenditure for the financial years 2024 and 2023 along with the broad categories.

Revenue VS Expenditure 2024 & 2023



REVENUE BY SOURCES - 2024



NEVIS ISLAND ADMINISTRATION
STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED
31 DECEMBER 2024

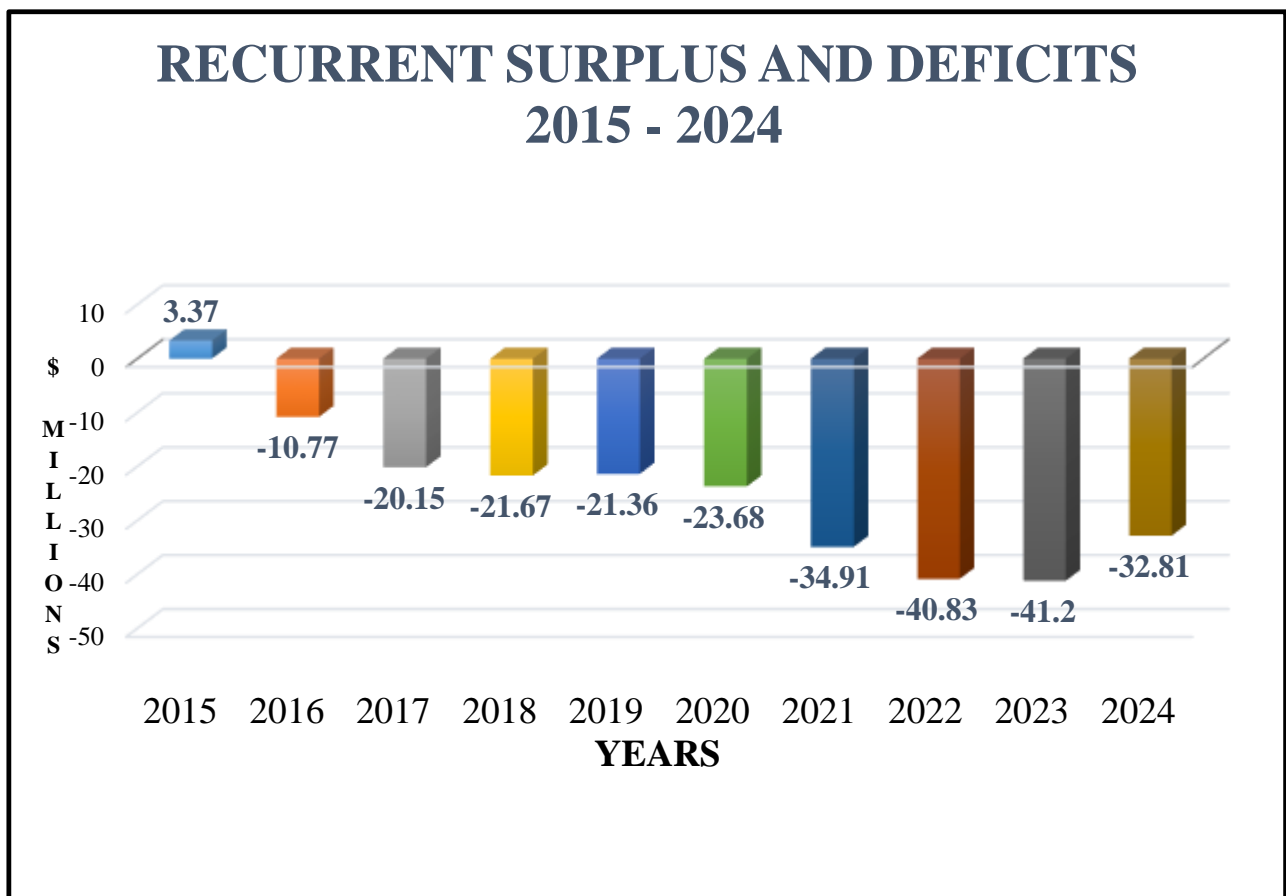
REVENUE	2024	2023
	\$	\$
<i>Taxes on Income</i>	21,228,709	24,235,169
<i>Taxes on Property</i>	4,612,437	4,143,120
<i>Taxes on Domestic Goods and Consumption</i>	23,064,443	19,729,505
<i>Taxes on International Trade and Transactions</i>	72,189,526	64,366,929
<i>Non-Tax Revenue</i>	38,055,379	33,909,703
<i>Interest, Dividends & Currency</i>	0	940,588
<i>Capital Revenue</i>	76,452,828	83,754,584
<i>Budgetary Grants</i>	0	0
Total Revenue	235,603,323	231,079,598
EXPENDITURE		
<i>Personal Emoluments and Wages</i>	(90,188,529)	(88,824,876)
<i>Goods and Services</i>	(43,614,690)	(42,239,535)
<i>Transfers and subsidies</i>	(24,537,682)	(24,255,423)
<i>Interest payments</i>	(14,807,002)	(12,889,687)
<i>Capital expenditure</i>	(58,102,500)	(78,366,273)
<i>Principal payments</i>	(18,816,974)	(20,314,373)
Total Expenditure	(250,067,377)	(266,890,168)
DEFICIT/SURPLUS	(14,464,054)	(35,810,570)

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 \$3.01 million or 12.4% from the previous year. It has shown significant turn from the increased gained in the previous fiscal year.

Attention can also be drawn to Non-Taxes Revenue that have increased by \$4.15 million or 12.2% in comparison to 2023.

The current year's actual expenditure has fell by \$16.82 million, reflecting a 6.3% decrease compared to the previous financial year. Capital Expenditure represents the second largest category of spending, with a decrease of \$20.26 million from the \$78.36 million spent in 2023. Additionally, spending on Goods and Services has grown by approximately \$1.37 million, or 3.2%, compared to the 2023 figure of \$42.24 million.

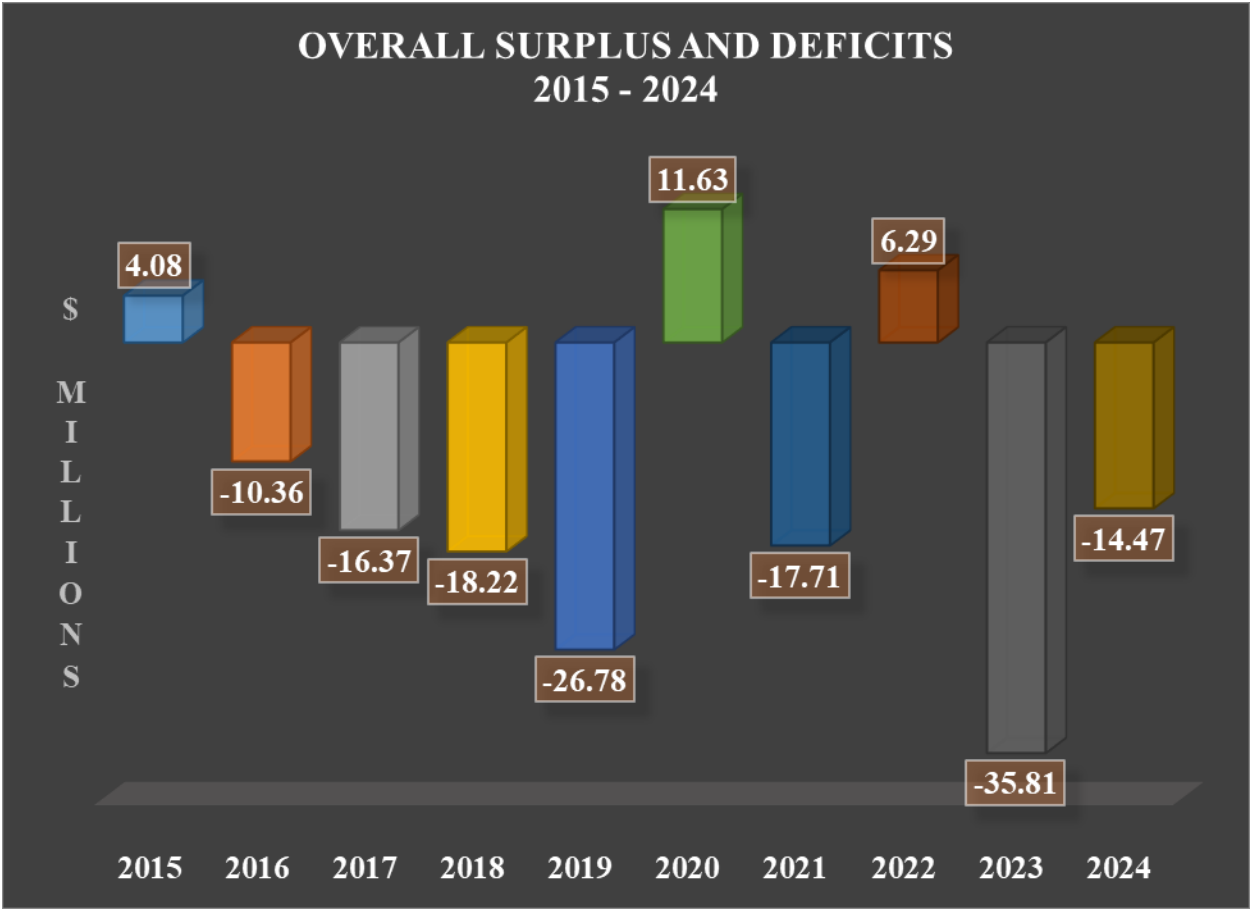
The following graph shows the results on the Recurrent account covering the ten years 2015 to 2024:



During the ten-year period, only one year, 2015, recorded a surplus in the recurrent account, amounting to \$3.37 million. In contrast, the total accumulated deficits in the recurrent account over these years surpass \$247.38 million. This significant shortfall highlights persistent fiscal

challenges and raises concerns about the sustainability of financial management practices over the years, emphasizing the need for strategic interventions to address the underlying issues contributing to such deficits.

The overall annual results of surpluses and deficits (Recurrent and Capital accounts) during the period 2015 to 2024 are shown in the following graph:



The historical data reveals a multi-year trend characterized by deficits, with only three years experiencing surpluses. Notably, surpluses were recorded in 2015 at \$4.08 million, in 2020 at \$11.63 million, and in 2022 at \$6.29 million. Throughout the remaining seven years illustrated in the chart, a cumulative Grand Deficit of \$139.72 million was incurred, with the highest deficit occurring in 2023, reaching \$35.81 million, following an election year. This significant increase in the deficit can be linked to various factors, including the typical rise in government expenditure and changes in budgetary focus that follow an election year.

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 2024.

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

	2024	2023
Net Cash Flows:		
Operating Activities	(23,590,523)	(31,315,228)
Investing Activities	(52,902,632)	(43,238,543)
Financing Activities	<u>52,629,026</u>	<u>57,724,186</u>
Net increase/(decrease) in cash	(23,864,129)	(16,829,584)
Opening Cash Position	(168,406,260)	(151,576,676)
Yearend Cash Position	(192,270,389)	(168,406,260)

Net Cash Flow from Operating Activities

In the year 2024, the NIA reported total receipts from its operating activities amounting to \$162.76 million, with a significant portion, specifically 74.4%, derived from tax revenues. On the expenditure side, payments associated with these operating activities totalled \$186.35 million, with Personal Emoluments and Wages accounting for a substantial 48.3% of the overall payments. This financial dynamic resulted in a net cash outflow from operating activities of **(\$23.59) million**, highlighting the challenges faced in balancing income and expenses within the operational framework.

Net Cash Flow from Investing Activities

The cash flow generated from investing activities totalled \$68.88 million, primarily sourced from trust funds and a variety of public funds. In contrast, the total outflows for these activities reached \$121.78 million, with capital expenditures constituting 47.7% of this amount. This resulted in a net cash outflow of **(\$52.90) million**, indicating a significant investment in assets despite the overall negative cash flow in this category.

Net Cash Flow from Financing Activities

In terms of financing activities, the NIA experienced a net cash inflow of \$52.63 million, largely driven by \$71.45 million in proceeds from borrowings made in 2024. However, this was offset by financing payments totalling \$18.82 million, which included principal repayments on both domestic and international loans.

The following is the entire statement of Receipts and Payments for 2024, with comparative data for 2023:

NEVIS ISLAND ADMINISTRATION STATEMENT OF RECEIPTS AND PAYMENTS AS AT 31 DECEMBER 2024

CASH FLOWS FROM INVESTING ACTIVITIES	Notes	2024	2023
Receipts		\$	\$
Taxes on Income	1.14	21,228,709	24,235,169
Taxes on Property	1.14	4,612,437	4,143,120
Taxes on Domestic Goods and Consumption	1.14	23,064,443	19,729,505
Taxes on International Trade and Transactions	1.14	72,189,526	64,366,929
Budgetary Grants			
Utilities	1.15	7,703,946	5,788,322
Fines, Fees & Forfeitures	1.16	2,959,888	2,594,754
Postal Services	1.18	612,818	613,924
Other Receipts	1.19	26,778,726	24,912,703
Repayment of Personal Advances	1.30	31,333	31,960
Repayment of Subsistence Advances	1.30	0	0
Repayment of Other Government Advances	1.30	3,579,989	5,170,534
Payments			
Personal Emoluments and Wages	1.21	-90,188,529	-88,824,876
Goods and Services	1.22	-43,614,690	-42,239,535
Transfers and Subsidies	1.23	-24,537,682	-24,255,423

Interest Payments		-14,807,002	-12,889,687
Issuance of Personal Advances	1.30	-69,500	-24,500
Issuance of Subsistence Advances	1.30	0	0
Issuance of Other Government Advances	1.30	-13,134,938	-14,668,127

Net Cash Flows from Operating Activities		-23,590,523	-31,315,228
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CASH FLOWS FROM INVESTING ACTIVITIES

Receipts

Proceeds from sale of land and properties		0	0
Interest, Dividend and Currency	1.17	0	940,588
Capital Grants	1.20	5,006,828	5,716,025
Repayment of Other Advances		-	-
Returns on Investments		-	-
Receipts from Trust Funds	1.32	979,503	26,517,227
Receipts from Other Public Funds	1.33	62,892,843	49,211,004

Payments

Capital Expenditure		-58,102,500	-78,366,273
Net Lending			
Issuance of Other Advances			
Purchase of Investments			
Outflows from Trust Funds	1.32	-5,028,839	-1,432,862
Outflows from Other Public Funds	1.33	-58,650,467	-45,824,251

Net Cash Flows from Investing Activities		-52,902,632	-43,238,543
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CASH FLOWS FROM FINANCING ACTIVITIES

Receipts

Proceeds from borrowings - Foreign		0	0
Proceeds from borrowings - Domestic	1.20	71,446,000	78,038,559

Payments

Repayment of borrowings - Foreign		0	0
Repayment of borrowings - Domestic	1.24	-18,816,974	-20,314,373

Net Cash Flows from Financing Activities		52,629,026	57,724,186
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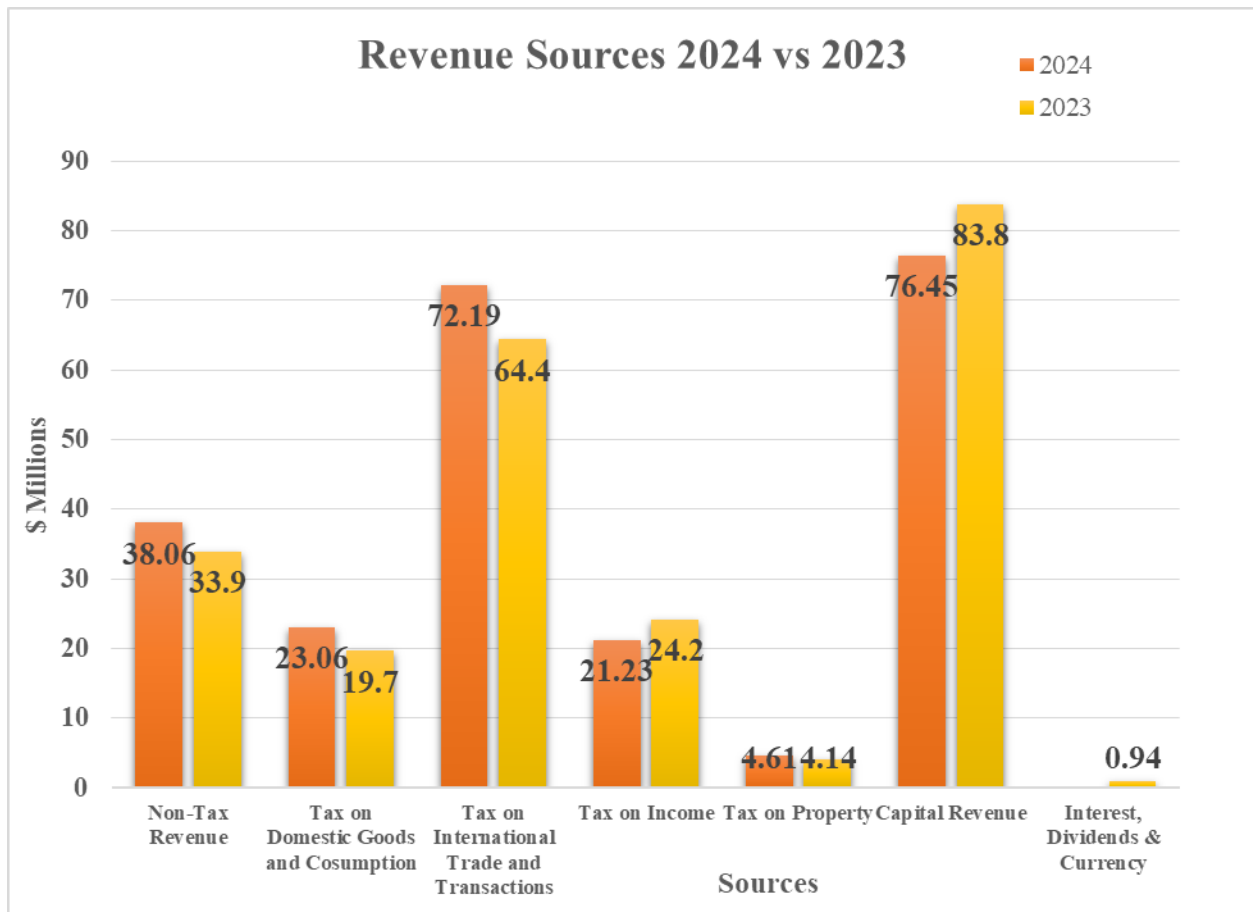
Net increase/(decrease) in cash		-23,864,129	-16,829,584
Cash at the beginning of the period		-168,406,260	-151,576,676
Cash at the end of the period		-192,270,389	-168,406,260

4.2 STATEMENT OF REVENUE

Projected revenue for 2024 was estimated at \$172.07 million, subdivided into a Recurrent account of \$154.82 million and a Capital account of \$17.25 million. Actual revenue sources realized \$159.15 million from the Recurrent account and \$76.45 million from the Capital account, resulting in a total of \$235.60 million.

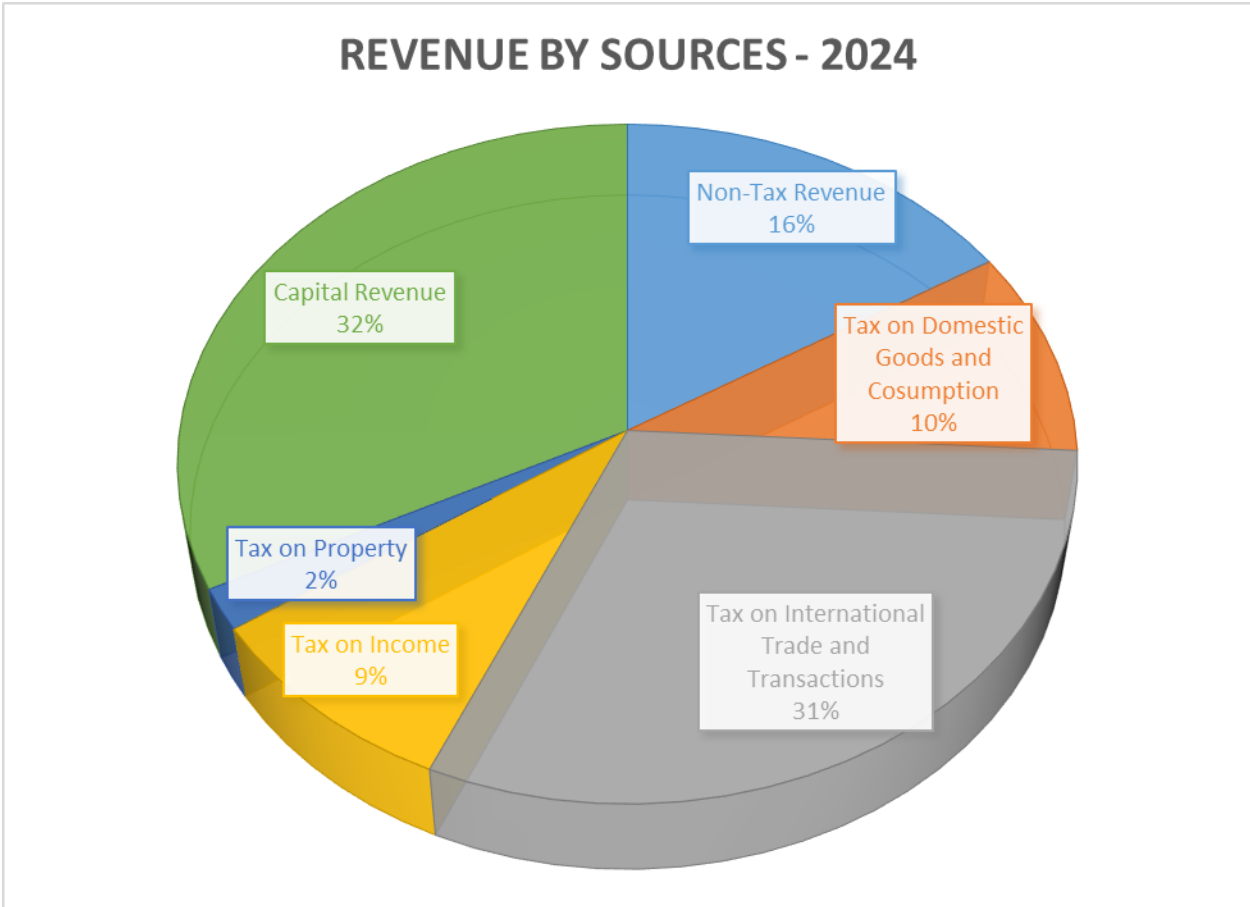
The total revenue surpassed the projected figure by \$63.53 million, with the Recurrent account showing a modest increase of \$4.33 million over projections, while the Capital account significantly exceeded expectations by \$59.20 million. This indicates that the substantial growth in total revenues was chiefly attributed to the performance of the Capital account.

The following graph depicts the actual revenue collections for 2024 vs 2023:



The total revenue for 2024 represents an increase of 1.95% or \$4.52 million compared to the 2023 figure of \$231.08 million. In terms of the capital account, revenue collection saw a decrease of \$7.30 million, equating to a reduction of 8.71% from the previous year. On the other hand, the recurrent account reported an increase of \$11.83 million over the previous fiscal year.

The following chart shows the broad categories of the sources of revenue and their contribution to the revenue pie for 2024.



The graph presented above indicates that Capital Revenue constituted 32% of the total revenue collected, marking a 4% decline compared to the previous year's figures. This category of revenue includes Federal Budgetary Support amounting to \$66,000,000 and Loans and Grants Aid totalling \$16,452,828.

In contrast, Taxes from International Trade and Transactions represented 31% of the overall revenue, reflecting a 3% increase and positioning it as the second-largest revenue source for 2024. These taxes are primarily collected by the Inland Revenue Department and the Customs

Department. Additionally, there was a slight decrease of 1% in Taxes on Income compared to the prior year. On a more positive note, both Non-Tax Revenue and Taxes on Domestic Goods experienced a 1% increase, contributing to a more balanced revenue landscape.

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

MINISTRY	BUDGET 2024	ACTUAL 2024	ACTUAL 2023
	\$	\$	\$
Legal Services	350,000	318,343	268,402
Premier’s Ministry	2,036,000	1,275,727	1,496,398
Min of Finance, Statistics, Economic Planning	142,364,000	145,545,939	136,316,943
Min of Communication, Works, Water	7,862,000	9,221,830	6,850,054
Min of Agriculture, Lands, Culture	577,000	482,583	501,609
Min of Health, Gender & Social Empowerment	1,570,000	2,200,664	1,824,465
Min of Tourism	45,800	77,215	47,381
Min of Education, Library, Info Tech	17,200	28,194	19,761
Total Current Account Revenue	154,822,000	159,150,495	147,325,014
Capital Account Revenue	1,725,000	76,452,828	83,754,585
Grand Total Revenue	172,072,000	235,603,323	231,079,599

Amongst the eight (8) revenue Heads that were prepared with a budget, five recorded revenue as being ‘Over the Estimate’ during the financial year 2024. These were: Ministry of Finance, Ministry of Communications, Ministry of Health, Ministry of Tourism; and Ministry of Education.

LEGAL SERVICES

The Legal Services consists of two programs that were estimated to generate a combined total of \$330,000 with Registration of Companies (\$50,000) and Unclassified revenue (\$300,000). The actual revenue collection totalled \$318,343 against its budgeted amount resulting in a shortage of \$31,657 or 9.9%. The funds were generated from Registration of Companies of \$21,000 and Unclassified revenue of \$297,343. When compared to the previous year, the actual revenue increased by \$49,941 from the \$268,402 collected in 2023.

PREMIER’S MINISTRY

The Premier’s Ministry had four major programs for revenue collections namely; Administration, Registrar, Magistrate Court and Department of Information which fell short of its overall target by \$760,273, which represents a 37.3% decline.

The Administration Program, which oversees Passports, Permits, and Work Permit ID fees, had a revenue target of \$1.70 million but achieved only \$1 million. The majority of this revenue, amounting to \$947,489, was derived from Passports and Permits, while Work Permit ID fees contributed \$7,450, and Unclassified revenue totalled \$48,507. Compared to 2023, the Administration Program demonstrated a decline in performance, with a decrease in revenue of \$303,766 from the previous year's total of \$1.31 million.

The Registrar Program exceeded expectations by generating \$23,480 against a target of \$11,000, resulting in a positive variance of \$12,480. This program also showed growth from the previous year, increasing by \$14,226 from the \$9,254 collected in 2023.

The Magistrate Court Program aimed for a target of \$255,000 but fell short by \$17,782, ultimately collecting \$237,218 for the year. The majority of the revenue for this program came from Fines and Forfeitures, which accounted for \$237,050 of the total collections.

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 \$142.36 million which exceeds its budget by \$3.18 million. The four (4) major revenue collectors for this Ministry are the Customs Department, Inland Revenue, Regulation and Supervision, and the Supply Office.

The actual collection in 2024 was \$145.54 million which is an increase of \$9.22 million from the \$136.32 million collected in 2023.

Customs Department

The Customs Department projected a revenue of \$48.70 million for the fiscal year 2024, indicating an increase of \$2.14 million compared to the previous year's estimate. However, the actual revenue collected amounted to \$48.38 million, which was \$0.32 million below the anticipated budget. Despite this shortfall, it is noteworthy that the total revenue generated by the Customs Department exceeded the collections from 2023 by \$1.82 million, highlighting a positive trend in revenue growth year-over-year.

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

	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Consumption tax	57,859	46,241	275,515	53,063	56,502
Import Duties	13,522,033	12,129,035	11,812,426	9,483,912	8,902,624
Customs Service Charge	10,060,852	8,579,390	8,269,548	6,890,258	8,171,607
Environmental Levy	3,074,435	2,304,561	1,561,398	1,820,050	1,707,511
Excise Duty	3,210,751	2,855,008	4,268,955	5,737,177	5,326,880
Value Added Tax	18,213,788	17,103,038	17,906,335	14,753,043	13,550,153

The department's programs have collectively exceeded their revenue targets when compared to the figures from 2023. Notably, the Value Added Tax (VAT) emerged as the primary source of revenue, reflecting a significant increase of \$1.11 million relative to the previous year. Additionally, Import Duties also demonstrated a positive trend, with revenue rising by \$1.14 million compared to 2023. Overall, these results indicate a strong performance across the board, highlighting the effectiveness of the department's strategies in enhancing revenue generation.

Inland Revenue Department

The Inland Revenue Department (IRD) had set an anticipated target for revenue collections in 2024, aiming for \$70 million, which would represent a significant achievement for the Ministry at a rate of 49.1%. However, the IRD exceeded expectations by generating a total revenue of \$73.10 million, reflecting a notable increase from the previous year's collection of \$69.58 million and a substantial rise from the \$62.13 million recorded in 2022. This accomplishment not only

highlights the IRD's effective strategies in revenue generation but also indicates a positive trend in financial performance, as the department realized an additional \$3.10 million beyond its initial forecasts.

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

Taxes	ACTUAL 2024	ACTUAL 2023	VARIANCE
	\$	\$	\$
Stamp Duty – Property	12,849,726	10,931,817	1,917,909
Business & Occupation Licenses	875,699	582,387	293,312
Social Services Levy	12,333,196	11,845,135	488,061
Wheel Tax	3,210,206	3,010,673	199,533
Licenses – Drivers, Temporary	210,678	209,573	1,106
Licenses – Drivers, Permanent	586,228	594,631	(8,403)
Income Tax	6,563,429	11,231,155	(4,667,726)
Property Tax	4,612,437	4,143,120	469,317
Value Added Tax	23,931,368	21,264,252	2,667,116

Most tax revenues have surpassed their figures from the previous year, a trend that has been absent for an extended period. Nevertheless, certain categories of taxes fell short of the revenue levels recorded in 2023. Specifically, the revenue from Driver and Permanent Licenses experienced a decline of \$8,403, while Income Tax saw a significant drop of \$4,667,726. On a more positive note, the Value Added Tax demonstrated a robust performance, exceeding the previous year's revenue by \$2.67 million. Additionally, Stamp Duty on Property also reported an encouraging increase, rising by \$1.92 million.

Regulation and Supervision

This revenue collection segment has exhibited exceptional performance, exceeding its annual budget target. The actual revenue collected reached an impressive \$16.88 million, surpassing the budgeted figure of \$16.44 million by a substantial margin of \$441,146. The sources contributing to this revenue include Annual Fees, which accounted for \$11 million, alongside Penalties related to Annual Fees totaling \$1.31 million. Additionally, Due Diligence Fees contributed \$309,730, while the Registration of Offshore Companies generated \$1.61 million. Furthermore, an unclassified category added another \$1.43 million to the overall collection, highlighting the

diverse streams of revenue that have collectively boosted the financial performance in this segment.

Supply Office

The Supply Office established a revenue target of \$5.70 million for the current fiscal period but fell short, achieving only \$5.60 million, resulting in a deficit of \$98,415. A review of revenue trends over the past five years shows significant volatility, with collections ranging from \$5.21 million in 2020 to \$5.11 million in 2021, and a further drop to \$5.01 million in 2022. Although 2023 saw a rebound to \$6.03 million, this year's revenue has once again declined to \$5.60 million.

MINISTRY OF COMMUNICATIONS, WORKS, WATER

The Ministry initially projected a revenue of \$7.86 million, but it ultimately achieved an impressive \$9.22 million, resulting in a surplus of \$1.36 million. This figure represents a significant increase of \$2.37 million compared to the \$6.85 million collected in 2023.

A primary source of revenue for this Ministry was anticipated to come from the Water Department, which had a budget allocation of \$6.61 million, accounting for 84% of the total budget. The actual revenue generated by the Water Department reached \$7.71 million, surpassing its target by \$1.10 million. Notably, Water Rates contributed \$7.58 million, while Water Connections added \$121,209 to the total. When compared with the previous year's revenue of \$5.79 million, the department's earnings have seen a remarkable increase of \$1.92 million.

In addition to the Water Department, the Post Office emerged as the second significant source of revenue for the Ministry. With a budgeted amount of \$709,000, the Post Office realized \$612,818 in actual collections. This revenue comprised various components, including P.O. Box rentals totaling \$89,735, sales of postal stamps amounting to \$454,196, and unclassified revenue of \$40,348. However, when compared to the previous year, the Post Office's actual revenue experienced a slight decline of \$1,106 from the \$613,924 collected in 2023.

MINISTRY OF HEALTH, GENDER AND SOCIAL EMPOWERMENT

The Ministry of Health initially projected its revenue at \$1.57 million, but it surpassed expectations by collecting \$2.20 million, resulting in a surplus of \$630,663. In the following year, 2023, the projected revenue was slightly higher at \$1.64 million, with actual collections reaching \$1.82 million, indicating a positive trend in revenue generation. This upward trajectory is further highlighted by the Ministry's performance over the past few years: in 2022, the revenue collected was \$1.53 million, which increased to \$1.82 million in 2023, and then rose again to \$2.20 million in 2024. Such consistent growth reflects the Ministry's effective strategies and commitment to enhancing its financial performance, showcasing a robust improvement in its revenue collection efforts.

The Ministry's major collections come from Medical University fees, Hospital fees, and Unclassified revenue. Only the Hospital fees surpassed its budgeted target. The anticipated revenue from Medical University fees was set at \$450,000; however, the actual collection fell significantly short, amounting to just \$72,229.

At Alexandra Hospital, the financial projections were initially established with a budget of \$1,000,000. However, the actual revenue generated far exceeded these projections, reaching an impressive total of \$2.01 million. This figure represents a substantial surplus of \$1.01 million over the anticipated budget. The notable increase in revenue can be attributed to a rise in the fees charged for various services, reflecting both the hospital's commitment to quality care and its ability to adapt to the evolving healthcare market.

Additionally, the Ministry of Health recorded Unclassified revenue amounting to \$116,500, which represents an increase of \$24,835 from the previous year. This category also fell short of its budgeted target of \$120,000.

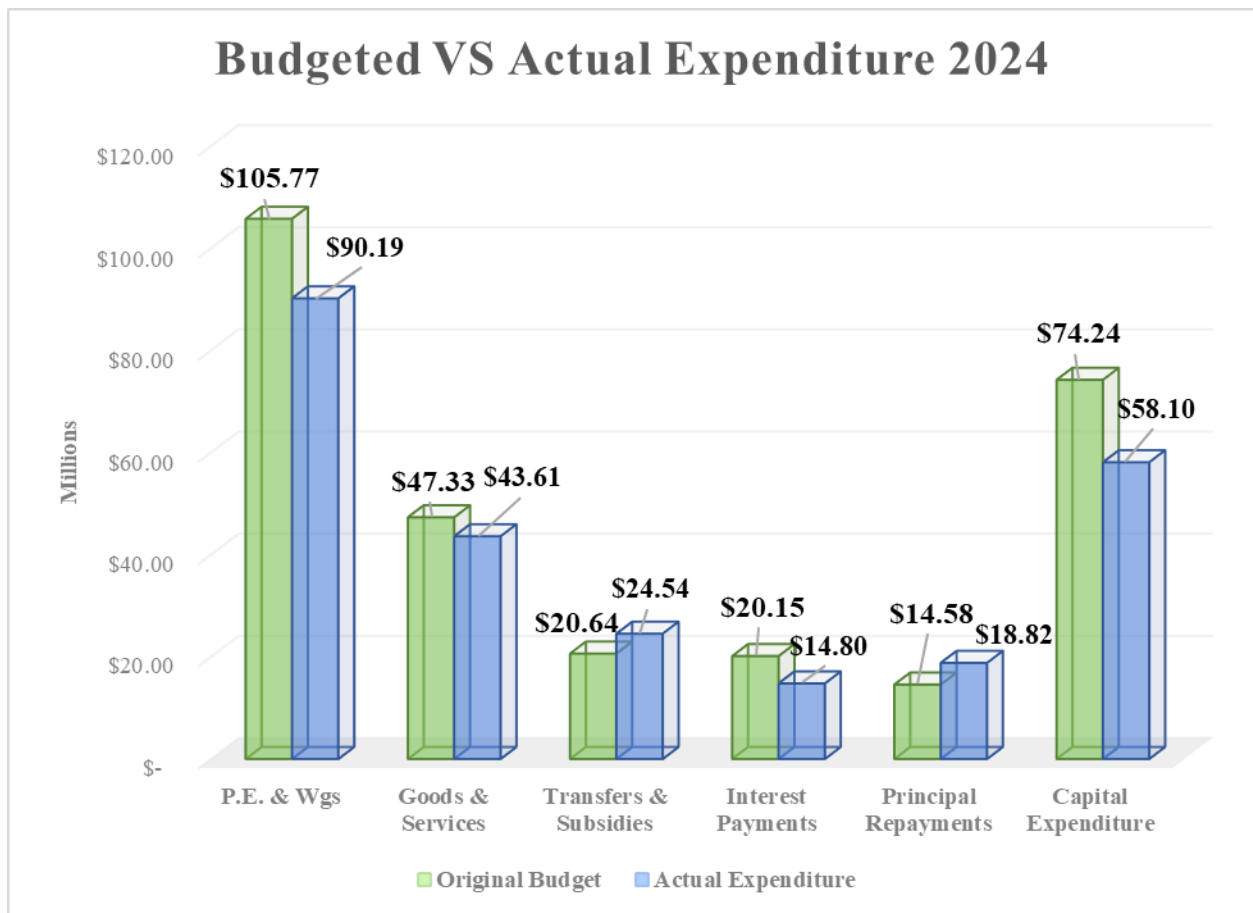
4.3 STATEMENT OF EXPENDITURE

On December 5, 2023, the Nevis Island Assembly approved the 2024 Appropriation Act, granting authorization for a total expenditure of \$282.71 million. A collective budget of \$208.47 million was allocated to twelve (12) Ministries for Recurrent expenditure, while seven (7) of the

seven Program Heads received a budget of \$74.24 million for Capital Expenditure. This signifies an increase of \$21.06 million or 8.05% compared to the budgeted amount of \$261.65 million in 2023.

The total expenditure reached \$250.06 million, distributed as \$191.96 million to the Recurrent account and \$58.10 million to the Capital account. In summary, the expenditure performance yielded a surplus of \$32.65 million over the budgeted figure. The Recurrent account realized savings of \$16.51 million, while the Capital account also achieved savings of \$16.14 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 2024.



Expenditures on Personal Emoluments and Wages rose by \$1.37 million compared to the 2023 figure of \$88.82 million, while remaining within the 2024 budget allocation of \$105.77 million. Transfers and Subsidies amounted to \$24.54 million, exceeding the budgeted \$20.64 million by \$3.90 million. The key components of this expenditure included Gratuity and Pensions at \$20.59 million, Grants and Contributions at \$2.67 million, and Public Assistance at \$1.28 million. Additionally, it is noteworthy that Goods and Services achieved a savings of \$3.72 million against the budgeted \$47.33 million, even though the total spending on Goods and Services rose by \$1.37 million from the 2023 actual of \$42.24 million.

During the 2024 financial year, with the exception of two (2) Program Heads, all other Heads kept their spending on the recurrent 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 2024:

Ministries	BUDGET	ACTUAL	EXCESS
Ministry of Tourism	5,280,500	5,339,339	58,839
Ministry of Finance	92,910,200	95,221,077	2,310,877

Ministries	BUDGET	ACTUAL	SAVINGS
Ministry of Communications, Works, et al	16,596,900	13,515,611	3,081,289
Premier's Ministry	8,125,800	7,366,464	759,366
Ministry of Agriculture, Lands, et al	9,679,000	8,304,670	1,374,330
Ministry of Health & Gender Affairs	33,942,300	27,262,803	6,679,467
Ministry of Education & Library Services	36,873,000	30,939,448	5,933,552

DEPUTY GOVERNOR-GENERAL

For the year 2024, the Office of the Deputy Governor-General received an allocation of \$664,000. Of this amount, \$555,369 was utilized, resulting in a savings of \$108,631 or 16.3%. The budget for this office saw an increase of approximately \$59,500 compared to the allocation

for 2023. Additionally, all other programs successfully kept their expenditures within the allocated budgets.

LEGISLATURE

The Ministry received a budget allocation of \$952,900, representing a 0% change compared to the 2023 budget. Although there was no change in budget allocation, the Ministry achieved savings of \$321,440, resulting in an actual expenditure of \$631,460.

The Legislature comprises two program heads: Administration and the Office of the Opposition Leader, both of which achieved savings. The Administration had a budget of \$645,200 and spent \$487,460, while the Office of the Opposition Leader incurred an actual expenditure of \$144,000 against a budget of \$307,700.

LEGAL SERVICES

A total of \$1.30 million was budgeted between two programs: the Legal Department, which received \$1.18 million, and the Company Registry, which was allocated \$127,100. The total expenditure amounted to \$1.10 million, with the Legal Department spending \$1.02 million and the Company Registry spending \$84,388. This led to a total savings of \$203,843, representing about 15.6% of the budget. All programs successfully adhered to their respective expenditure limits.

PREMIER'S MINISTRY

The budget allocated to this Ministry was \$8.13 million, while actual expenditures reached \$7.37 million, resulting in a savings of \$759,366. This figure reflects an increase in expenditures compared to the previous year, where the Ministry spent \$7 million. The expenditures for the Premier's Ministry are categorized into four main programmes: Office of the Premier, Registrar and High Court, Magistrate, and Department of Information.

Office of the Premier

This program received a budget allocation of \$5.52 million, which included \$4.06 million for Administration, \$1.32 million for the Security Services Division, and \$141,000 for Public Utilities and Energy. The overall actual expenditure reached \$5.35 million, leading in a savings of \$168,871. Among the three units, all stayed within their budget allocation.

Key areas of overspending included Travel and Subsistence, which amounted to \$79,341 against a budget of \$60,000; Wages, which were budgeted at \$1 million but totaled \$1.02 million; and Grants and Contributions, which had a budget of \$550,000 but incurred expenses of \$579,700. It is important to note that Wages, and Grants and Contributions are recurring programs that have experienced overspending in previous years.

Registrar and High Court

The actual expenditure for this programme was \$1.05 million resulting in \$188,422 being returned as savings on the budgeted amount of \$1.24 million. Additionally, the actual expenditure for 2024 increased by 22.3% over the previous year when \$860,172 was spent. However, the budget had an increase, moving from \$939,000 in 2023 to \$1.24 million for the current period.

Magistrate

The budget set for the Magistrate Court was \$247,500 which decreased by \$11,000 from the 2023 budget of \$258,500. The Actual expenditure amounted to \$225,435 which reflected a savings of \$22,065. This programme kept within its budget for the past three fiscal years, returning savings of \$10,071 in 2022, \$43,083 in 2023 and now \$22,065 in 2024.

MINISTRY OF FINANCE, STATISTICS & ECONOMIC PLANNING

The Ministry of Finance and its nine (9) programmes were allocated a budget of \$92.91 million and had an actual expenditure of \$95.22 million for a net excess of \$2.31 million. Among the

nine programmes, only Administration and Treasury Department exceeded their budgeted allocations.

Administration

The administration reported an actual expenditure of \$20.80 million, compared to a budget of \$19.17 million, resulting in overspending of \$1.63 million. This budget was allocated among the Administration, Central Procurement Unit, Internal Audit, Budget Division, and Economic Policy Division.

The Ministry is responsible for several key expenditure areas related to government-wide services, which include: Telephone expenses totaling \$1.31 million; Medical Insurance costs of \$3.15 million; Claims against Government amounting to \$700,927; and Electricity expenses of \$12.18 million. In total, these areas incurred costs of \$14.69 million for the government in 2023, while the current year has seen these costs rise to \$17.33 million, indicating an increase of \$2.64 million.

Treasury Department

The Treasury Department's budget allocation for 2024 amounted to \$49.95 million, with \$49.45 million designated for Administration and \$500,000 for Accounting Operations. However, the actual expenditures totaled \$54.73 million, comprising \$54.32 million for Administration and \$400,738 for Accounting Operations, resulting in a budget overrun of \$4.78 million. This year's spending exceeded the previous year's total of \$53.18 million by \$1.55 million.

Significant expenditure categories included Retiring Benefits at \$20.59 million, Domestic Debt servicing costs at \$22.67 million, Overdraft Interest at \$3.18 million, Treasury Bills Interest at \$2.99 million, and Foreign Debt servicing at \$4.78 million.

Supply Office

The allocated budget for the Supply Office was \$10.26 million, while the actual expenditure reached \$8.42 million, resulting in a savings of \$1.84 million. In comparison to the prior financial year, this department's spending was \$9.86 million, which exceeded its budget of \$8.05 million by \$1.81 million.

A significant portion of the department's budget, approximately 95.5%, was dedicated to the Supplies and Materials category. Analyzing historical trends, the costs associated with Supplies and Materials have fluctuated over the years, starting at \$6.84 million in 2021, rising to \$7.23 million in 2022, and peaking at \$9.42 million in 2023, before experiencing a decline to \$7.88 million in the current financial year.

MINISTRY OF COMMUNICATIONS, WORKS, PUBLIC UTILITIES

This Ministry was allocated \$16.60 million and had an actual expenditure of \$13.52 million, compared to the \$15.11 million spent in the previous financial year. All seven (7) Programs in this Ministry realized net savings on their budget allocations, to provide the \$3.08 million savings recorded.

Administration

The ministry was allocated a budget of \$2.06 million and spent \$1.34 million, leading to a net savings of \$0.72 million. This budget was distributed across the Administration, Philatelic Bureau, Project Management Unit, and Water Resources Management Unit. The actual expenditures for each unit were as follows: Administration at \$921,044, Philatelic Bureau at \$142,558, Project Management Unit at \$208,810, and Water Resources Management Unit at \$62,805.

Public Works

The Public Works programme received the largest share of the budget, amounting to \$5.92 million, allocated for various activities including Administration at \$1.25 million, Roads, Bridges, and Minor Works at \$1.48 million, Repair Shop at \$1.35 million, Buildings at \$1.51 million, and the Asphalt Plant at \$329,000. The program reported expenditures totaling \$4.79 million, resulting in a budget surplus of \$1.13 million. Specifically, \$941,572 was utilized for Administration, \$1.21 million for Roads, Bridges, and Minor Works, and \$1.17 million for Buildings.

Water Department

The department received a budget of \$4.44 million and utilized \$3.59 million, resulting in a net savings of \$846,289. The Administration and Billing Division accounted for expenses totaling \$1.33 million, while the Production Activity incurred costs of \$1.04 million. The Distribution Activity had total expenses of \$1.19 million, and the Quality Control costs were recorded at \$38,127.

MINISTRY OF AGRICULTURE, LANDS, COOPERATIVES

The actual expenditure incurred by this Ministry amounted to \$8.30 million or approximately 85.7% of its assigned budget of \$9.68 million and realizing a savings of \$1.38 million.

The Ministry of Agriculture et al is divided in three (3) programmes; Administration; Department of Agriculture; and Department of Marine Resources. The actual expenditure for each programme was: Administration \$2.67 million; Department of Agriculture \$4.93 million; and Department of Marine Resources \$600,219.

Compared to the previous financial year, this ministry was allocated \$9.80 million and incurred spending of \$8.51 million, and realized a net savings of \$1.29 million.

MINISTRY OF HEALTH, GENDER AFFAIRS AND SOCIAL EMPOWERMENT

The budget allocation for this Ministry amounted to \$33.94 million, marking an increase from the \$32.24 million allocated in the 2023 budget due to the restructuring of the Ministry. The actual expenditure totaled \$27.26 million, which is approximately \$124,134 lower than the \$27.39 million spent in 2023. Of the seven programs under this Ministry, all achieved savings, contributing to an overall savings total of \$6.68 million for the Ministry.

Public Health

The department was allocated a budget of \$7.35 million, of which \$5.72 million was utilized. Community Health Services received a budget of \$1.96 million and spent \$1.54 million. Some major expenses were Supplies and Materials of \$68,400 and Rental of Property of \$171,810, where both stayed within their budgeted allocations.

Environmental Health Services had a budget of \$1.39 million and spent \$1.07 million, resulting in savings of \$313,144. The Health Promotion Unit's expenditures amounted to \$917,167, against its budget of \$1.11 million, with Personal Emolument at the highest expenditure of \$715,263.

Alexandra Hospital

The budget allocation for Alexandra Hospital saw a modest increase to \$13.65 million, up from \$12.53 million in 2023. The actual expenses totaled \$12.48 million, resulting in savings of \$0.13 million. This program encompasses four key activities: Administration, Patient Care, Diagnostic Services, and Domestic and Nutrition Services.

Among these activities, Patient Care accounted for the largest share, with a budget of \$8.40 million and actual costs of \$7.92 million. Significant expenditures within this category included \$6.83 million for Personal Emoluments and Wages, \$275,269 for Supplies and Materials, \$89,890 for Operating and Maintenance, and \$698,042 for Allowances. Notably, Allowances and Operating and Maintenance were the only two categories that surpassed their budgeted limits of \$500,000 and \$65,000, respectively.

The actual spending for the other activities was as follows: Administration and Maintenance at \$2.08 million, Diagnostic Services at \$1.03 million, and Domestic and Nutrition Services at \$1.46 million.

Department of Social Services

The Department of Social Services had a budget of \$3.95 million, allocated across four key activities: Administration received \$1.37 million, Family Services was allocated \$1 million, the Senior Citizens Division was budgeted at \$1.18 million, and the Counselling Unit was set at \$399,500. For the current financial year, the actual expenditures were as follows: Administration spent \$1.26 million, Family Services utilized \$886,572, the Senior Citizens Division incurred costs of \$834,422, and the Counselling Unit expended \$174,728, for a grand total of \$3.16 million.

MINISTRY OF EDUCATION, LIBRARY SERVICES

The Ministry of Education and Library Services reported an actual expenditure of \$30.94 million for the financial year 2024, resulting in net savings of \$5.93 million compared to the budgeted amount of \$36.87 million. In contrast, the previous financial year saw the Ministry spend \$30.78 million against a budget of \$34.98 million. Over the two-year period, the Ministry has achieved modest savings each year, increasing from \$4.20 million in 2023 to \$5.93 million in 2024.

The total expenditures for the nine programs under this Ministry were as follows: Administration at \$1.77 million; Education Department at \$5.89 million; Primary Education at \$8.74 million; Secondary Education at \$9.98 million; Public Library at \$723,651; Higher and Continuing Education at \$551,810; Department of Information Technology at \$706,104; Department of Youths at \$197,562; and Department of Sports at \$2.38 million. All programs remained within their budget for 2024.

CONCLUSION

The Detailed Statements of Expenditure for 2024 reveal that significant efforts were made to manage spending effectively throughout the year. It is particularly impressive that only two categories within the recurrent account exceeded their allocated budgets, marking a noteworthy accomplishment in fiscal discipline. This careful management has resulted in a net savings of \$16.51 million within the overall Budget. While expenditures have indeed led to savings compared to the previous budget, it is important to highlight that there was a decrease of \$16.82 million in spending compared to the prior year.

Moving forward, it is essential to concentrate on those major expenditure items that consistently spiral out of control annually, as well as to pinpoint the weak links within the control processes that contribute to this issue.

1. Year after year, the Audit has raised concerns regarding the substantial government expenditure on electricity. This fiscal year has seen one of the highest spending levels recorded over the past five years. In 2020, the government allocated \$4.67 million for electricity, which surged to \$9.95 million in 2021. The following years showed a slight decrease, with expenditures of \$9.64 million in 2022 and \$9.53 million in 2023. However, in 2024, the spending escalated dramatically to \$12.18 million. One might assume that this increase was intended to address outstanding balances and bring the electricity payments up to date; however, there are still outstanding balances. It is evident that a more thorough evaluation of the financial management of electricity bills is necessary to ensure responsible spending and effective resource allocation in the future.

4.4 THE CAPITAL ACCOUNT

The capital expenditure budget for 2024 was approved at \$74.24 million that anticipated sources to be from Revenue of \$56.99 million; Loans of \$13.75 million; and Grants or Development Aid of \$3.50 million to support a total of 83 projects.

Actual expenditure for capital projects amounted to \$58.10 million representing a decrease of \$16.13 million over the budgeted amount. Of this amount, spending from Revenue amounted to \$46.55 million; Loans amounted to \$6.39 million; and Grants or Development Aid was \$5.16 million. This covered expenditure on 70 budgeted projects and 5 projects that were not budgeted for in 2024. At the end of the 2024 financial year, 13 projects with a combined estimated budget of \$4.08 million had not been started. They consist of projects from prior years that had not commenced or were ongoing in 2023.

Actual Capital Revenue realized was \$76.45 million where the sources came from Loans and Grants of \$10.75 million and Federal Budgetary Support of \$66 million.

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

The Office of the Premier allocated a budget of \$3.95 million, of which \$2.95 million was utilized, resulting in a savings of \$1 million. Significant expenditures included \$975,168 for National Celebrations, and \$1.25 million for Constituency Empowerment. Notably, all these expenditures exceeded their respective budgeted amounts, with National Celebrations surpassing its budget by \$825,168 and Constituency Empowerment by \$451,180.

The fourteen projects that were realised by the Ministry of Finance incurred a total of \$8.45 million from their budget of \$9.45 million, resulting in a net savings of \$1 million. Additionally, one significant expenditure was not accounted for in this year's budget: the Purchase of Lands (Garniers Estate) amounting to \$3.6 million. Additional projects that deserves attention is the Purchase of Vehicles, which recorded spending of \$343,591 against its budget allocation of \$300,000; and the Feasibility Study – Port Expansion which was initially allocated a budget of \$750,000; however, the total expenses ultimately reached \$952,370.

The Ministry of Communications, Works, Public Utilities and Posts had a capital expenditure amounting to \$19.67 million from their budget of \$24.48 million, resulting in a net savings of \$4.81 million. The Ministry spent a total of \$7.86 million on Road Improvement, Water Drilling Programme, Land Settlement, and Land Use Policy Feasibility Study. The Public Works Department spent \$6.35 million on the Road Development Programme, Renovation and Expansion of Government Buildings, and Asphalt Plant Maintenance. The Water Department incurred a total of \$4.93 million on the continuing project for Water Service Upgrade. There was

\$79,398 spent on Caribbean Development Bank (CDB) Water Development Project that was not budgeted for in this financial year.

The capital projects done by the Ministry of Agriculture, et al included the Upgrade of Agricultural Facilities, Feral Animal Control, and Procurement of Agriculture Equipment incurred a total of \$11.18 million from a budget of \$9.75 million. Major spending was Upgrade Agricultural Facilities which incurred a total of \$557,187, Subvention to Culturama of \$2.59 million and Upgrade of Cultural Complex of \$1.99 million.

The ministry has unexpectedly spent \$4.75 million on the Culturama 50 Renovations, (**refer to cover page**) an expense that was not accounted for in the budget. This situation raises concerns, particularly given that the government allocates a subvention to support the Culturama each year. Despite this financial backing, the government does not appear to be reaping any tangible benefits, as the revenue generated from Culturama is not recognized as part of the government's income. This disconnect between funding and financial return prompts a critical examination of the event's economic impact and the overall effectiveness of the government's investment in cultural initiatives. It is essential to assess whether the resources dedicated to Culturama are yielding sufficient returns to justify the ongoing financial commitment.

The Ministry of Health incurred \$4.65 million, representing 32.49% of its planned budget of \$14.31 million. Of the \$1 million budgeted for the Improvement of Alexandra Hospital, its incurred \$1.12 million. Additional expenditures for the Ministry included the Environmental Work Program at \$915,995, the Establishment of Hospital New Wing at \$463,015, Procurement of Medical Supplies at \$915,770, and the Upgrade and Maintenance of Community Centres at \$215,596.

The Ministry of Tourism incurred a total expenditure of \$5.30 million from its budget of \$5.80 million on two projects namely; the Construction of Pinney's Recreational Park and Tourism Product Development. A total of \$3.14 million and \$2.16 million were incurred respectively.

The Ministry of Education had a budget for fifteen projects but only incurred costs on twelve projects for the year. From its budget allocation of \$9 million, the Ministry incurred a total of \$5.91 million on projects such as the Upgrade and Refurbishment of Schools at \$3.38 million,

the Inter-Primary Schools Championships at \$177,945, Computerization of Government Services at \$435,400, and Upgrade and Maintenance of Sporting Facilities at \$1.70 million.

4.5 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Statement of Financial Assets and Liabilities as at December 31, 2024 and 2023 are summarized with comparative data as follows:

	2024	2023
Financial Liabilities/Assets		
Cash and Cash Equivalents	192,270,389	168,406,260
Other Public Funds	85,554,757	81,312,381
Trust Funds	107,203,299	111,252,635
Advances	(50,179,695)	(40,586,580)
Total Liabilities/ Net Assets	334,848,750	320,384,696
Deficit B/fwd	<u>320,384,696</u>	<u>284,574,126</u>
Surplus/ (Deficit) for year	(14,464,054)	(35,810,570)
Accumulated Deficit	<u>334,848,750</u>	<u>320,384,696</u>

Cash and Cash Equivalents

Cash and cash equivalents at yearend amounted to an overdraft position of \$192.27 million and increased from the previous financial year by \$23.86 million, as the cash position worsened due to the net outflow of such funds during the year.

Advances

At the end of 2024, advances totalled \$50.18 million and increased by \$9.59 million over the previous financial year. The net movement in advances for 2024 was \$38,167 in Personal Advances and \$9.59 million in Other Advances. The net movement in personal advances shows a total of five accounts with activities for the year, along with two new accounts added.

Trust Funds

Trust Funds at the end of the financial year totalled \$107.20 million with a net movement of (\$4.05) million during the year. These funds comprise primarily the outstanding Treasury Bills at the year's end.

Other Public Funds

The total amount of other public funds reached \$85.55 million by the end of the fiscal year. This figure primarily consists of deposit accounts established for designated purposes, which ideally should have been closed once their objectives were fulfilled. However, it has become apparent that several of these accounts are actively utilized on a daily basis to document the receipt of funds and the disbursement of expenditures that could be accurately categorized as standard government revenues and expenses. This practice indicates a potential understatement of the actual revenues and expenditures of the government, raising concerns about the transparency and accuracy of financial reporting within the public sector.

4.6 STATEMENT OF PUBLIC DEBT

The Public Debt at the end of the 2024 financial year review is disclosed as \$548,968,879 reflecting an increase of \$2.63 million or 0.48% over the previous year. During this period, the Domestic portion increased from \$511.81 million to \$518.43 million or by \$6.62 million while the foreign portion decreased by \$3.99 million, moving from \$34.53 million to \$30.54 million.

The outstanding Treasury Bills as of the end of 2024 are disclosed at \$131,237,879 and reflect a net increase of \$389,7834 million or 0.29% over the previous financial year 2023.

Both the Domestic and Foreign portions of the public debt include Government Guarantees that have shown different results over the reviewed period. The Foreign Debt Guarantees have been reduced from \$5.60 million in 2023 to \$5.09 million in 2024. On the other hand, the Domestic Guarantees have increased by \$7.15 million moving from \$57.16 million to \$64.31 million. It must be noted that the total guaranteed debt accounts for 12.6% of the total public sector debt.

In 2024, a new instrument was introduced: the TDC Financial Services 2024 Mortgage of Land, with a total allocation of \$3.60 million. This instrument recorded a disbursement of \$3.60 million and a principal repayment of \$100,160. By the end of the year, the total principal payments across 25 loans reached \$13.53 million. Additionally, disbursements from the Water Drilling Programme amounted to \$1.72 million, accompanied by principal repayments of \$713,090, resulting in an outstanding balance of \$3.01 million. For the fiscal year, there were only two disbursements, as previously noted, totalling \$5.32 million.

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

PUBLIC DEBT:	2024	2023	2022	2021	2020
Domestic	518,433,472	511,811,957	485,377,471	454,296,665	446,473,663
Foreign	30,535,407	34,530,388	37,726,361	40,783,501	45,729,370
Guaranteed –Domestic	64,309,175	57,161,983	59,451,304	44,801,063	45,038,173
Guaranteed – Foreign	5,089,639	5,604,722	6,195,524	7,155,450	8,887,921
Total Debt	548,968,879	546,342,346	523,103,833	495,080,166	492,203,033

ACKNOWLEDGMENTS

To conclude, I wish to convey my sincere appreciation to the team at the Nevis Audit Office for their dedicated efforts in completing the audit assignments for the specified period. Although the National Audit Office bears the ultimate responsibility for the accounts report, it is the Nevis Audit Office personnel who perform the essential groundwork, including vouching, inspections, and analyses. Their steadfast commitment to the task and their adherence to the principle of enhancing accountability are truly praiseworthy.

I would also like to acknowledge the Treasurer and their team for their exemplary work in managing the accounts of the Nevis Island Administration, ensuring they remain current and readily accessible. Furthermore, I extend my gratitude to the staff from other Ministries and Departments in Nevis for their timely and valuable support. The cooperation of all these individuals is vital for the National Audit Office to successfully execute its legislative responsibilities.

Work of the Nevis Audit Office

Performance Audit of the Management of Impacts of Climate Change on Water Resources Management in Nevis



SAI: St. Kitts and Nevis

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Executive Summary

The INTOSAI Development Initiative (IDI) initiated the Cooperative Audit on Climate Change Adaptation Actions (CCAA) in partnership with the INTOSAI Working Group on Environmental Audit (WGEA) and various other stakeholders. In conjunction with IDI, the Nevis Audit Office performed a performance audit focusing on the management of the impacts of climate change on water resources management.

Following the completion of this audit, we have determined that the management of water resources in the context of climate change has not been entirely effective in its execution.

1. The current approach to implementing climate change adaptation policies in water resource management is insufficient.
 - a. The Nevis Water Resources Management Unit lacks an official policy document that clearly defines its operational framework.
 - b. The existing Water Bill is outdated and requires revision to incorporate strategies aimed at addressing climate change adaptation.
 - c. The Unit has recognized the various impacts of climate change on water resources, which include rising sea levels, an increase in drought frequency, and the intrusion of saltwater into freshwater wells.

2. The government has made minimal progress in incorporating climate change risks associated with water resources into relevant planning and programs.
 - a. There is a notable absence of proactive assessments regarding the influence of water resources on development projects, with evaluations taking place only after project has started.
 - b. Although the effects of climate change on water resources are acknowledged, there remains a considerable gap in public awareness and understanding of these issues.
 - c. The monitoring and evaluation of climate change adaptation efforts are insufficient, and collaboration with other sectors vulnerable to climate change is limited.

Introduction

The INTOSAI Development Initiative (IDI) has launched the Cooperative Audit on Climate Change Adaptation Actions (CCAA), in which the Nevis Audit Office will be conducting an audit of Water Resources Management. This initiative aims to encourage SAIs around the world to produce high-quality audits and recommendations that are compliant with the International Standards of Supreme Audit Institutions (ISSAI) regarding government efforts for climate change adaptation in specific relevant areas, such as disaster risk reduction, water resource management, sea level rise and coastal erosion, and the implementation of climate change adaptation planning or actions (SDG 13).

According to the United Nations, climate change refers to long-term shifts in temperatures and weather patterns. While natural variations in the solar cycle can affect climate, human activities, particularly the burning of fossil fuels like coal, oil, and gas, have been the primary driver of climate change since the 1800s. The burning of fossil fuels releases greenhouse gas emissions that trap the sun's heat and contribute to rising temperatures.

Climate change poses significant risks to water resource management, including changing precipitation patterns, increased droughts, more severe floods, and the melting of ice fields. Adaptation actions can address various aspects, such as ensuring access to clean water for all, including vulnerable populations in remote areas, implementing innovative approaches to managing scarce water resources in semi-arid and arid regions, promoting water-saving practices, and adopting smart strategies for utilizing water resources in agriculture. It is crucial for effective water resource management to maintain a balance between water consumption and preserving enough water to sustain ecosystems.

The Ministry of Communications, Public Works, Water Services, Physical Planning, Environment, Posts, Labour and Disaster Management has the overall responsibility for managing the water resources within the island of Nevis. This ministry includes a Water Resource Management Unit that was established in 2019, collaborating with the Nevis Water Department; in an effort to incorporate measures to manage the island water resources and uses in infrastructure. The main goals of the Ministry regarding Water Management are to ensure the delivery of safe and plentiful potable water at sufficient pressure to meet customer needs, protect citizen health, and enhance the distribution network to minimize unaccounted water while collecting accurate data on water production and distribution promptly.

Audit objectives and Audit questions

Audit Objectives

- To evaluate the extent to which the government has implemented climate change adaptation policies in the water resource management framework.
- To evaluate the extent to which the government has incorporated climate change risks to water resources into relevant planning and programs.

Audit Questions

1. To what extent has the government identified current and potential climate change impacts to water resources?
2. What existing climate change adaptation measures are there in relation to water resources?
3. Has the government formulated appropriate policies or developed plans for specific climate change adaptation actions?
4. Are there adequate legal provisions in place for implementing climate change adaptation measures?
5. Does the government have in place the required resources e.g. financing, skills, and other capabilities to implement adaptation measures?
6. To what extent does the government consider climate change observations and projections in relevant water resources program or project planning and implementation?
7. How, if at all, does the government measure and evaluate adaptation progress and effectiveness?
8. To what extent could the government's efforts to make risk-reduction (adaptation) measures more viable and attractive?
9. Has the government identified vulnerable/marginalized groups and made provisions in climate change adaptation planning and/or adaptation measures?
10. To what extent could government's efforts engage non-government partners in reducing risks to water resources?

Audit Scope

The audit concentrated on the initiatives implemented by the Water Resources Management Unit to enhance the efficiency and effectiveness of the water resource in Nevis from April 2024 to December 2024.

We interviewed key staff members to delve deeper into the operations, evaluate departmental policies and procedures, particularly concerning Climate Change, and review existing systems for adapting to climate change impacts on water resources.

Audit Methodology

The methods that were utilized by the Nevis Audit office to gather data about the current and future status of the water resource management of Nevis included an interview with the water resource management unit and site visits to observation wells and to newly drilled wells across the island.

The interview was conducted on October 9th, 2024 by the Nevis Audit Office to ask the questions previously listed and obtain necessary data from the Water resource management unit about the measures that were implemented to manage the island's water resources.

The site visit was conducted on November 7th, 2024 to observe and physically inspect an observation well at Paradise Estate, two newly drilled wells at Maddens and Butlers and a desalination plant at maddens. During the site visit, the audit team learned that a total of nine wells are to be drilled and each well is expected to supply a minimum of about 50 gallons per minute and maximum of about 350 gallons per minute. Moreover, the audit team also learned that desalination plant was developed to provide an additional water source and form part of the island's water, climate adaptation and implementation resilience. .

Part Two – Findings and Recommendations

Audit Question 1 – Identification of Climate Change Impacts to Water Resources

To what extent has the government identified current and potential climate change impacts to water resources?

Audit Criteria and Sources

All nations are anticipated to develop adaptation plans, strategies, and policies aimed at assessing the effects of climate change, as outlined in Article 7, Part 9 a-e of the Paris Agreement.

The island faces a significant risk regarding the availability of groundwater as a result of these climate impacts.

Audit Finding

In 2018, St. Kitts and Nevis took a significant step towards developing a comprehensive National Climate Change Adaptation Strategy. This strategic framework not only outlines the main impacts of climate change on the nation but also places a particular emphasis on the critical issue of water resources. Water is a vital resource for both the population and the ecosystem, and the Strategy highlights the vulnerabilities that climate change poses to this essential commodity.

Despite the establishment of this strategic plan, public awareness regarding the effects of climate change remains alarmingly limited. Many residents may not fully understand the implications of climate change on their daily lives, particularly concerning water availability and quality. This education is essential for fostering a culture of resilience and preparedness, enabling individuals and communities to adapt to changing conditions and mitigate potential adverse impacts.

Moreover, a significant gap exists in the assessment of the critical vulnerabilities and adaptation measures identified in the Strategy Plan. This oversight could lead to missed opportunities for implementing effective adaptation strategies that could mitigate the adverse effects of climate change on water resources and other sectors.

The Nevis Water Resources Management Unit has recognized the pressing impact of climate change on water resources, particularly in light of increasing drought events and the alarming

occurrence of saltwater intrusion into groundwater wells. Rising sea levels, a direct consequence of climate change, exacerbate this issue, threatening the quality and availability of groundwater supplies. As a result, the island is facing a serious situation where insufficient water resources are available to meet the essential needs of its population, including drinking water, sanitation, and agricultural irrigation.

Audit Recommendation

The Nevis Water Resources Management Unit need to comply the current and potential climate change impacts to water resources that they have identified and raise awareness in the communities; by providing clear, accessible information so the public can understand the challenges posed by climate change and the importance of sustainable water management.

It is important for the Nevis Water Resources Management Unit to engage in collaborative efforts with various agencies, including the Agriculture Department, the Department of Physical Planning, and the Department of Climate Action in St. Kitts. Such collaboration allows for the pooling of diverse expertise and perspectives, which can lead to more comprehensive and innovative solutions that will address any climate change impacts these different agencies face.

Audit Question 2 – Existing Climate Change Adaptation Measures to Water Resources

What existing climate change adaptation measures are there in relation to water resources?

Audit Criteria and Sources

All nations are anticipated to develop adaptation plans, strategies, and policies aimed at assessing the effects of climate change, as outlined in Article 7, Part 9 a-e of the Paris Agreement.

Insufficient policies aimed at addressing climate change.

Audit Finding

The National Climate Change Adaptation Strategy for St. Kitts and Nevis has identified key gaps and necessary measures for adaptation in response to the challenges posed by climate change. The Government of Nevis has taken proactive steps to implement some actions specified in this strategy. A key focus of these efforts is to mitigate the vulnerability of the water supply system, which has been significantly impacted by changing climate patterns. To address this, the Water Resources Management Unit is actively working on climate-proofing the infrastructure for water storage, supply, and distribution, ensuring that it can withstand the adverse effects of climate variability.

With the Water Resources Management Unit evaluating the volume of water present in wells and storage tanks provides valuable insights into the current status of water resources and aids in forecasting future availability. One of the most pressing challenges faced by the Water Resources Management Unit is the reduction in rainfall, which has led to significant difficulties in delivering adequate water to the public. This decrease in water availability has had a direct impact on the community, affecting both daily life and agricultural practices.

In response to this critical situation, several recent efforts aimed at strengthening the water supply has been undergone such as the installation of new water storage tanks to increase capacity, investments in retrofitting old wells to enhance their efficiency, and the drilling of new wells to tap into additional groundwater resources. Furthermore, the establishment of a Water Treatment Plant and a Desalination Plant represents a significant investment in technology aimed at improving the overall water supply, ensuring that the community has access to clean and safe water and being able to evaluate the volume of water present.

In addition to these infrastructural improvements, to assist homeowners and educational institutions in this endeavor, rainwater catchment systems have been introduced as a practical solution for conserving water. These systems allow for the collection and storage of rainwater, which can be used for various non-potable purposes, thereby reducing the demand on the public water supply. Water tanks have been strategically incorporated into various facilities, including schools and police stations, to enhance water capacity and support agricultural practices, ensuring that these essential services can continue to operate effectively even during dry spells.

Audit Recommendation

To ensure the effectiveness of current climate change adaptation measures, the Water Resources Management Unit should implement regular monitoring of water levels in wells and storage tanks. Additionally, it is essential to establish a maintenance schedule for these storage facilities to ensure their ongoing functionality.

Audit Question 3 – Policies or Developed plans for Climate Change Adaptation Actions

Has the government formulated appropriate policies or developed plans for specific climate change adaptation actions?

Audit Criteria and Sources

All signatory countries of the Paris Agreement are anticipated to participate in adaptation planning procedures in order to formulate a national adaptation plan.

There should be implementation of policy and institutional reforms and ensure consistency with federal policies and institutions.

Audit Finding

In 2018, St. Kitts and Nevis took a significant step towards addressing climate change by developing a National Climate Change Adaptation Strategy which is the responsibility of the Department of Climate Action in St. Kitts. The establishment of a National Climate Change Committee, which is essential for overseeing the implementation and effectiveness of the adaptation strategy, has not occurred and should have individual representation from both island. The delay can largely be attributed to the disruptions caused by the COVID-19 pandemic, as well as the political changes that followed the 2020 government elections. These elections resulted in shifts in ministerial positions, which likely contributed to a lack of continuity and focus on climate change initiatives during the period of transiting into office.

Concerning Nevis Water Resources Management Unit, the National Climate Change Adaptation Strategy indicates that Nevis was expected to implement policy and institutional reforms outlined in the 2016 Nevis Strategic Framework for Water Resources Management. This framework was designed to align local water management practices with broader federal policies and institutional frameworks. However, this task remains unfulfilled, highlighting a significant gap in the governance and management of water resources on the island.

Through a series of interviews and comprehensive document reviews, we have determined that while a Plan for Water Resources does exist, it is not being fully utilized or recognized in an official capacity. The 2016 Nevis Strategic Framework for Water Resources Management, which

was developed by an external consultant, serves as a guiding document for water resource management in Nevis. Despite its potential to inform and shape effective water management practices, the framework is not an official document of the Government of Nevis.

One of the key recommendations of the framework was the creation of a Water Resources Management Policy. Unfortunately, this policy has yet to be enacted, leaving a critical void in the regulatory and operational framework necessary for effective water resource management. The absence of this policy not only hampers the strategic direction for water management but also limits the ability of stakeholders to engage in coordinated efforts to address water-related challenges.

The Unit has been developing a Model Water Policy, initially drafted in 2022; however, this document has yet to be finalized or acknowledged as an official government policy. The Unit depends significantly on the insights and suggestions from the consultant who created the Nevis Strategic Framework for Water Resources Management, given the absence of an official policy. This lack of a formal policy hampers the Unit's ability to implement essential reforms and adjustments needed for effective and sustainable management of water resources.

Audit Recommendation

The Water Resources Management Unit should enhance collaboration with the Department of Climate Action in St. Kitts, which is responsible for offering assistance regarding climate change initiatives for the broader federation and establishing the National Climate Change Committee that will help to develop, change and adapt plans for climate change.

Management should advocate for additional personnel to implement a new Water Resources Management Policy and Strategy and present it to the appropriate authority for official approval. Addressing this issue is essential for ensuring the sustainable management of water resources in Nevis and for aligning local practices with the National Climate Change Adaptation Strategy.

Audit Question 4 – Legal Provisions for implementing Climate Change Adaptation Measures

Are there adequate legal provisions in place for implementing climate change adaptation measures?

Audit Criteria and Sources

There should be legal provisions in place for implementing climate change adaptation measures.

Audit Finding

The National Climate Change Adaptation Strategy currently in place for St. Kitts and Nevis is characterized by its absence of strong legal provisions, which limits its effectiveness and enforceability. As it stands, the strategy functions primarily as an administrative policy, lacking the binding authority that a legal provision would provide. This situation presents a significant challenge, as administrative policies can often be subject to changes in political leadership or priorities, potentially undermining long-term climate adaptation efforts.

In the context of St. Kitts and Nevis, the Adaptation Strategy has identified critical gaps in the current approach to climate change. These gaps highlight the urgent need for comprehensive adaptation measures that are not only strategic but also legally enforceable. Among the essential adaptation measures identified, the development of a legal provision stands out as a priority. This legal provision should address climate change and its associated adaptation strategies. By doing so, the nation can enhance its resilience to climate impacts, protect its natural resources, and safeguard the well-being of its citizens.

Moreover, a legally binding framework would enable St. Kitts and Nevis to align its adaptation strategies with international climate agreements and commitments, thereby strengthening its position in global climate negotiations. It would also foster collaboration with regional and international partners, facilitating the sharing of best practices and resources.

On the island of Nevis, the Nevis Physical Planning and Development Control Regulations play a vital role in addressing challenges posed by climate change, particularly in relation to water supply. These regulations include specific provisions that require homeowners to implement

rainwater catchment systems, which serve as a sustainable measure for adapting to the impacts of climate variability and ensuring a reliable water source.

According to the Nevis Physical Planning and Development Control Regulations, 2021, specifically outlined in Part 7, Section 47, there exists a legal framework designed to promote the use of rainwater harvesting. Since the implementation of this regulation, it is evident that few housing developments across the island lack the rainwater catchment systems. This oversight not only undermines the intent of the regulations but also poses a significant risk to the island's water security in the face of climate change.

In response to this pressing issue, the Physical Planning Department has taken proactive steps by initiating a comprehensive review of building plans submitted by homeowners. This review process aims to ensure that all new developments incorporate the required provisions for rainwater harvesting or approval would not be granted. By scrutinizing these plans, the department seeks to reinforce the importance of sustainable water management practices and to hold developers accountable for compliance with the regulations.

At present, a Water Resources Act or Bill that effectively incorporates Integrated Water Resources Management (IWRM) principles and addresses the challenges posed by climate change does not exist in our legislative system. The existing Water Acts are notably outdated, with the last substantial revision occurring in 2002, which fails to reflect the evolving understanding of water management and the pressing need for sustainable practices in the face of climate variability.

The 2016 Nevis Strategic Framework for Water Resources Management used by the Nevis Water Resources Management Unit highlighted the critical need for the development of an Integrated Water Resources Bill. This bill was envisioned to provide a solid approach to managing water resources, ensuring that all aspects of water use, conservation, and protection are considered in a full manner. However, despite this important recommendation, there has been a lack of initiative to advance the development of such legislation.

Audit Recommendation

Communication with the Department of Climate Action in St. Kitts to advocate for the establishment of a legal provision that addresses climate change and its associated adaptation strategies, that requires action by a certain date or within a set period of time.

Collaborate with the Physical Department to strengthen enforcement efforts for the rainwater catchment systems by raising public awareness and ensuring adherence to regulations.

Nevis Water Resources Management Unit need to adopt a proactive approach in advocating for the development of an Integrated Water Resources Bill. This includes drafting the Bill, submitting it to the relevant Minister, and ensuring it is presented to the cabinet for parliamentary consideration.

Audit Question 5 – Resources to implement Adaptation Measures

Does the government have in place the required resources e.g. financing, skills, and other capabilities to implement adaptation measures?

Audit Criteria and Sources

There should be adequate resources in place for adaptation measures.

Audit Finding

Through a series of interviews, it was found that the Water Resources Management Unit was established in 2019 with the goal of addressing the issues surrounding water resource management in the county. Initially, the Unit was staffed by only one individual, who faced the challenge of managing a wide array of responsibilities with limited resources and support. This solitary staff member dedicated themselves to establishing the Unit, but the lack of personnel and funding severely limited its ability to operate effectively.

As the years progressed, the Unit encountered numerous difficulties, primarily stemming from its insufficient staffing and inadequate resources. The challenges included a lack of outreach and educational programs aimed at informing the community about the importance of sustainable water management practices. The single staff member struggled to engage with residents and businesses, which limited the Unit's impact on promoting awareness and understanding of water resource issues.

In early 2024, the Unit experienced a much-needed expansion, growing to a team of three individuals. Among the members, two are trained and certified professionals in the field of water resource management, bringing valuable expertise and knowledge to the Unit. The third member serves in an administrative capacity, helping to streamline operations and support the team's initiatives. Despite this growth, the Unit still faces significant challenges due to the pressing need for additional qualified personnel. With only three members, the Unit struggles to reach a broad audience, limiting its ability to conduct workshops, seminars, and outreach programs that are essential for fostering a culture of water conservation and responsible usage. The need for more trained staff is evident, as the existing team is stretched thin, attempting to cover a wide range of responsibilities that include community engagement, policy development, and resource management.

The current budget constraints severely hinder the Unit's ability to operate at peak efficiency, creating a difficult environment for its activities. It's Ministry has failed to provide the necessary resources needed to implement crucial adaptation strategies essential for the Unit's success. Presently, the Unit faces significant financial limitations, with only \$236,000 allocated for administrative costs and a mere \$4 million designated for improvements in water services. This funding is shared with the Nevis Water Department, which has priority access to these resources, as specified in the Nevis Budget 2024.

This funding allocation indicates a reduced budget for the Unit, primarily due to a lack of understanding and awareness of its vital roles and responsibilities. The Ministry's inadequate investment in the Unit not only weakens its operational effectiveness but also restricts its capacity to tackle urgent issues. Insufficient funding impacts various facets of the Unit's operations, including staffing, training, and the acquisition of necessary materials and technologies.

Audit Recommendation

Water Resources Management Unit should recruit individuals with the essential skills to carry out necessary tasks, including outreach and educational initiatives.

Water Resources Management Unit must advocate for an increase in financial resources within their budget allocation to support more initiatives and secure dedicated capital funding that is independent of the Water Department.

Audit Question 6 – Climate Change observations and projections in program or project planning.

To what extent does the government consider climate change observations and projections in relevant water resources program or project planning and implementation?

Audit Criteria and Sources

Adaptation planning processes includes the assessment of climate change impacts and vulnerability. There should be assessment of climate change impacts conducted.

There should be engagement with other related agencies for project planning and implementation.

Audit Finding

There is a lack of thorough consideration during the planning phase of projects. The manager of the Water Resources Management (WRM) Unit noted that there is no collaboration with the Physical Planning department in the initial stages of Developmental Projects; interaction only takes place at the end when the projects are set to begin. This limited collaboration may stem from a lack of awareness regarding the significance of water resources in these developmental initiatives.

Adequate and reliable access to water is essential for the success and sustainability of various developmental projects and programs. Inadequate access to water presents significant challenges for large-scale developments, such as hotels, residential complexes, and other long-term projects. Additionally, the impacts of climate change could significantly affect the success, failure, or sustainability of these developmental programs or projects. Climate change-induced factors, such as changes in precipitation patterns, water scarcity, and extreme weather events, could jeopardize the viability and long-term success of these initiatives. This could potentially lead to inefficient expenditure and wasted investments if the water resource implications are not properly considered and addressed during the planning and implementation stages.

The recent decision by the Ministry to drill more wells and establish a Desalination Plant reflects a proactive approach to addressing the pressing challenges posed by climate change. This initiative not only acknowledges the ongoing impacts of climate change on water resources but

also aligns with the various adaptation strategies outlined in the SKN National Climate Change Adaptation Strategy.

As climate change continues to exacerbate environmental conditions, the island has been dealing with limited water availability, which has resulted in inadequate distribution for both residential and commercial needs. The persistent drought conditions have further strained the water supply, leading to a situation where the demand for water often exceeds the available resources. This imbalance highlights the urgent need for enhanced water management strategies, including the drilling of additional wells to boost the island's water supply.

The decision to drill more wells is a step in addressing the immediate water shortage issues. However, it is essential to consider the long-term implications of climate change on water levels when determining the depth and placement of these wells. If the potential impacts of climate change are not adequately factored into the planning process, there is a significant risk that the newly drilled wells may not yield the expected results. This oversight could lead to a scenario where additional wells are required sooner than anticipated, further straining resources and complicating water management efforts.

Moreover, the establishment of a Desalination Plant represents a forward-thinking solution to the water shortage problem. By converting seawater into potable water, the plant can provide a reliable source of fresh water, particularly during periods of drought. This technology not only diversifies the island's water supply but also enhances resilience against the unpredictable impacts of climate change.

Audit Recommendation

Water Resources Management Unit should enhance cooperation among departments that could have an effect on water resources within their proposed projects and consider the measures detailed in the National Climate Change Adaptation Strategy in their planning process.

Audit Question 7 – Measurement and Evaluation of Adaptation progress

How, if at all, does the government measure and evaluate adaptation progress and effectiveness?

Audit Criteria and Sources

Monitoring & evaluation are essential for tracking adaptation progress & learning about adaptation success and maladaptation.

Audit Finding

At present, there is no established system in place to measure and evaluate the progress and impact of its climate change adaptation efforts. This gap in assessment mechanisms is particularly concerning given the urgency of climate change impacts on the Federation. The Updated Nationally Determined Contribution (NDC) for 2021 does acknowledge some advancements since the establishment of the SKN National Climate Change Adaptation Strategy. However, it also highlights a persistent lack of measurement and evaluation frameworks that are essential for understanding the efficacy of these initiatives.

The SKN National Climate Change Adaptation Strategy was developed prior to the COVID-19 pandemic, which not only strained resources but also shifted governmental priorities, leading to a transitional phase in leadership following the 2022 elections. Unfortunately, the new administration has yet to take influential action on the strategies outlined in the existing policy framework. This delay further exacerbates the challenges faced in implementing effective adaptation measures.

This absence of clear benchmarks means that the government is unable to gauge the effectiveness of its initiatives or to identify areas that require improvement. Without a structured governance framework to systematically assess these activities, the government remains largely uninformed about the success of the initiatives have to the Federation's environment, economy, and communities.

The Nevis Water Resource Unit lacks the adequate tools and methodologies for assessing and measuring progress in adaptation strategies related to water resource management. This gap in capability hinders the Unit's ability to effectively evaluate the progress of adaptation strategies in place and other environmental factors on water availability and quality.

Despite these limitations, the Water Department plays a crucial role in monitoring water stability on the island by tracking the number of consecutive days with a stable water supply. This metric serves as a vital indicator of the overall reliability and consistency of water resources available to the community. By analyzing this data, the unit can gain insights into the resilience of the water supply system and identify potential vulnerabilities that may need to be addressed. Given the nature of the data maintained by the Water Department, the Water Resource Unit finds itself in a position where it must rely heavily on this information to inform its strategies and initiatives. The collaboration between the two entities is essential, as the Water Resource Unit can leverage the insights gained from the Water Department's data to better understand trends, forecast future water needs, and develop effective adaptation measures.

Audit Recommendation

Engage in dialogue with the Federation representatives for Climate Action regarding strategies to measure and evaluate initiatives that would support the Water Resources Management Unit.

The Nevis Water Resources Management Unit must advocate for the acquisition of critical tools necessary for measuring and evaluating adaptation progress, as well as assessing their effectiveness.

Ongoing partnership with the Water Department would greatly benefit the Nevis Water Resources Management Unit, as valuable data collected could enhance the Unit's efforts.

Audit Question 8 – Viability and Attractiveness of risk-reduction (adaptation) measure efforts

To what extent could the government’s efforts to make risk-reduction (adaptation) measures more viable and attractive?

Audit Criteria and Sources

Incentives Principle which outlines that financial and other incentives should be provided while disincentives should be reduced.

Audit Finding

Efforts to enhance the viability and appeal of adaptation measures remain limited. The SKN National Climate Change Adaptation Strategy, which was developed to address these challenges, outlined a variety of approaches aimed at improving the resilience of communities and ecosystems to the impacts of climate change. These approaches included specific actions, policies, and frameworks designed to facilitate adaptation across different sectors.

However, the change in government in 2022 after this policy has introduced a new political dynamic, and the current administration has yet to take significant actions in line with the recommendations set forth in the adaptation policy. This delay in implementation raises concerns about the Federation's ability to effectively respond to the ongoing and future challenges posed by climate change.

Moreover, there appears to be a pervasive lack of awareness among the general population and decision-makers regarding the full extent of climate change's impact on the Federation. This gap in understanding can hinder public support for necessary adaptation measures and limit the urgency with which these issues are addressed. Without widespread recognition of the threats posed by climate change, it becomes increasingly difficult to mobilize resources and political will for effective action.

There are opportunities for the public to benefit from tax concessions when purchasing pumps specifically designed for use with rainwater catchment systems. The primary goal of these tax incentives is to alleviate the reliance on groundwater resources, particularly during periods of drought when water scarcity becomes a pressing issue. By encouraging the adoption of rainwater

harvesting systems, the government aims to promote a more sustainable approach to water usage, helping to conserve precious groundwater supplies.

This financial relief makes it more feasible for homeowners to invest in water catchment systems, ultimately leading to increased adoption rates. As more individuals and businesses become willing to implement these systems, the collective impact on water conservation can be substantial, fostering a culture of sustainability within communities.

Moreover, it is vital to raise public awareness regarding the available tax incentives and the benefits of rainwater catchment systems. Many potential users remain unaware of the financial assistance available to them, which could hinder the widespread adoption of these systems. Public awareness campaigns, educational programs, and outreach initiatives can help inform homeowners and businesses about the advantages of rainwater harvesting, the associated tax concessions, and the long-term benefits of reducing reliance on traditional water sources.

Audit Recommendation

The Water Resources Management Unit collaborates with the agencies responsible for property development on the island to encourage the inclusion of water catchment systems in current properties and the installation of such systems prior to granting occupancy permits for new constructions.

The Unit should raise public awareness about climate change, legal enforcements and tax incentives relating to water management on the island.

Audit Question 9 – Identification of vulnerable/marginalized groups and provisions in Climate Change Adaptation Measures

Has the government identified vulnerable/marginalized groups and made provisions in climate change adaptation planning and/or adaptation measures?

Audit Criteria and Sources

Leave no-one behind principle which is a commitment to reduce inequalities.

Build the resilience of the poor and those in vulnerable situations.

Audit Finding

The government has taken significant steps to address the pressing issue of water affordability for vulnerable and marginalized populations, recognizing that access to clean and affordable water is a fundamental human right. In light of this, the Water Department has rolled out a comprehensive initiative aimed at reducing water rates specifically for those who are most in need, including low-income families, seniors, and agricultural workers. This initiative is designed not only to alleviate the financial burden on these groups but also to ensure that they have reliable access to essential water services.

The reduced rates for farmers are particularly noteworthy, as they play a vital role in boosting food security on the island. By easing the financial strain on agricultural workers, the government is not only supporting their livelihoods but also promoting sustainable agricultural practices that contribute to the overall well-being of the community. This strategic approach helps to create a more resilient food system, ensuring that local produce remains accessible and affordable for all residents.

Audit Recommendation

Annual verification of the occupancy status for households receiving reduced water rates is essential to protect the program from potential misuse. The Unit should collaborate with the Water Department in this effort.

Audit Question 10 – Government’s engagement with non-governmental partners

To what extent could government’s efforts engage non-government partners in reducing risks to water resources?

Audit Criteria and Sources

Incentives Principle which outlines that financial and other incentives should be provided while disincentives should be reduced

Integrating the efforts of various partners can help decision makers take coherent and coordinate adaption (resilience) actions.

Audit Finding

Many non-governmental organizations (NGOs), while dedicated to various social and environmental causes, often underestimate the urgent consequences that climate change poses to water resources. This lack of recognition can lead to a reluctance to commit to necessary investments in water conservation and management strategies, as these issues may be perceived as lower priorities compared to other pressing concerns. Consequently, the potential for effective action is diminished, and the urgency of the situation is not adequately addressed.

By providing targeted training and resources, the Water Resources Management Unit can significantly increase understanding among non-governmental partners about the critical importance of water conservation and effective waste management practices. This education should focus on the direct implications of climate change for water resources, including altered precipitation patterns, increased frequency of droughts and floods, and the degradation of water quality.

Likewise, it is essential to emphasize the interconnectedness of climate change and water issues, illustrating how changes in climate can exacerbate existing water scarcity and quality challenges. By fostering a deeper understanding of these relationships, NGOs will be better equipped to prioritize water-related initiatives and advocate for necessary investments in sustainable practices.

In recent times, there has been a notable increase in commercial water usage rates, prompting the government to take action by revising its water pricing structure for Non-Government entities. Under the new rate schedule, businesses in the Commercial, Hotel, and Industrial sectors will

now be charged \$32.50 for every thousand gallons of water consumed, applicable to the initial 10,000 gallons. However, for any water usage that exceeds this threshold, the cost escalates to \$45.00 per thousand gallons, creating a tiered pricing system that reflects the growing demand for water resources.

The primary objective behind this increase in water fees is to encourage business owners to adopt more sustainable practices by reducing water waste and enhancing water security across the island. By implementing these adjusted rates, the government aims to instill a sense of responsibility among Non-Government partners, motivating them to recognize the critical importance of conserving water.

This strategic adjustment in pricing is expected to serve as a facilitator for change, prompting businesses to explore and implement water conservation practices actively. By harnessing rainfall, businesses can significantly reduce their dependence on public water supplies, thereby mitigating the financial impact of the rising water costs.

Furthermore, the government envisions that by fostering a culture of water conservation among commercial entities, the overall demand for water can be managed more effectively. This, in turn, will contribute to the long-term sustainability of water resources on the island, ensuring that both current and future generations have access to this vital resource.

Audit Recommendation

The Nevis Water Resources Management Unit has a unique opportunity to collaborate with non-governmental organizations (NGOs) to create and implement educational initiatives that specifically address the effects of climate change on water resources. This partnership is essential, as there is currently a significant gap in awareness among these organizations regarding the critical nature of climate change and its profound impact on the availability and quality of water.

Management's Response



Integrated Water Resources Management

Ministry of Communications, Public Works, Water Services, Physical Planning & Environment, Posts, Labour and Disaster Management

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Response to Audit Report: Performance Audit of the Management of Impacts of Climate Change on Water Resources Management

Dear Ms. Mills,

This is no major objections to the overall contents of the report. As I have acknowledged in the interviews conducted, the efforts to formally establish the unit have not progressed to my expectations. The unit is, however, heavily relied on for the execution of a number of projects currently being conducted.

These projects include:

1. The drilling project to develop additional water in general
2. The provision of water for the geothermal drilling

3. The development and implementation of the TransWater Project, which is a US\$50 million federal water project, funded by the Green Climate Fund (GCF)
4. The Sustainable Land Management project implemented by the Department of Agriculture
5. Rehabilitation and development of water sources in the New River area for the New River Farmer's Co-operative.

So, we are very much involved despite the understaffing and lack of resources indicated in the audit.

We agree with most of the recommendations save for the one in the last paragraph of page 13 of the report. There is no need for a new strategy, as is the case with many proposals submitted to Nevis Island Administration (NIA), but only for implementation of the strategies, allowing for the necessary upgrades in the future.

Nevis Water Department

Compliance Audit Report



Nevis Audit Office

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Executive Summary

The Nevis Audit Office has conducted a thorough examination of the Nevis Water Department, which operates under the Ministry of Communications, Public Works, Water Services, Physical Planning & Environment, Posts, and Labour. The primary aim of this audit was to assess whether the financial management practices within the Nevis Water Department adhere to the relevant laws, policies, and procedures that have been established.

The findings from our audit procedures revealed that there are significant areas where the financial management of the Nevis Water Department requires enhancement to ensure compliance with these applicable regulations.

Detailed discussions of the major findings, along with additional observations, can be found in Part Two of this report.

<i>What we found</i>	Internal controls over the custody of cash is moderate.
	Revenues collected are not being reconciled accurately, leading to potential discrepancies in financial reporting
	Maintenance of accounting records appears to be inadequate.

<i>What we recommend</i>	Internal control procedures should be established.
	Revenues collected should be reconcile at least twice monthly.
	Department should implement efficient controls that promote accountability and transparency in financial operations.

Part One

Background Information

The Nevis Water Department operates as a revenue-collecting entity under the Ministry of Communications, Public Works, Water Services, Physical Planning & Environment, Posts, and Labour. It is the sole water utility on the island of Nevis, catering to approximately 6,500 customers.

The services provided by the Nevis Water Department encompass new meter connections and disconnections, water quality assessments, leak repairs, installation of new pipelines, well redevelopment, and well monitoring. The department has two facilities; one is situated on Main Street, Charlestown, which houses the main office and cashiers' station, while the other is located at Pump Road.

The Nevis Water Department operates under the policies and procedures established by the Federation of St. Kitts and Nevis. All financial transactions and revenue collected must be managed in compliance with the relevant Financial Administration Act, Financial Instructions, and Standard Operating Procedures of the Federation of St. Kitts and Nevis.

In 2023, the department achieved a remarkable revenue of over \$5.72 million from water rates, reflecting a notable increase from the \$5.27 million recorded in 2022. Looking ahead to 2024, projections indicate an even more significant rise, with anticipated revenue climbing to \$7.58 million, an increase of \$1.86 million from the previous year. This upward trend in revenue is visually represented in Figure 1, which tracks water rate collections over the past five years. Despite the growth in the number of connections to the water system in recent years, the variability in revenue suggests that the department's current strategies may not be fully capitalizing on potential revenue opportunities. This indicates a need for a thorough evaluation of

existing practices to enhance revenue collection efficiency and ensure that the department can sustain its financial growth in the future.

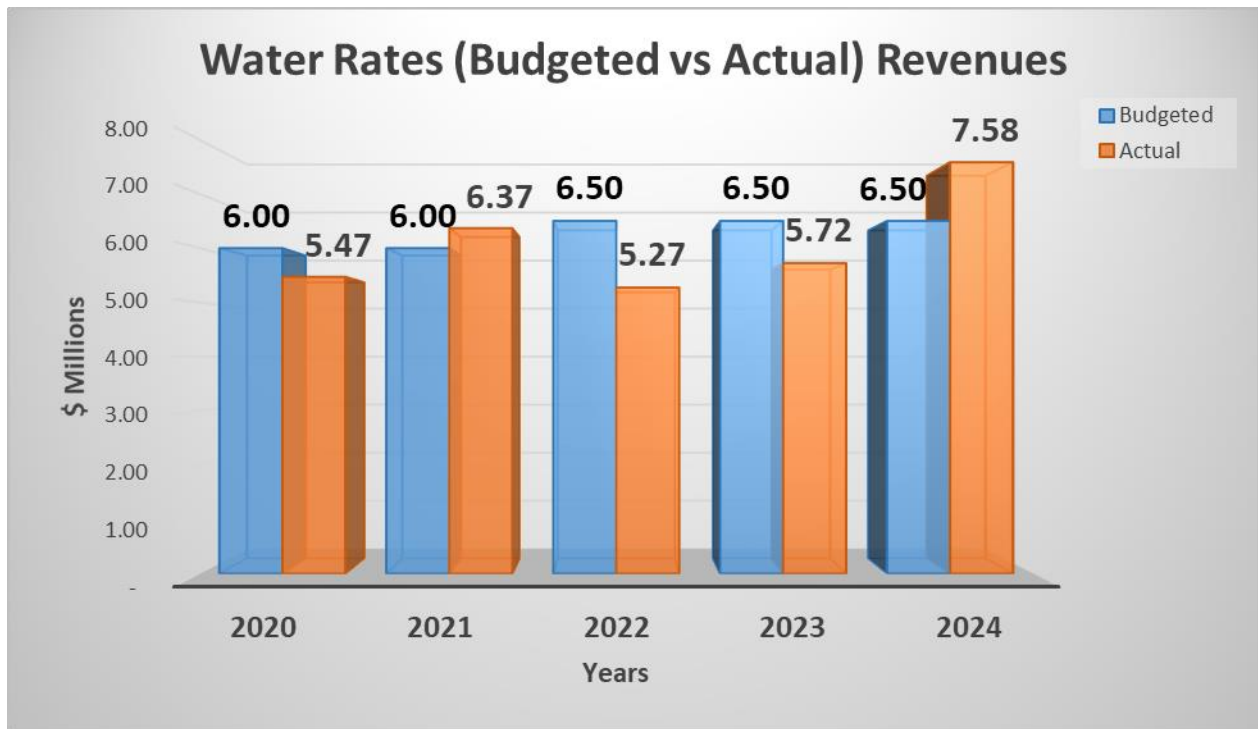


Figure 1. Revenue from Water Rates collected by the department from 2020 to 2024.

As illustrated in Figure 2, the recurrent expenditure for the Nevis Water Department in 2024 amounted to \$3.59 million, from the budgeted \$4.44 million given, resulting in a savings of \$0.85 million. Over the years, actual expenditure has risen, starting from \$3.17 million in 2021, increasing to \$3.46 million in 2022, and reaching \$3.68 million in 2023, before experiencing a slight decline to \$3.59 million in 2024. It can be highlighted that the recurrent expenditure has consistently remained below the budgeted figures for the periods analyzed.

Conversely, the Capital expenditure has surpassed its budgeted allocation in two of the reviewed years. In 2022, capital expenditure exceeded the budget by \$1.14 million, and in 2023, it was

over by \$0.02 million. Furthermore, it is evident that in 2024, the budgeted amount was raised by \$1 million compared to previous years, yet it remained within the budget by \$74,713.

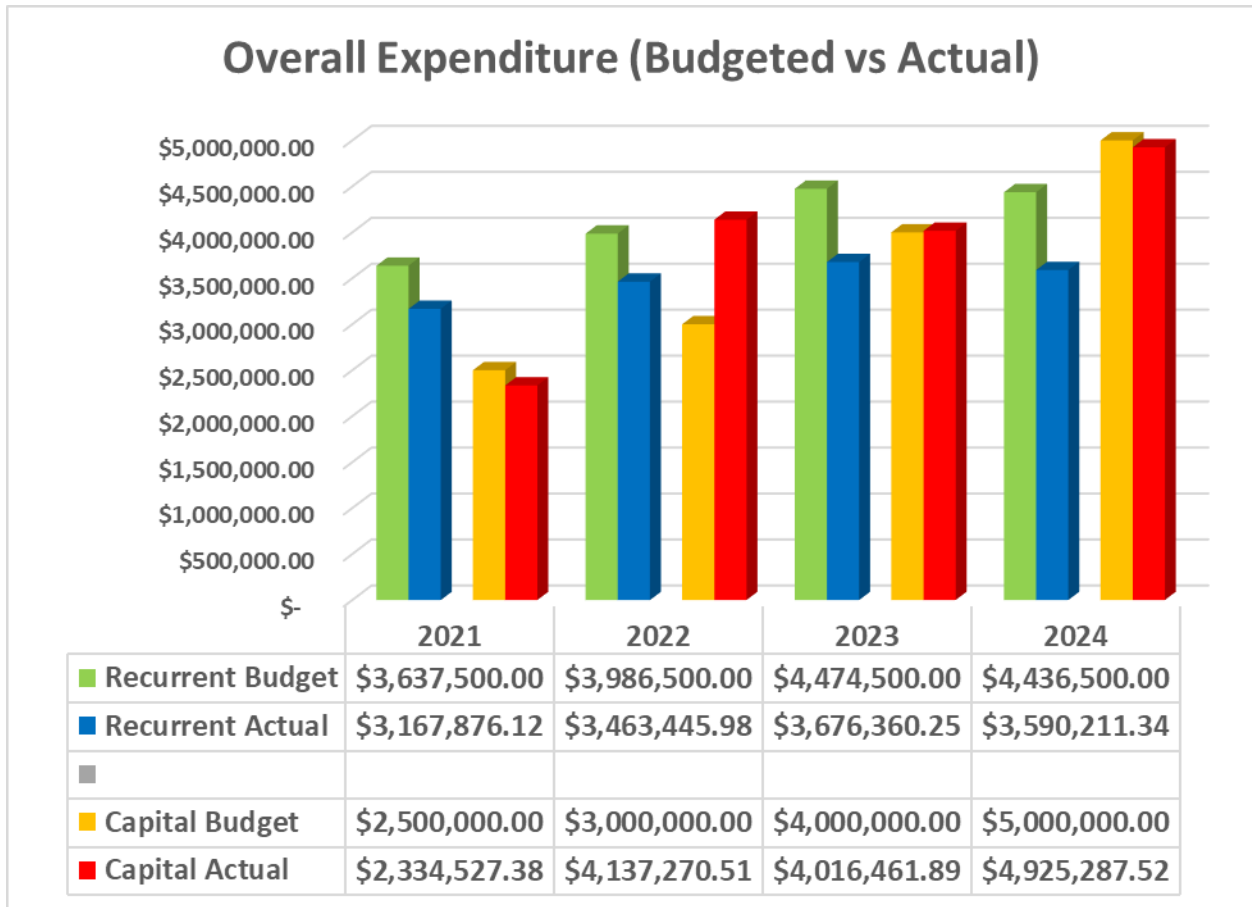


Figure 2. Overall Expenditure for Nevis Water Department from 2021 to 2024.

Audit Mandate

The Audit Act of 1990, part 1, section 6 (1) states that:

“The Director of Audit shall make such examinations and enquiries of Public Bodies as he considers necessary to enable him to report as required by this Act.”

Section 76, part 2 (a) of the Constitution of the Federation of St. Christopher and Nevis states that:

“The Director of Audit shall:

- a) Satisfy himself that all moneys that have been appropriated by Parliament and disbursed have been applied to the purposes to which they were so appropriated and that the expenditure conforms to the authority that governs it.”

Audit Objectives

The objectives of the audit were:

1. To ascertain that the revenue collection and expenditure payments are in compliance with established laws, policies, and guidelines.
2. To determine whether internal controls are in place for the collection of revenues and the payment of expenditures.
3. To verify that records for revenue and expenditure are properly maintained, complete and accurate.
4. To determine whether proper internal controls are in place for the accountability of capital assets in its custody.

Audit Scope

The audit covered the period January 2022 to December 2024.

Audit Criteria

1. All revenues should be deposited in a timely manner.
2. A government-issued receipt should be provided for funds received from revenues.
3. Reconciliations should be done in a timely manner to the Treasury Department.
4. All payments of expenditure should have proper authorization.
5. Supporting documentation should exist to verify payments.
6. A Fixed Asset Register should be maintained.
7. An Inventory System should be maintained.

Audit Methodology

During the audit process, the audit team reviewed the accounting records for the specified period and assessed the controls implemented for the custody and safeguarding of cash.

Additionally, we conducted interviews with various employees, including the Cashiers, Customer Service Supervisor, Accounting Officer, and the Manager of the Nevis Water Department. This was done to enhance our understanding of the department's operations, to evaluate the policies and procedures in place, and to assess the cashiers' familiarity with the department's policies and best practices for cash handling.

We also observed the daily activities at the main office and pump road stations, focusing on the revenue collection processes and the management of capital assets.

Part Two

Findings

1. Accounting records are not properly maintained.

a) Supporting Documents were not sufficient for the examination.

Payments made from the expenditure accounts must be accompanied by invoices that specify the items acquired or services rendered, the date of the transaction, and the transaction amount.

It was noted that some payments lacked sufficient information to ascertain their purpose and accuracy. In the previous audit of the Nevis Water Department, management indicated that they would implement a ticket/slip system to assist the heavy equipment operators. Nevertheless, there are still instances where these tickets/slips are not filled out, resulting in a lack of verification that the work was performed.

Payments should not be processed without proper supporting documentation, as this renders the review inadequate and prevents confirmation of the completeness of the transactions.

b) Miscalculations of supporting documentation.

Departments must thoroughly review all payment invoices prior to entering them into the Accounting system. If merchant invoices are not adequately examined before processing payments, it may lead to errors in these transactions.

During our audit, we noted a lack of thorough review of the invoices, which led to two instances, an overpayment amounting to \$90 to merchants, as well as underpayments totaling \$260 due to errors in calculations on the merchants' part.

It is worth noting that there has been a positive change since the last audit, as these errors have decreased, but they still represent mistakes that can be avoided with careful review and examination of invoices prior to the completion of payments.

c) Payment vouchers are not confirmed within the Accounting system.

Upon reviewing the accounting records for the specified period, it was found that there were eight payment vouchers totaling \$14,616 that had not been verified within the accounting system.

If payment vouchers were reconciled on a monthly basis, these discrepancies would have been identified promptly, allowing for timely corrective actions. This indicates progress compared to the previous audit regarding the frequency of such occurrences, yet further attention is required.

Recommendation

It is recommended for management to take proactive steps in implementing robust controls that facilitate a smooth payment process throughout all stages of transaction handling. This initiative should encompass not only the establishment of clear protocols but also the integration of technology that can streamline operations and minimize errors. Furthermore, it is essential to increase the frequency of payment voucher reconciliations to ensure that discrepancies are identified and addressed promptly.

Management's Response: Accounting records are not properly maintained.

- *All invoices for water-related field work must be accompanied by ticket slips, which were introduced by the Ministry of Communications Works, Water Services, Physical*

Planning and Environment, Posts, Labour and Disaster. Each invoice requires three signatures before it can be approved: the dispatcher, the operator, and the Nevis Water Department staff.

- *The department has been making payments to overseas suppliers in installments. Since the timing of available funds is beyond the department's control, suppliers will receive payments only when funds become available. However, if this creates challenges for year-end reconciliation, the Ministry of Finance can implement an alternative measure to address the issue.*

2. Payment to Staff.

In the previous audit, it was noted that the Water Resources Manager is currently compensated under the budget allocations of the Nevis Water Department, despite the existence of a budget allocation for the Water Resources Management Unit since 2020. As of 2024, this problem is still not fixed, which makes Audit wonder if management truly understands the importance of the yearly budgeting process, particularly since they have had four years to make this change happen.

The responsibilities outlined for the Water Resources Manager indicate that this position operates independently from the Nevis Water Department. As a result, the salary for this role should be paid from its own designated budget.

Recommendation

We recommend that management to maintain a clear understanding of all payments made within the framework of their budgetary allocations. This oversight is crucial for ensuring financial accountability and effective resource management. In particular, the salary payment for the Water Resources Manager requires immediate attention and correction to align with the established budgetary guidelines.

Management's Response: Payment to Staff.

This recommendation will need to be made by the Permanent Secretary of the Ministry of Communications et al. to the Ministry of Finance during the next budgetary discussions.

3. Internal controls over the custody of cash is moderate.

Since the last audit in 2021, there have been notable improvements in cash management at the Nevis Water Department, which is commendable. The number of cashiers has increased, with two full-time cashiers now in operation, and each cashier has been allocated a float, a resource that was previously unavailable to them. The department has introduced additional payment methods, allowing customers to make transactions via an online platform, thereby enhancing convenience and ease of payment. Cash transactions are now recorded more regularly at the Treasury Department.

During the audit, three surprise cash counts were conducted, revealing instances of both excess cash and cash shortages. All excess cash was deposited on the same day it was identified; conversely, any shortages were reimbursed by the cashier the following day, once it was

confirmed that the day's cash was indeed short and subsequently deposited into Government funds. Documentation of the shortage payments was submitted to the Audit Department.

The table below shows the results of the cash count was conducted:

Date	Shortage of Cash	Excess Cash
6th June, 2025	\$0	\$1.00
22nd September, 2025	(\$262.95)	\$0
26th September, 2025	\$0	\$0

Furthermore, it was observed that cashiers at the water department do not receive a cashier allowance. The Cashier Allowance is a specific financial benefit provided to cashiers as compensation for their roles in managing cash transactions. This allowance recognizes the additional responsibilities and risks involved in cash handling, ensuring fair compensation while fostering accuracy and accountability among cashiers. Audits conducted across various government departments have shown that cashier allowances typically range from \$40 to \$100 per month.

Recommendation

To enhance accountability and reduce the risk of complacency among cashiers, we propose a systematic rotation of the personnel assigned to close the cash register at the end of each day. This practice not only fosters a sense of shared responsibility but also ensures that no single individual becomes overly comfortable in their role, thereby promoting diligence and vigilance in cash handling.

Furthermore, we suggest the introduction of a cashier's allowance that accurately reflects the significant daily cash inflow managed by the water department. This allowance would serve as a tangible acknowledgment of the cashiers' efforts and the volume of transactions they oversee, potentially motivating them to maintain high standards of accuracy and integrity in their work.

Management's Response: Internal controls over the custody of cash is moderate.

Management has implemented measures to minimize the risk of complacency within the Customer Service Division. Additionally, a recommendation was submitted in 2023 for cashiers at the Nevis Water Department to receive an allowance. This recommendation will be resubmitted by December 2025, pending approval from the Ministry of Finance.

4. Reconciliation of revenue collected undertaken by the department is weak.

The amount entered into the CUSI system must correspond with the amount recorded in the Fitrix system (Government Accounting System). We have observed that the reconciliation process with Fitrix is not being conducted adequately, resulting in discrepancies between the revenue figures reported in the CUSI system and those in Fitrix.

Regarding Water Rates, in 2022, CUSI indicates that the Water Department collected \$5,544,635.99 in revenue, whereas Fitrix reports \$5,272,052.87, leading to a shortage difference of \$272,583.12. For 2023, CUSI reports revenue collections of \$5,940,535.80, while Fitrix

shows \$5,722,507.93, resulting in a shortage difference of \$218,027.87. Considering the 2024 data, CUSI indicates revenue collections of \$7,666,917.42, while Fitrix reports \$7,582,736.75, which reflects a shortage difference of \$84,180.67.

In April 2021, the Nevis Water Department began charging a Solid Waste Collection fee on each customer bill. There have been some inconsistencies between the amounts recorded in the CUSI system and those in the Fitrix system. In 2022, CUSI shows that the Water Department collected \$1,510,969.94 in revenue, while Fitrix indicates \$1,461,690.92, resulting in a shortage difference of \$49,279.02. In 2023, CUSI reports revenue collections of \$2,475,156.52, while Fitrix shows \$2,585,194.47, which is an overage difference of \$110,037.95. Looking at the 2024 figures, CUSI indicates revenue collections of \$2,922,244.39, while Fitrix reports \$3,096,635.16, resulting in an overage difference of \$174,410.77.

These inconsistencies ought not to occur, as payments are logged into the system; the payments for the day should align with those recorded in the Fitrix system. It could be that the system is failing to accurately record payments, or that the information obtained from the CUSI system regarding payments is not being recorded properly. Management should reassess their reconciliation procedures, as this leads to a misrepresentation of revenue.

It is important to note that the overall payout of Solid Waste Collection Fees to the Nevis Solid Waste Management Authority during the reviewed period amounted to \$6,815,515.46. It is anticipated that additional fees could be collected; however, after three years, the Water Department continues to face difficulties in collecting the Solid Waste Fee from dissatisfied customers, who feel they should not bear this charge.

Recommendation

It is highly recommended that the reconciliation of revenue collected be conducted on a monthly basis within both the Fitrix system and the CUSI system. This regular practice is essential as it facilitates the early detection of any errors or discrepancies that may arise, thereby allowing for timely corrections.

Furthermore, it is prudent to carry out a year-end reconciliation at the conclusion of the last business day of the financial year. This step is crucial to ensure that all revenue collections are accurately documented, which is vital for maintaining precise financial records.

Management's Response: Reconciliation of revenue collected undertaken by the department is weak.

The department supports all recommendations aimed at identifying and correcting long-standing errors. Additionally, any proposed reconciliation systems will need to be implemented by the Ministry of Finance. Implementing these measures may help to highlight existing discrepancies and facilitate their timely resolution.

5. The collection of arrears needs to be improved.

The fiscal assessment carried out in 2020 revealed an accumulated total of \$3.65 million in the Aged Receivables as of December. By December 31, 2024, the Nevis Water Department indicated that this amount had increased to \$5.21 million, signifying a 42.7% rise. In order to manage outstanding customer balances, the department has adopted several strategies, which include issuing formal warnings, both in writing and verbally, to accounts that are delinquent.

Furthermore, the disconnection of water services has been utilized, leading to some success in encouraging payment collections, although achieving compliance continues to be a challenge for certain account holders.

Recommendation

We recommend that there may be a need for the implementation of additional strategies aimed at improving collection rates. This situation highlights the complexity of managing compliance effectively, as it often requires a nuanced understanding of the specific circumstances surrounding each account. By exploring innovative approaches and tailored solutions, management can better address the unique needs of these account holders, ultimately fostering a more efficient collection process.

Management's Response: The collection of arrears needs to be improved.

The Nevis Water Department began disconnections in September 2023. During this period, some customers encountered difficulties updating their accounts. As a result, a payment plan system was introduced for customers who were unable to settle their balances in full. These arrangements allow additional time for payment.

6. Segregation of duties.

The recent audit conducted on the Nevis Water Department had brought to light a significant issue regarding the absence of clearly defined job responsibilities for its employees. This lack of clarity had resulted in situations where certain staff members found themselves assigned conflicting tasks, which can hinder operational efficiency and employee morale.

In response to these findings, the department had pledged to develop comprehensive job descriptions for all positions within the organization. To facilitate this process, they collaborated with a Human Resources Consultant, ensuring that each role was clearly outlined and understood. This initiative aims not only to streamline operations but also to enhance accountability and improve overall service delivery within the Nevis Water Department.

Recommendation

We highly recommend that the Nevis Water Department continues to develop comprehensive job descriptions for all positions as new roles become available. Establishing well-defined responsibilities is essential for reducing the likelihood of mistakes and deterring fraudulent activities. This practice not only enhances accountability among staff members but also contributes to a more organized and efficient workplace.

Management's Response: Segregation of duties.

Job descriptions and titles were established by previous management. The department has continued to maintain these measures to ensure that all staff remain fully aware of their roles and daily responsibilities.

7. Fixed Asset Register.

The previous audit highlighted that the Water Department had not maintained a Fixed Asset Register, and management expressed their lack of awareness regarding the necessity of this requirement. They have since committed to establishing such a register. The audit team would like to acknowledge and commend management for their proactive step in creating the Fixed Asset Registry, as it will play a crucial role in effectively monitoring the department's assets, particularly its equipment and vehicles.

However, it is important to recognize that the establishment of the registry is merely the initial phase of a more comprehensive asset management strategy. To ensure its effectiveness, the registry must be consistently updated to reflect any new acquisitions and should also include detailed records of any assets that have been disposed of or removed from the registry. This ongoing diligence will be vital in maintaining accurate and reliable asset management practices within the department.

Recommendation

We recommend that the Department regularly updates the Fixed Asset Register to ensure accuracy and completeness. This register should include essential details such as the asset's name and description, original purchase cost, acquisition date, unique identifier number, asset location, and any necessary authorizations for asset disposal.

Management's Response: Fixed Asset Register

The department's fixed asset records are updated regularly by designated personnel. While the current system, which is maintained in an Excel format, remains functional, the department recognizes that further improvements could enhance efficiency.

8. Inventory Management System.

An Inventory Management System is essential for effectively monitoring goods throughout the entire supply chain, encompassing stages from procurement to production and ultimately to end-use. This system is designed to ensure that the appropriate quantity of inventory is available at the right location and at the right time, thereby optimizing operational efficiency. In the case of the Nevis Water Department, there is a record-keeping system in place that tracks the fixtures needed by maintenance employees for their daily tasks. Recent improvements to the storage conditions of inventory items are noteworthy, especially considering that previous conditions were deemed unsatisfactory for health and safety.

During the last audit, management indicated ongoing discussions with the IT Department regarding the development of a web application for an inventory management system; however, this project has yet to be completed. The IT Department is currently focused on creating inventory platforms for the entire government, which may extend the timeline for the Nevis Water Department's specific needs.

Recommendation

An effective inventory management system can significantly boost productivity, provided it is implemented and maintained with care. To achieve optimal results, the system must accurately record essential details such as the item's name and description, a unique identifier number for tracking purposes, its physical location within the storage facility, the current quantity on hand, and the predetermined reorder level to ensure stock availability.

Management's Response: Inventory Management System.

The department maintains an inventory system established by the Requisition Officer and the Stores Clerk. Personnel update the system regularly as items are received each month. Currently, the IT Department is developing a platform for the Nevis Island Administration, and the department anticipates being integrated into this platform soon. Given the department's large storage area, this system is expected to provide more effective monitoring and management.

9. Safety and Security.

It is essential for every organization to adhere to health and safety regulations to safeguard its workforce. Implementing robust safety and security protocols is crucial in reducing the risk of injuries, theft, and property damage within the workplace environment.

Our recent observations and interviews revealed notable advancements in the safety and security measures at the Nevis Water Department. We noted the installation of security cameras both inside and outside the facility, which serve as a deterrent against theft. Additionally, access to the cashier station has been restricted solely to authorized personnel, a significant improvement from previous practices.

Furthermore, all employees at the Main Office in Charlestown have been provided with electromagnetic strip cards for building entry, with access levels tailored to their specific job functions. While some structural improvements have been made at the Pump Road Station, particularly in the inventory area, it is important to recognize that other sections still require further enhancements to ensure comprehensive safety and security across the facility.

Recommendation

We recommend implementing a robust system for the active monitoring of security cameras, coupled with the establishment of a reliable backup system to ensure continuous surveillance.

It is essential to provide comprehensive training for staff members focused on workplace safety and security protocols, equipping them with the knowledge and skills necessary to respond effectively to potential threats.

Additional structural improvements at the Pump Road station to further safeguard the health and well-being of the employees stationed there.

Management's Response: Safety and Security

A security system is already in place in certain areas of the department. Key card access has been implemented for offices within the Administration and Billing Divisions. Additionally, camera systems were installed at the Administration and Billing Divisions and the Pump Road Division during the year, and these are monitored on a daily basis. Camera systems are planned for installation at other sites in the near future. Previous management highlighted the need for an overhaul of the Pump Road Division, which must be completed before implementing certain additional security measures. In the meantime, only measures within the Manager's control can be put in place.

10. A structure is in place for the recording of customer complaints and feedback.

The water department has implemented a structured method for collecting customer complaints and feedback, effectively addressing a prior disorganization in this critical area. To enhance this initiative, a specialized complaint and feedback box has been placed in the main cashier area, providing customers with a convenient means to voice their concerns and share suggestions. This proactive measure not only encourages customer engagement but also fosters a culture of responsiveness within the department.

Recommendation

To further improve the effectiveness of this feedback system, it is advisable to monitor the volume of feedback received over designated time periods. Maintaining detailed records of this information will enable the department to identify trends and patterns, thereby facilitating targeted improvements in customer service. By analyzing this data, the department can make informed decisions that enhance the overall customer experience and address any recurring issues more efficiently.

Management's Response: A structure is in place for the recording of customer complaints and feedback.

A system is in place for recording customer complaints and feedback. To encourage customer input, a suggestion box has been installed. Additionally, a team has been tasked with designing a feedback QR code, which will provide customers with another convenient way to share their views.