



Barbados Audit Office

**Report
of the
Auditor General
for the year**

2024



Strengthening public accountability by providing fair and independent reports

***B*arbados *A*udit *O*ffice**



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of the
Auditor General
for the year
2024**

MISSION STATEMENT

The Mission of the Audit Office is to strengthen public accountability by providing fair and independent reports after careful examination of accounting records and use of resources.

THE GOAL

The goal of the Audit Office is to promote staff development, achieve a high standard of auditing and contribute to the general efficiency and effectiveness of the Public Service.



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2nd April, 2025

His Honour the Speaker
The House of Assembly
Parliament Building
BRIDGETOWN

Sir,

In accordance with Section 113 (3) of the Constitution of Barbados and Section 77 (5) of the Public Finance Management Act, 2019-1, I forward for laying before the House of Assembly my Report of the examination of the accounts of the Ministries and Departments of Government, and of other financial statements and accounts required to be audited by me in respect of the financial year ended 31st March, 2024.

A copy of the Report is transmitted to the Senate for information, in accordance with Section 77 (6) of the abovementioned Act.

Yours faithfully,

Leigh. Trotman, CPA
Auditor General

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INTRODUCTORY COMMENTS

I hereby submit my Annual Report for 2024 to the Parliament of Barbados as required by Section 77 (1) of the Public Finance Management Act, 2019-1. This is my final report to Parliament as I will be retiring from office on 3rd April, 2025. It has been a great honor in serving the nation in this capacity over the past eighteen (18) years. I have been fair in my assessment of the operations of those agencies that I had to report on by taking their views into consideration and publishing them as part of the reports.

2. I want to thank all of those agencies who collaborated with the Audit Office in an effort to improve the efficiency and effectiveness of their operations. In some cases, there was some reluctance by entities to provide information for the audits. This was unfortunate – firstly, it is a requirement of our laws that this information should be provided; secondly, the lack of cooperation means that the government agencies would not have gotten the necessary feedback on their operations; and thirdly, that the agencies responsible for using public funds should be scrutinized and reports made available for Parliament and the public at large. The matter of withholding information from the Office of the Auditor General should not be taken lightly and, in future, those agencies which are in breach of the law should have their names publicized after being warned.

3. I leave behind an Office which is severely depleted in terms of manpower and this should be urgently addressed. For improvement to be made within the Office, there is a requirement for sufficient skilled workers dedicated to their tasks. I have been consistently making recommendations for greater autonomy in the recruitment of staff but so far this request has not been met with a positive response. This was also one of the recommendations made by the 1998 Constitutional Review Commission. It should be noted that some twenty-seven (27) years later, another Constitutional Review Commission is making a similar recommendation. It is my hope that it will be accepted this time. The Office will also require additional changes to its structure and compensation



of employees. This should further be supplemented by training of new staff and the gaining of experience to further improve efficiency.

4. An effective audit office, in my view, is fundamental to the functioning of our democracy. It provides the necessary checks and balances to ensure public funds are utilized efficiently and effectively, and to allow those responsible for loss or wastage to be held accountable. In addition, it provides state agencies with independent feedback and views on their operations, and, most importantly, it provides Parliament and the people of Barbados with information on the use of public funds. This will allow the public and other stakeholders to have confidence in the operations of Government agencies.

Acknowledgements

5. I want to thank the members of my Staff for their contributions towards the work of the Audit Office during the years as well as those Officers of the audited entities who would have provided relevant documentation and explanations.

Leigh E. Trotman, CPA
Auditor General

2nd April, 2025



CHAPTER 1

AUDIT MANDATE AND ACTIVITIES

Introduction

This Annual Report of the Auditor General to the Parliament of Barbados is being presented in accordance with Section 77 (1) of the Public Finance Management Act, 2019-1 which states that:

“The Auditor General shall report annually, as soon as possible and not later than the last day of December following the close of each financial year, the results of his examination of the accounts and any failure to observe the enactments or other laws of Barbados”.

1.2 The various legislations under which the Audit Office operates are outlined below:-

i. Examination of the Final Accounts (Section 113 of the Constitution of Barbados, Section 75 of the Public Finance Management Act, 2019-1)

The Audit Office is responsible for the audit and inspection of all public accounts, whether such accounts are of general revenue credited to and expenditure met from the Consolidated Fund or of special funds or departmental accounts and statutory bodies which receive all or part of their funds from the Consolidated Fund. It reports the results of such examination to the House of Assembly and a copy of the report is to be transmitted to the Senate for information.



ii. *Audit of Accounts (Section 113 of the Constitution of Barbados, Section 75 of the Public Finance Management Act, 2019-1)*

The matters subject to Office's audits can be classified into two (2) categories, namely, matters subject to mandatory audit and those subject to discretionary audit.

a. Matters Subject to Mandatory Audit (Section 113 (2) of the Constitution of Barbados)

Matters subject to mandatory audits are as follows:-

1. Accounts of the Supreme Court;
2. Accounts of the Senate;
3. Accounts of the House of Assembly;
4. Accounts of the offices of the Government including Cabinet, the Privy Council, the Judicial Service Commission, the Administrative, Professional and General Service Commission and the Police Service Commission; and
5. Accounts of those entities which are prescribed by other Legislations (Acts) to be audited by the Audit Office.

b. Matters Subject to Discretionary Audit (Section 75 (3) of the Public Finance Management Act, 2019-1 and Section 113 (2A) of the Constitution of Barbados)

The Auditor General may, on his own initiative, carry out:-

- examinations into the economical, efficient and effective use of resources of any Ministry or Department or any other entity required to be



audited by him and or receiving monies from the Consolidated Fund; and

- audits of the information technology systems and software used by Ministries, Departments and Agencies receiving monies from the Consolidated Fund.

iii. Contingencies (Section 23 (3) Public Finance Management Act, 2019-1)

The Auditor General is responsible for assessing whether the amounts provided as contingency funding have been allocated and utilised in the manner consistent with the Act and shall report to Parliament on any improper utilization of funds provided.

iv. Matters referred for Consideration (Section 75 (5) Public Finance Management Act, 2019-1)

The Auditor General may refer matters, arising from his audits or investigations, for consideration by the appropriate authorities including the Director of Public Prosecution, Accountant General, and the Police where he has decided that a referral is necessary.

v. Certification of Pensions (Section 76 Public Finance Management Act, 2019-1)

The Auditor General is responsible for the examination of the calculations and computations of all pensions and gratuities for public officials or similar awards before any award is made, and certifying that they are arithmetically correct and are in accordance with all statutory provisions.



vi. *Examinations of Accounts by Request (Section 80 Public Finance Management Act, 2019-1)*

The Auditor General is required to examine the accounts of any person or organisation who has received moneys by way of a grant or a loan out of funds voted by Parliament or in respect of whom financial aid from the Government is sought. Requests for examination of such accounts can be made by a resolution of the House of Assembly, the Public Accounts Committee of Parliament or the Minister responsible for Finance.

vii. *Audit of Annual Reports of State-Owned Enterprises (Section 106 (6) (a) Public Finance Management Act, 2019-1)*

State-Owned Enterprises are required to produce annual operational performance reports which should include

- Significant variations in performance from the annual plan;
- Progress with significant capital developments; and
- Reports on fiscal risks and management of fiscal risks.

These reports are to be audited by the Auditor General for service performance.

viii. *Audit of Annual Reports of Commercial State-Owned Enterprises (Section 116 (4) (a) Public Finance Management Act, 2019-1)*

Commercial State-Owned Enterprises are required to produce annual operational performance reports which should include a report on their operations and those of their subsidiaries with information as is necessary to enable an informed assessment of the operations of the entity, including a comparison of the performance of the entity with the Statement of Corporate Intent



and the Annual Plan. These annual performance reports are to be reviewed by the Auditor General.

ix. Disclosure Receiving Authority (Section 4 and First Schedule Whistleblower Protection Act, 2021)

The Whistle blower Protection Act, 2021 is to deter and combat corruption and other improper conduct by encouraging and facilitating disclosures of such conduct, protecting the persons who make such disclosures and regulating the receipt, investigation and other treatment of such disclosures. Under this Act, the Office of the Auditor General is one of the Disclosure Receiving Authorities where persons can report improper conduct or corruption as per the First Schedule of the Whistleblower Protection Act, 2021.

The legislation outlined above shows the wide extent of responsibility conferred to the Office of the Auditor General.

Types of Audits Conducted

1.3 The Audit Office is involved in four (4) types of audits which are:-

- **Financial Audits** which involve verifying the accuracy of the information reported in the financial statements;
- **Performance Audits** which focus on whether there is efficiency and effectiveness in the use of resources and assess the management and performance issues facing organisations;



- **Information Technology (IT) Audits** which focus on testing the accuracy, security and internal controls of selected computerized applications as well as IT infrastructure; and
- **Compliance Audits** which involve verifying whether the Financial Rules and other laws and procedures are adhered to, with respect to financial transactions.

1.4 The Office was only able to conduct a fraction of the audits for which it had responsibility. A number of the financial audits were not completed as a result of financial information not being made available to the Auditors and lack of personnel to complete the audits. To the extent that the Government is relying on the service of the Audit Office to point out areas of deficiencies and give the assurance that the financial transactions are in good order, it has not been able to achieve this given its current limitations.

Public Accounts Committee

1.5 The Public Accounts Committee (the Committee/PAC) is tasked with examining the reports of the Auditor General, including the results of Performance audits conducted. During 2024, they were a number of meetings of the Public Accounts Committee. The Audit Office looks forward to continuing our cooperation with the PAC in the reviewing of reports submitted.

Independent Audit of the Accounts of the Barbados Audit Office

1.6 Under Section 7 (1) f (iii) of the Public Accounts Committee Act Cap.10A, the accounts of the Barbados Audit Office are to be considered by the Committee after being audited by an Independent Auditor. The accounts



for the financial year ending 31st March, 2024 were audited and an unqualified audit opinion was issued. The audit report was forwarded to the Clerk of Parliament to be distributed to the members of the Public Accounts Committee. The audit report is included at **Appendix 1**.

Certification of Pensions

- 1.7** Under Section 76 of the Public Finance Management Act 2019-1, the Audit Office has responsibility for the certification of pensions and gratuities prior to payments being made. During the course of the year, one thousand and twenty-three (1,023) files were processed by the Office for new pensioners. All errors identified were corrected before payments were approved.

Constitutional Reforms

- 1.8** The Constitutional Review Commission (the Commission) was appointed to oversee the development and enactment of a new Constitution of Barbados. The Commission has made a number of recommendations relating to the functioning of the Audit Office including:-

- Indemnification against liability for the Auditor General and his officers in relation to acts done in good faith in connection with the Office's constitutional and legislative functions; and
- Greater control over staffing including making appointments and being responsible for the discipline of its staff.

These recommendations are supported by the Auditor General and should result in greater independence for the work of the Audit Office. The amendment would also minimise court actions against the Office of the Auditor General for works done in good faith.



Structure of the Report

- 1.9** This report comprises the results of the main audit work conducted during 2024, and is divided into six (6) chapters. Chapter One outlines the mandate and activities of the Audit Office. Chapter Two relates to the audit of the accounts of the Government's financial statements prepared by the Office of the Accountant General. Chapter Three consists of the results of the audits of the Barbados Revenue Authority – Administered Activities and Statutory Boards and other Agencies conducted by the Audit Office.
- 1.10** Chapter Four consists of the results of the audits of a number of state agencies such as Boards and Commercial Enterprises which were audited by Auditors from the Private Sector. Finally, Chapter Five consists of the Information Technology audit of the Barbados Licensing Authority.



CHAPTER 2

AUDIT OF GOVERNMENT FINANCIAL STATEMENTS

This chapter covers the audit of the financial statements of the Government of Barbados for the year ended 31st March, 2023. These financial statements were prepared by the Office of the Accountant General (the Treasury Department) in accordance with Section 88 (1) of the Public Finance Management Act (PFMA), 2019-1. It should be noted that the financial statements for the year ended 31st March, 2024 have not yet been submitted to the Audit Office and will be audited in due course.

Audit Objective

- 2.2** The objective of the audit was to determine whether the financial statements presented gave a true and fair view, in all material aspects, of the financial position of the Government and whether appropriate internal control systems exist and were adhered to. These financial statements are to be presented in accordance with International Public Sector Accounting Standards (IPSAS) and in compliance with Government rules and regulations.

Methodology

- 2.3** The audit was conducted using standards established by the International Organisation of Supreme Audit Institutions (INTOSAI). These standards require the Auditor to plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures include examining, on a



test basis, evidence supporting the amounts and other disclosures in the financial statements, the evaluation of accounting policies used as well as evaluating the overall financial statement presentation.

Auditor's Responsibility

- 2.4** The responsibility of the Audit Office is to audit the Government's financial statements and form an opinion based on the audit work conducted. The Auditor also examines the extent to which the Financial Rules and other regulations and directives are adhered to.
- 2.5** Audit procedures are performed to detect material misstatements in the financial statements. Materiality means how significant a financial statement omission or misstatement would need to be in order for such omission or misstatement to be expected to influence or change the decisions of reasonably knowledgeable users relying on the financial statements.
- 2.6** An audit is not designed to ensure that the financial statements are one hundred percent (100%) accurate since it is not feasible to verify all transactions. The audit is designed to gain reasonable but not absolute assurance that the financial statements are free from material misstatements. The Auditor accumulates errors discovered and assesses whether they would, in aggregate, cause the financial balances to be materially misstated.

Responsibilities of the Accountant General

- 2.7** The Accountant General is responsible for providing Parliament with financial statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS) including related notes and schedules. To prepare financial statements in accordance with IPSAS,



the Accountant General is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Responsibilities of Accounting Officers

- 2.8** Ministries and Departments are responsible for maintaining a system of internal controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained. This should allow for the preparation of financial statements by the Accountant General that are free from material misstatements, whether due to fraud or error.

Late Submission of Financial Statements

- 2.9** The Public Finance Management Act, 2019-1 requires the Accountant General to prepare, sign and submit to the Auditor General, a set of financial statements to be audited within four (4) months after the close of each financial year. The statements for the financial year ended 31st March, 2023 should have been submitted by the 31st July, 2023. These financial statements dated 14th September, 2023 were received by the Audit Office on 18th September, 2023.
- 2.10** The late submission of these statements is a recurring issue which also impacts the timely completion of the Report of the Auditor General. I have repeatedly stated, that the late submission of these statements deprives decision makers and other stakeholders of information that they may require to make critical financial decisions. There needs to be a review of operations and procedures of the Treasury to ensure that these statements are prepared and submitted in a timely manner.

**Accountant General's Response**

All efforts will be made to provide information requested by the Auditor General's Office. However, a review of the folders sent to the Audit Department shows that documentation was uploaded and provided as requested.

Auditor General's Response

Information was received from the Treasury Department; however, it was not submitted on time and neither was it complete.

Presentation of Financial Statements

- 2.11** The presentation of the financial statements was deficient in a number of ways. The comparative figures for the previous financial year were substantially different to what was stated in the audited statements for that year. There was however no information provided in support of these changes. In addition, there were differences in respect of total assets, total revenue and total expenditure. The financial statements should be provided with adequate explanation for these differences. Also, the comparative figures in the financial statements as at 31st March, 2023 were not noted as 'Restated'.

Accountant General's Response

The Treasury will ensure that any subsequent amendments to the financial statements will be appropriately disclosed.



Absence of Consolidated Financial Statements

- 2.12** The Government of Barbados has adopted the International Public Sector Accounting Standards (IPSAS) to be applied to its accounts since 2008. As part of these standards, these accounts should consist of a consolidation of accounting information on all those agencies whose operations are funded from the Consolidated Fund. Consolidation includes combining the assets, liabilities and other financial items into one set of statements. It should be noted however, that the statements presented excluded financial information from the majority of the relevant boards and other state bodies owned and controlled by the Government and were not in conformity to the standards. The Treasury Department has acknowledged this issue on numerous occasions but so far has not presented the statements in the form required. In the absence of consolidation, the statements do not present a comprehensive view of Government's financial performance and position and it is therefore not in conformity with International Public Sector Accounting Standards (IPSAS).

Accountant General's Response

The absence of audited financial statements from the State-Owned Entities (SOEs) have precluded the Government of Barbados from producing Consolidated Financial Statements. The process to provide technical assistance to the SOEs and to monitor the implementation of the accrual accounting process across all Ministries, Departments and Agencies has to be completed in order to ensure the production of Consolidated Financial Statements.



Review of Financial Statements

- 2.13** The financial statements consist of the Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, Statement of Change in Net Assets/Equity and the associated notes. The audit revealed concerns in relation to accuracy, presentation and non-adherence to legislative requirements as follows:-

Evaluation of Assets

- 2.14** The following observations were made in respect of the review of assets by the Auditors. These show the challenges the Auditors faced with the verification of information in the financial statements which included a number of material errors and omissions.

Cash on Hand

- 2.15** There were a number of issues that impacted the Auditor's ability to verify the Cash on Hand amount and these were as follows:-

a. Information Incorrectly Included in the Cash on Hand Account

The financial statements recorded the item Cash on Hand and Bank as a total of \$912.3 million. Included in this amount was a debit of \$115 million representing the Paymaster Account. This account however, represents uncleared cheques and wire transfers and should reduce the Cash on Hand and Bank balances on the face of the financial statements. The recording of this debit balance therefore resulted in a material over-statement of the amount representing "Bank" on the financial statements.



b. Credit Balances in the Cash on Hand Account

Cash on Hand account is an asset account and should carry a debit balance. However, the Cash on Hand account contained thirteen (13) Ministries and Departments with credit balances totaling \$719,114.69 as at 31st March, 2023. These included credit balances of \$570,267.76 relating to the Ministry of Maritime Affairs and Blue Economy as well as \$65,623.46 relating to the Ministry of Housing, among others. These credit balances indicate that mistakes or errors are in the accounts. It is not justifiable for cash accounts to reflect negative/credit balances; therefore, it would indicate that errors are included. This indicates that the Treasury is having some challenges in resolving these issues. A concerted effort should be exercised to resolve these matters.

c. Overstatement of Cash on Hand

The Cash on Hand reported in the financial statements was \$152.80 million; this figure should represent amounts held by the Treasury and Ministries and Departments. Audit investigations revealed that the majority of the funds recorded as Cash on Hand were deposited to the bank account but not adjusted in the Treasury's ledger representing the bank balances. This was as a result of the absence of appropriate information on deposits being made available to the Treasury. As a result, the Cash on Hand account in the financial statement was materially misstated. The figure representing the Bank account in the General Ledger would be understated by a similar amount.

**Accountant General's Response**

The Paymaster Account is a clearing account and as such should not contain debit balances. These amounts have since been adjusted for the period ended 31st March, 2024.

The Cash on Hand account is cleared by the Treasury upon receiving the appropriate documentary evidence of the deposits to the Bank. In many instances, the Ministries, Departments and Agencies do not provide timely evidence of their deposits to the Treasury and as a result the Cash on Hand accounts are not cleared. This process of clearing the Cash on Hand has been reviewed to ensure greater efficiency. It must be noted that for the users of the financial statements, the total for the Cash on Hand plus Bank will be materially correct.

An exercise to resolve the credit balances in the cash on hand accounts has been undertaken and completed by 31st March, 2024 and the material adjustments made were to the accounts. It must be noted that the summary figures are correct and no changes are required to the primary financial statements.

Auditor General's Response

The Auditor will seek to confirm this information during the audit of the financial statements for the year ended 31st March, 2024, when these are received.

Bank Accounts

- 2.16** Information in the general ledger in respect of the Treasury's bank accounts carried a balance of \$79,408,697. This total was inclusive of credit balances of \$323,878,423.65 and \$43,497,358.44 which



purportedly represent the balances on two (2) commercial bank accounts. Credit balances usually indicate that bank accounts are in an overdraft position. However, these commercial bank accounts, used by Ministries and Departments to deposit funds collected on behalf of the Government, had debit balances and have no provision for overdraft facilities. These credit balances are material misstatements which negatively impact the reliance that can be placed on the information in the financial statements.

- 2.17** Bank reconciliations were not presented to the Auditors to allow for the verification of the differences between the General Ledger accounts and the bank statements. Bank reconciliations are necessary internal controls that should not be overlooked as they assist in the detection of errors in the accounts. The lack of reconciliations is a breach of Rule 90 of the Financial Management and Audit (Financial) Rules, 2011 and this breach has plagued the Treasury for over fifteen (15) years. This issue related to both the Special Deposits held at the Central Bank as well as the four (4) Treasury accounts at the Commercial banks. This situation should not continue to go unchecked.

Accountant General's Response

An exercise has been undertaken by the Treasury to ensure that Bank reconciliations be brought up to date for the year-end financial statements at 31st March, 2024 and continue to be kept current. The conclusion of this exercise with the relevant adjustments will confirm compliance with Rule 90 of the Financial Management and Audit Rules 2011.



Auditor General's Response

The Auditor will seek to confirm this information during the audit of the financial statements for the year ended 31st March, 2024, when these are received.

Financial Investments

2.18 Financial investments by the Government were recorded as \$404.90 million. There were a number of issues pertaining to the recording and valuation of these investments as follows:-

- a) There was an amount of \$146.50 million which the Treasury recorded as bonds held by the Government of Barbados, appearing as a financial asset. No evidence was presented to substantiate that the Government did indeed purchased bonds in this amount. In this regard, the amounts listed as financial investments were overstated by \$146.50 million.
- b) There was an amount of \$133.30 million which is recorded as a financial investment. This amount relates to the property which has the Judicial Centre at White Park Road, St. Michael. This was acquired when Government purchased the parent company from its former owners. It should however be noted, that the value of this investment has remained unchanged over the years and there is a need to have this asset valued. The Auditors could therefore place no reliance on the amount recorded for this asset.
- c) There was an amount of \$101.30 million recorded under financial investments which related to bonds issued by the Government of Barbados as a means of aiding policyholders impacted by the dissolution of an Insurance Company. In this regard, this amount



should not be entered into the accounts as an asset. The necessary action should be taken to correct this entry.

Accountant General's Response

In September 2022, the Government of Barbados entered into a debt swap in which bonds were issued to purchase higher interest US dollar debt. This included the repurchasing of some of the Bonds issued by the Government. The interest on the higher debt is being currently received and recorded as investment income. As a result, the amount on which the investment income is received is correctly recorded on the Statement of [Financial] Position as an investment. The agreement covering the higher interest debt, read that formal repayment of the debt could not be made before October 2024, therefore, on that date, the accounting entry adjusting the balance will be made.

Auditor General's Response

The response by the Accountant General is somewhat confusing. The main purpose of the debt swap was to reduce the level of interest being paid on a portion of Government's debt; however, the overall debt would remain unchanged. The Treasury is indicating that the old high interest bond could not be removed from the accounts even though the debt swap had taken place because of a contractual agreement. This has however resulted in a duplication of debt outstanding. In order for the accounts to balance, an "investment" was therefore created which will be eliminated in due course. This is a form of creative accounting which overstated that outstanding debt as well as the investment.

With respect to the bonds issued in support of policy holders of CLICO, these are liabilities of the Government which have to be paid at maturity



by the Government and cannot be considered as assets. These are donations which will have to be accounted for in the year of payment.

Inventories

- 2.19** Inventories at the Government Procurement Department (GPD) were reported as \$669,822.69 as at 31st March, 2023. The physical stock count which occurred at the end of the financial year revealed a total variance of four hundred and thirty (430) items between the CloudSuite Financials and the actual items in stock. No explanation was provided for the variances. In addition, items spanning more than one financial year purchased by other Ministries and Departments were not reflected as inventory in the accounts. The failure of the Accountant General to implement accrual accounting for long-life inventories (IPSAS 12) at Ministries and Departments other than the GPD has resulted in expenses being overstated and the asset inventory being understated.

Accountant General's Response

The Government Procurement Department is the only department that purchase items for warehousing and subsequent distribution and these items are recorded as inventory. The physical stock count was signed off by attending Officers including those of the Audit Department. On an individual basis it has to be noted that the inventory amount is immaterial within the asset value of the Statement of [Financial] Position and would not influence any decision making. It is Government's policy that items purchased by Departments are expensed in the same financial year and not recorded as inventory.



Auditor General's Response

There are a number of Ministries and Departments other than the Government Procurement Department who maintain stocks which have a life span of over a year and these should be listed as inventory.

Tax Receivables

2.20 The total tax receivables reported in the financial statements was \$2.43 billion. The Auditors could not verify this balance for a number of reasons as follows:-

- The detailed information on these taxes are kept by the Barbados Revenue Authority (BRA) which indicated in its financial statements for the past nine (9) years that it had excluded receivable records for Income Tax and Corporation Tax prior to 2013. The Authority has indicated that it undertook a review of this information and has made a number of adjustments to its receivable totals. These amounts however could not be verified by the Auditors nor the process in which the net amounts were calculated. Only amounts that reasonably could be expected to be collected should have been brought forward as a receivable and the remainder remitted.
- In addition to the above, BRA indicated that a number of provisions for doubtful debt ranging from two percent (2%) to one hundred (100%) have been applied for the outstanding receivables. The Auditors were however unable to substantiate the reasonableness of the provisions which ranged from to \$2.90 million for Import and Excise Duties to \$374 million for Corporation Tax.

**Accountant General's Response**

Barbados Revenue Authority (BRA) acts as an agent of Government for the collection of tax revenue. Adjustments were made to tax receivables based on documentation submitted by BRA; this documentation was forwarded to the Audit Department. The Director of Finance and Economic Affairs, as per authority granted under the Public Financial and Management Act 2019 approved the change in accounting policy. The related documentation granting approval was forwarded to the Audit Department.

Auditor General's Response

The Director has the authority to change the accounting policy; it is the Auditor's role to ensure that the policy is reasonable and the carrying value of the asset is fairly stated. Based on the information provided, the Auditors were unable to determine that this was the case.

Other Capital Assets

- 2.21** According to Note 19 to the financial statements, other capital assets at cost (excluding assets under construction) was \$2,460,850,555; however, the Asset Register carried other capital assets at cost of \$1,791,019,439; a difference of \$669,831,115. As a result, no confidence could be placed on the accuracy of the value of the assets recorded. This discrepancy should be resolved by the Treasury in conjunction with the Ministries and Departments so as to allow for greater reliance to be placed on the information.

**Accountant General's Response**

The capital assets at cost included all of the assets in those categories. However, the Asset Register only contains those items with a positive net book value. Therefore, the difference would be the fully depreciated assets which were not brought on the Register.

Auditor General's Response

The Accountant General's response does not address the concerns of the Audit Office with regard to the discrepancies between amounts shown on the Asset Register and the corresponding figures on the financial statements which should be equivalent.

Assets under Construction

- 2.22** Assets Under Construction which totaled \$708,990,831 is a sub-category of Other Capital. The Treasury did not provide a schedule which specified the list of items that comprised this category of assets and their value. Those projects that are completed should be transferred out as completed assets so that they can be depreciated. In the absence of detailed information, the Auditors could not verify the accuracy of the figures presented on the financial statements in relation to the Assets Under Construction.

Accountant General's Response

The Treasury will review this category to determine if any completed assets need to be transferred.



Asset Clearing Accounts

- 2.23** The asset clearing account was intended as a temporary account to facilitate the transfer of the assets to the asset register (a subsidiary account) and the relevant general ledger asset account. This account which consisted of forty-three (43) categories of assets had a summary debit balance of \$10,953,830.40 as at 31st March, 2023. Furthermore, ten (10) of the categories of assets consisted of credit balances totaling \$6,773,985.90. This account should be cleared at the end of the financial year to ensure that the relevant accounts are correctly adjusted.

Accountant General's Response

This account is acknowledged as a temporary account to facilitate the transfer of assets to the asset register. A review of this account will be undertaken to determine the validity of the sub-accounts in credit.

Accounting for Liabilities

Omission of Pension & Employee Benefits

- 2.24** International Public Sector Accounting Standards (IPSAS) 39, Employee Benefit, stipulates that unclaimed employee benefits should be accrued in the accounts. This includes both short-term benefits and long-term benefits such as pension obligations. However, the Treasury has not implemented a policy to account for these benefits. These types of liabilities were therefore not brought to account in the financial statements as at 31st March, 2023. This omission resulted in an understated pension liability balance.

**Accountant General's Response**

Information required to record pension and employee benefits is an exercise that has to be provided annually based on actuarial calculations. Therefore, this information was not available in order to facilitate recoding of these types of transactions in the general ledger as at 31st March, 2023.

Deposit Accounts

- 2.25** The Deposit accounts as at 31st March, 2023 included seventeen (17) accounts, which totaled \$17,229,722.35, with debit rather than credit balances. This indicated that the accounts were overpaid or that errors existed that were not corrected by the end of the financial year. A similar situation occurred in previous financial years to which the Treasury had indicated investigations would be conducted and corrective measures taken; however, this action has not been carried out at the time of this report.

Accountant General's Response

Deposit accounts are liability accounts and should reflect credit balances. There are some adjustments that are to be made among some subsidiary accounts which were used interchangeably.

Expenditure**Bad Debt Expense**

- 2.26** Bad debt expense was recorded as \$68.20 million, an increase from \$9.80 million in the previous year. The Accountant General indicated that this occurred as a result of a change in the bad debt policy. However,



the basis on which the bad debt policy was established could not be determined by the Auditors, based on the lack of information made available. The Auditors therefore could not determine the reasonableness of the bad debt expense.

Accountant General's Response

The increase in bad debt expenses was due to a 2023 change in policy referring to the Barbados Revenue Authority tax receivables. There is no query from the Auditor General on the compliance with the policy and therefore there should not be an issue with the increased expenses to \$68.20 million.

Auditor General's Comments

Notwithstanding the response from the Accountant General, the Auditors were not provided with any information that would allow them to determine the reasonableness of the basis on which the change in policy was derived.

Other Issues

Revaluation Reserve

- 2.27** A revaluation reserve is a separate reserve account in the balance sheet that records accumulated gains or losses from revaluations or remeasurements of assets or liabilities, typically property, plant, and equipment. The financial statements reflected that the Revaluation Reserve was restated for the financial year ending 31st March, 2022 from \$63.40 million to \$2.79 billion. This significant increase was not substantiated by any supporting documentation and was not explained in the notes to the financial statements.



- 2.28 Furthermore, changes in the Revaluation Reserve should correlate to changes in capital assets (shown on the financial statement as Non-Financial Assets). However, there was no corresponding significant increase in the capital assets for the financial year ending 31st March, 2022 as shown in the table below:-

Table 1: Changes in Assets, Valuation Reserve and Consolidated Fund 2020-2023

Financial Year	Non-Financial Assets	Revaluation Reserve	Net Assets/Equity
2022	\$3,638,079,220	\$63,399,274	\$6,629,540,635
2022 Restated	\$3,635,075,120	\$2,787,884,926	\$6,629,548,162
2023	\$3,728,119,277	\$2,787,884,926	\$6,858,085,252

Prepared by Barbados Audit Office

- 2.29 In addition, the Net Asset/Equity did not increase significantly as a result in the change in revaluation reserve as seen in the table above. In light of the concerns highlighted, the Auditors were unable to confirm the balance listed for the Revaluation Reserve in the financial statements.

Accountant General's Response

The Treasury will ensure that any subsequent amendments to the financial statements will be appropriately disclosed. The change in Revaluation Reserve occurred at 31st March, 2022 and therefore the corresponding changes to the capital assets would have taken place in that financial year 2021-2022, not in the year 2022-2023 under review.

The change in net asset/equity for the revaluation would have occurred at March 2022. Therefore, there was no change reflected at March 2023 for this transaction.

Auditor General's Response

The Revaluation Reserve is a balance sheet item rolled over from year to year and major errors in one year will impact future years unless



corrected. The comments of the Accountant General are not a valid explanation for the restatement of the Revaluation Reserve from \$63.30 million to \$2.79 billion at 31st March, 2022. The Treasury needs to include figures in the financial statement which they can substantiate.

Conclusion

- 2.30** The Audit of the accounts of the Government of Barbados has revealed a number of deficiencies that need to be urgently addressed. Some of these matters have been highlighted in previous reports but no apparent action has been taken to address them and this is unfortunate. Some of the other issues mentioned are quite material and will result in a disclaimer of the accounts unless they are adequately addressed.

Recommendation

- 2.31** The Accountant General should examine the several issues highlighted in this report and implement measures to correct and prevent future occurrences.



CHAPTER 3

AUDITS OF THE STATUTORY BOARDS AND OTHER AGENCIES CONDUCTED BY THE AUDIT OFFICE

The Office of the Auditor General is responsible for reporting to Parliament on the audit of the accounts of all Government Agencies, including Statutory Bodies, Funds and other controlled entities. There are a number of state agencies that are not audited by my Office. However, relevant information from these agencies on their audit status is collected and this information is presented in Chapter 6 of this Report. Some of the other statutory agencies are audited by private sector Auditors.

- 3.2** This Chapter outlines the status of the audits of Boards, other State Agencies and Funds audited by the Audit Office at 31st March, 2024. The chapter is divided into two (2) sections. The first section contains the results of the audit of the Barbados Revenue Authority's administrative activities, and the second reports on the other Government entities that are audited by the Auditor General.



BARBADOS REVENUE AUTHORITY ADMINISTERED ACTIVITIES

Introduction

- 3.3** The Barbados Revenue Authority (hereafter referred to as “the Authority”) was established by the Government of Barbados as a central revenue collecting agency on 1st April, 2014. The main functions of the Authority are to assess, collect and enforce the payment of taxes, duties, interest, penalties, fees and other sums payable under the specified enactments.
- 3.4** The Authority is required to report annually on the taxes assessed and collected to the Director of Finance, Auditor General and Accountant General. These amounts are provided to the Treasury and included in the consolidated financial statements of Government.

Auditor’s Responsibility and Objective

- 3.5** Under the Barbados Revenue Authority Act, 2014-1 and the Public Finance Management Act, 2019-01, the Auditor General has the responsibility to audit the Authority’s annual accounts, to assess the reasonableness, fairness and reliability of the information submitted by the Authority, and to provide the Ministry of Finance and the Authority with copies of the resultant report.

Audit Scope

- 3.6** An audit of the accounts of the Administered Activities of the Barbados Revenue Authority was conducted on a sample basis for the period 1st April, 2022 to 31st March, 2023. The audit was performed in accordance with the International Standards for Supreme Audit



Institutions (INTOSAI) and Generally Accepted Auditing Standards (GAAS).

Accounts of the Collecting Activities of the Authority

- 3.7** The Authority as a collector of Government's revenue, is required to provide information on revenue collected, receipts, receivables, waivers, remittances and amounts paid as refunds. This information should be transmitted to the Treasury for incorporation in the Government's accounts. The findings on the revenue collection process are highlighted below.

Detailed Findings – Administered Activities

Statement of Revenue

- 3.8** The Authority is responsible for providing a Statement of Revenue which records revenue earned for the financial year. Waivers of penalties and interest in respect of taxes owed for periods prior to 31st March, 2022 were granted by the Ministry of Finance during the financial year under review. These waivers should have resulted in a reduction to the receivables. However, the Authority instead reduced the amount of Revenue reported in its Statement of Revenue by \$30.27 million. As a result of this action, the Statement of Revenue was understated by \$30.27 million.
- 3.9** Current year revenue should not be adjusted for interest and penalties waived for prior years. The total amount of prior year waivers of interest and penalties should have been reported to the Treasury. All collectors of revenue are required to report on waivers granted so that necessary adjustments to the government financial statements can be made by the Treasury.

Barbados Revenue Authority's Response



The Minister of Finance approves a waiver of the penalty and interest which are calculated up to and including the current income year. The adjustment to the taxpayer's account in the subledger TAMIS/the land tax system is made in the current year but is reflected in the individual income years in question.

The brought forward receivable balance would have reflected such penalty and interest due up to fiscal 2021-2022. We are therefore required to make all adjustments related to the write off in the current year. It is only in the case of an error and not in the case of an approved waiver that a prior period adjustment would be warranted.

Auditor General's Response

The Auditor acknowledged that a prior period adjustment should not be made; this was not an area of disagreement. However, current year revenue reported to the Treasury by the Authority cannot be adjusted for waivers of penalties and interest pertaining to prior years. This action resulted in revenue being under reported by \$30.27 million.

Statement of Tax Receivables

Receivables Balances prior to Tax Year 2013

- 3.10** The Authority reported tax receivables of \$2.40 billion as at 31st March, 2023. In the previous financial years, the Authority had indicated that the figure for the receivables presented did not include amounts prior to tax year 2013. At the time of omission, the figure for Income Tax was estimated at \$316 million and Corporation Tax \$419 million. This issue was presented in previous audit reports as one of the factors which prevented the Auditors from verifying the accuracy of the tax receivable balance.



3.11 It has been noted that during the 2022-2023 financial year, the Authority undertook a review of its tax receivables with a view of presenting a more accurate figure. Notwithstanding this review and subsequent adjustments made by the Authority, the Auditors have been unable to verify the new receivables balance. This is as a result of the lack of access to review information in the ETAX system for Income and Corporation taxes for tax years prior to 2013.

3.12 In addition, the Authority would have made a provision for doubtful debts of \$1.052 billion as at 31st March 2023. The Auditors were unable to verify this provision as all the relevant information to support it was not provided.

Audit Comment

3.13 The Authority indicated that \$735 million was brought to account for receivables prior to tax year 2013. The BRA indicated that it carried out an exercise to clean-up the accounts but this could not be verified by the Auditors because the process was not clearly outlined and there was insufficient information provided on various provisions. As a result, the figures could not be verified.

Other Issues

3.14 It was observed that the timely updating of taxpayers' accounts with payments received, before the relevant deadlines, resulted in interest and penalties being incorrectly applied. For example, the testing of twenty (20) tax payers on the receivable schedule for Value Added Tax revealed that there were errors in the information recorded for nine (9) of them.

***Barbados Revenue Authority's Response***

The delays in updating taxpayers' accounts is largely due to the Authority not receiving adequate information to facilitate the updating of the accounts. The Authority continues to liaise with taxpayers to assist with this process.

There is a delay in updating taxpayers' accounts when pertinent information such as the relevant taxpayers' name, tax type, and tax period are not provided when payments are made. Once the information is ascertained, payments are applied ... Taxpayers' accounts are constantly being updated.

- 3.15** Based on the sample tested, it was observed that the interest in TAMIS was calculated on the unpaid tax only instead of the unpaid tax and penalty for Income Tax, Valued Added Tax and Corporation Tax. As a result, the receivables balance was understated by approximately \$191,083.26.

Barbados Revenue Authority's Response

The Authority will review TAMIS with the software developer in an effort to address this matter that has been highlighted.

Review of Effectiveness of Collection of Receivables

- 3.16** The Audit Office sought to conduct a review of the effectiveness of receivables collection process at the Authority. The focus of the review pertained to the effectiveness of the use of the enforcement measures given to the Authority under the legislation. These measures include:-

- a) Issuing of garnishment orders,
- b) Utilising instalment agreements,



- c) Taking of court action,
- d) Auctioning of properties,
- e) Implementation of waiver programmes,
- f) Public awareness, and
- g) Establishing of units to deal with tax arrears.

3.17 The Audit Office was however unable to conduct the relevant reviews as, with the exception of the instalment agreements, no information was provided that would have allowed for the assessments.

Barbados Revenue Authority's Response

This is noted and information can be provided.

Use of Instalment Agreements

3.18 During the period 1st April, 2020 to 31st March, 2023, the value of the instalment agreements entered into with tax payers totaled \$59.67 million. It was expected that tax payers will make some attempt to clear arrears if they are given additional time. It was found that thirty-seven percent (37%) of the tax payers in the sample tested were complying with the established terms while the majority were only partially compliant. In addition, thirteen percent (13%) of the respondents did not make any payments. This component of revenue enforcement could only be considered partially successful.

Barbados Revenue Authority's Response

This is noted and the Authority will continue to encourage taxpayer compliance through issuing follow up letter, calling taxpayers, re-instituting penalties and interest charges where payment progress patterns are not established.

**Audit Comment**

- 3.19** It is disappointing that additional information was not provided to the Auditors to enable them to carry out their statutory duties of assessing the operational efficiency and effectiveness of such a critical Government agency. It would be expected that the enforcement measures would be employed given the substantial amounts outstanding and the Authority should be aware of how it was performing with these efforts. This information would assist in redefining and improving additional efforts. The Authority must be more cooperative in sharing information with the Office of the Auditor General.

Barbados Revenue Authority's Response

This is noted and information can be provided.

Overall Management Response

The Authority recognises that having an effective receivables collection process in place is very important to its function. As such the Authority is in the process of embarking on the aggressive programme to pursue outstanding debt over the next four years. The strategic plan has been completed and approved. Additional human and financial resources will be sought to achieve the targets.

Statement of Refunds

- 3.20** The Authority did not submit a Statement of Refunds as required by Section 88 (2) (c) of the Public Finance Management Act, 2019-1. Refunds due for the financial year under review should be applied to reduce the gross revenue recorded for that year. Refunds paid for a particular year is an acknowledgement that there is an overstatement of revenue and its reduction allows for a fair view of the revenue due for



that financial year. It is therefore important for this information to be provided to decision makers and those preparing the national financial statements.

Barbados Revenue Authority's Response

The Authority submitted Statements of Revenue, Receipts, Receivables, Refunds Payable and Waivers to the Auditor General's Office on May 12, 2024 ... where it was confirmed that the Statements were in compliance with section 88 (2) (c) of the Financial Management and Audit Act 2019-1.

Auditor General's Response

Section 88 (2) (c) of the Public Finance Management Act, 2019-1 requires a Statement of Refunds which was not provided. This relates to all refunds due for the financial year under review whereas a Statement of Refunds Payable relates to all refunds still outstanding at the end of the financial year.

Statement of Refunds Payable

3.21 Tax Refunds payable to taxpayers were reported as \$523.60 million as at 31st March, 2023, an increase of \$7.33 million from financial year 2021-2022. In verifying the accuracy of the amounts in the sample tested, the following discrepancies were found:-

- i. Twenty-four percent (24%) of the sample of refunds examined could not be verified. This is due to the tax payers' information being recorded in the ETAX system and the Auditors were not provided with access to this system. These refunds totaled \$1,659,736.24.

**Barbados Revenue Authority's Response**

Systems access will continue to be granted to facilitate the audit. Where this is difficult to accomplish, it is recommended that the audit team visits the offices of the Authority.

- ii. A sample of the refund cheques issued via SmartStream was traced to the tax payers' accounts in TAMIS in order to verify that the refunds paid were reflected therein. Of the sample tested, fifty-seven percent (57%) of the cheques issued were not recorded in the tax payers' accounts in TAMIS. As a result, the refunds payable will be overstated. The value of the refunds issued but not updated to the tax payers' account was \$4,104,812.55

Barbados Revenue Authority's Response

The updating of taxpayer accounts where refunds are made is being addressed using a mass adjustment to TAMIS. That is, the service provider is currently working on a script to update all taxpayers' accounts. The roll out of this adjustment will correct all such balances in the TAMIS system. In addition, the team has redesigned the process to have the Tax Operations team ensure that the taxpayers' accounts are updated prior to the refund cheques or bank deposits being printed and issued

Audit Comment

- 3.22** The Authority needs to ensure greater efficiency in the management of refunds due to the large volume of refunds it is required to issue yearly.

Conclusion

- 3.23** The issues outlined above are significant and need to be addressed. Greater efficiency is required in the collection of receivables, refunds



processing and cash collections to ensure that the Authority fulfills its mandate.



AUDITS OF STATUTORY BOARDS AND OTHER AGENCIES CONDUCTED BY THE AUDIT OFFICE

Arts and Sports Promotion Fund

- 3.24** The Arts and Sports Promotion Fund was established under the Arts and Sports Promotion Fund Act, 2003. The purpose of the Fund is to provide financial assistance to activities and programmes conducted by arts and sporting organisations for the development and practice of arts and sports. The financial statements for the years ended 31st March, 2022 to 2024 have not yet been submitted.

Barbados Boxing Board of Control

- 3.25** The Barbados Boxing Board of Control oversees the promotion and regulation of boxing in Barbados. The Board receives an annual grant from the Barbados Government, and is required to have its accounts audited by the Barbados Audit Office. The audits of the financial statements for the years ended 31st December, 2015 to 2022 have not been completed as the Office is still awaiting supporting documentation and the relevant schedules prior to proceeding with the audits. The financial statements for the years ended 31st March, 2023 to 2024 have not been submitted.

Barbados Community College

- 3.26** The audit of the accounts of the Barbados Community College is conducted in accordance with Section 10 (1) of the Barbados Community College Act, Cap. 36. The financial statements and schedules for the years ended 31st March, 2022 to 2024 have not yet been submitted to the Audit Office.



Barbados Community College Hospitality Institute (currently Jean and Norma Holder Hospitality Institute)

- 3.27** The Barbados Community College Hospitality Institute (The Institute) falls under the aegis of the Barbados Community College. The Institute conducts training for persons pursuing careers in the hospitality industry. The financial statements for the years ended 31st March, 2022 to 2024 have not been made available in order for these audits to commence.

Barbados Defence Force

- 3.28** The Barbados Audit Office conducted a review of the financial records of the Barbados Defence Force for the financial years ending 31st March, 2015 to 2018. There were a number of errors and omissions and the adjusted financial statements were to be resubmitted since November 2022. The audits of the accounts for the financial years ended 31st March, 2019 to 2024 have not commenced as the financial statements and relevant schedules have not been submitted to the Audit Office.

Barbados Medicinal Cannabis Licensing Authority

- 3.29** The Barbados Medicinal Cannabis Licensing Authority (the Authority) was established by the Medicinal Cannabis Industry Act, 2019-44. The functions of the Authority include the regulation of medicinal cannabis. The audit of accounts for the financial years ended 31st March, 2023 was audited and unqualified audit opinion was issued. The audit of the financial statements for the year ended 31st March, 2023 is in progress.

Barbados Revenue Authority – Agency

- 3.30** The Barbados Revenue Authority (the Authority) was established by the Government of Barbados as a central revenue collecting agency on



1st April 2014. The main functions of the Authority are to assess, collect and enforce the payment of taxes, duties, interest, penalties, fees and other sums payable under the specified enactments. The audit of the accounts for the financial year ended 31st March, 2023 has been completed and an unqualified opinion was given. The audit of the financial statements for the year ended 31st March, 2024 is in progress.

Caribbean Centre for Development Administration (CARICAD)

- 3.31** The Caribbean Centre for Development Administration (CARICAD) provides assistance to the countries of the Caribbean region for the purpose of improving their administrative capability. The audit of the financial statements for the years ended 31st March, 2015 to 2018 was conducted. However, the signed financial statements were not submitted to allow for the issuance of the audit reports. Financial statements for the years ended 31st March, 2019 to 2024 have not been provided for auditing.

Catastrophe Fund

- 3.32** The Catastrophe Fund was established by the Government of Barbados in 2006 and is administered by the National Insurance Fund. This Fund provides financial aid to persons with homes valued at no more than \$150,000 which are damaged by a catastrophe. The audit of the accounts of the Catastrophe Fund were last audited for the financial year ended 31st December, 2014. The audits of the accounts for the years ended 31st December, 2015 to 2023 are currently outstanding and will commence once the statements, schedules and other documentation are made available to the Auditors.

Community Legal Services Commission

- 3.33** The Community Legal Services Commission provides legal aid to



persons in the country who need assistance, and meet the established criteria. The audit of the accounts for the financial years 1st April, 2013 to 31st March, 2020 were completed and qualified audit opinions were issued. The financial statements for the period 1st April, 2020 to 31st March, 2024 have not been submitted for auditing.

Erdiston Teachers' Training College

- 3.34** The Erdiston Teachers' Training College (the College) is an educational institution established for the training of teachers. The audits of the financial statements for the period 1st April, 2012 to 31st March, 2021 have been completed. Unqualified audit opinions were issued for all years except the year ended 31st March, 2019 which was given a qualified opinion. The financial statements for the period 1st April, 2022 to 31st March, 2024 have not been submitted for auditing.

National Assistance Board

- 3.35** The National Assistance Board provides assistance to poor and needy persons in the country in a variety of ways, and this includes providing a Home Help Service. The audit of the financial statements for the year ended 31st March, 2021 has been completed and a qualified audit opinion was issued. The financial statements for the years ended 31st March, 2022 to 2024 have not been submitted to be audited.

National Council on Substance Abuse

- 3.36** The principal activity of the National Council on Substance Abuse (NCSA) is to advise the Ministry of Home Affairs on measures for the eradication or control of substance abuse. The audit of the financial statements for the year ended 31st March, 2022 has been completed; an unqualified opinion was issued. The accounts for the financial year ended 31st March, 2023 has been submitted for audit while that for the



year ended 31st March, 2024 is outstanding.

National Insurance Fund

- 3.37** The National Insurance Fund has been established to allow for eligible Barbadians to benefit from programmes designed to provide monetary benefits to seniors and others who meet the qualifying criteria. The audit of the accounts of the National Insurance Fund are some nine (9) years in arrears (2015 to 2023). The Department had requested sometime to bring the financial statements up to date so that they could be audited and have recently submitted draft statements up to 2023 and the Office has resume auditing these accounts.

Retraining Account

- 3.38** The Retraining Account (the Account) was established in 2010 by the National Insurance and Social Security (Amendment) (No. 2) Act, 2010-9, and is operated under the management and control of the National Insurance Board. The Account provides funding for the retraining of persons who have become unemployed. The audit of the accounts for the financial years ended 31st December, 2022 was completed, an unqualified opinion was issued. The audit for the financial statements for the year ended 31st December, 2023 is in an advanced stage.

Samuel Jackman Prescod Institute of Technology

- 3.39** The Samuel Jackman Prescod Institute of Technology (previously Samuel Jackman Prescod Polytechnic) is an educational institution which offers technical and vocational training in a number of disciplines. The audit of the financial statements for the years ended 31st March, 2020 to 2022 are in an advanced stage. Some delays are being experienced as requested relevant information was not submitted. The accounts for the financial years ended 31st March, 2023 and 2024 have



not yet been submitted.

Sanitation Service Authority

- 3.40** The Sanitation Service Authority is a Statutory Board, operating under the aegis of the Ministry of the Environment and National Beautification. The main function of the Sanitation Service Authority is the collection and disposal of garbage. The audit of the financial statements for the year ended 31st March, 2021 is completed. The financial statements for the years ended 31st March, 2022 to 2024 have not yet been submitted to be audited.

Severance Payment Fund

- 3.41** Severance Payment Fund was established by the Severance Payment Act, Cap. 355A. The Auditor General was unable to express an opinion on the financial statements for the years ended 31st December, 2013 and 2014 as sufficient appropriate evidence was not provided to confirm or deny dollar values included in the financials. The audits of the accounts for the years ended 31st December, 2015 to 2023 are currently outstanding and will commence once the statements, schedules and other documentation are made available to the Auditors.

Sugar Workers' Provident Fund

- 3.42** The Sugar Workers' Provident Fund provides pensions and funeral grants to persons previously employed in the Sugar Industry, but who were not entitled to a contributory pension under the National Insurance and Social Security Act. The audit of the financial statements for the year ended 31st December, 2022 was completed; an unqualified opinion was offered. The audit of the financial statements for the year ended 31st December, 2023 is in an advanced stage.



Unemployment Fund

- 3.43** The Unemployment Fund, which is administered by the National Insurance Department, pays benefits to those qualifying persons who were terminated or laid off from work. The Auditor General was unable to express an opinion as sufficient appropriate audit evidence was not provided to support the information included in the accounts for the financial years ended 31st December, 2013 and 2014. The audits of the accounts for the years ended 31st December, 2015 to 2023 are currently outstanding and will commence once the statements, schedules and other documentation are made available to the Auditors.





CHAPTER 4

AUDIT OF STATUTORY BOARDS, GOVERNMENT COMPANIES AND CONTROLLED ENTITIES

The Office of the Auditor General is responsible for reporting to Parliament on the audit of the accounts of all Government Agencies, including Statutory Bodies, Funds and other controlled entities. There are a number of state agencies that are not audited by my Office. However, relevant information from these agencies on their audit status is collected and this information is presented in this Report. Some of the other statutory agencies are audited by private sector Auditors. This Chapter outlines the status of the audits of Boards, other State Agencies and Funds audited by private entities.

AUDITS OF STATE AGENCIES CONDUCTED BY PRIVATE SECTOR AUDITORS

- 4.2** Section 113 of the Constitution requires the Auditor General to be the Auditor of Ministries/Departments and Government controlled entities. Private sector Auditors conduct a number of audits on Statutory Bodies, Commissions and Agencies. A report on the status of audits conducted by the private sector Auditors is as follows:

Statutory Boards and Government Companies

Barbados Agricultural Credit Trust Limited

- 4.3** The principal activity of the Barbados Agricultural Credit Trust Limited



(the Trust) is the management of the debt of the Barbados Sugar Industry Limited and the heavily indebted plantations, a responsibility which was assumed from the Barbados National Bank in the form of a portfolio transfer. The Trust has indicated that the Auditors have met some challenges in the performance of the audits of the accounts. Therefore, the audits of financial statements for the years ended 31st March, 2014 to 2024 are outstanding.

Barbados Agricultural Development and Marketing Corporation

- 4.4** The Barbados Agricultural Development and Marketing Corporation (the Corporation) was established by the Barbados Agricultural Development and Marketing Corporation Act, 1965 - 21 to stimulate, facilitate and undertake the development of agriculture, and to develop and manage, on a commercial basis, Government plantations along the line of Government policies. The Corporation reported that the audits of the financial statements for the years ended 31st March, 2023 and 2024 have been completed; qualified opinions were issued.

Barbados Agricultural Management Co. Ltd

- 4.5** The Barbados Agricultural Management Co. Ltd (the Company) is a subsidiary of the Barbados Agricultural Trust Ltd, whose sole shareholder is the Government of Barbados. The Company is involved in the cultivation of sugarcane and non-sugar crops, and it manages and operates the sole sugar factory on the Island. The Company has indicated that its accounts have been audited up to the period ended 30th June, 2018. The audits of the accounts for the financial years ended 30th June, 2019 to 2024 are outstanding.



Barbados Cane Industry Corporation

- 4.6** The Barbados Cane Industry Corporation (the Corporation) was established under the Companies Act of Barbados to restructure the sugar cane industry. The Corporation's operations were discontinued in the financial year ended 31st March, 2019. The Board and selected personnel have been retained to address the finalizing of the Corporation. The audits of the financial statements remain outstanding for the years ended 31st March, 2015 to 2019.

Barbados Conference Services Ltd

- 4.7** The Barbados Conference Services Ltd (BCSL) is responsible for the operations of the Lloyd Erskine Sandiford Centre, and provides destination management and transport services under the brand names, "Horizon Events' Planners" and "Horizon Coaches and Tours" respectively. The BCSL reported that the audits of the financial statements for the years ended 31st March, 2023 and 2024 are completed; qualified audit opinions were issued. The audits of the accounts are therefore up to date

Barbados Investment and Development Corporation

- 4.8** The Barbados Investment and Development Corporation (the Corporation) was established under the Barbados Investment and Development Corporation Act, 1992 – 30 for the purpose of developing Barbados' industrial, offshore, financial, export and other related activities. The Corporation has indicated that the audits for the financial year ended 31st March, 2021 has been completed and an unqualified opinion was issued. The audits for the financial years ended 31st March, 2022 to 2024 are outstanding.



Barbados National Oil Company Limited

- 4.9** The Barbados National Oil Company Ltd. (BNOCL), through its wholly owned subsidiary, is involved in the exploration and production of crude oil, natural gas and liquefied petroleum gas. BNOCL is also engaged in the processing of crude oil and the sale of petroleum products to the Barbados market. The audits of the accounts of BNOCL for the financial years ended 31st March, 2023 and 2024 have been completed and qualified opinions were issued.

Barbados National Terminal Company Limited

- 4.10** The Barbados National Terminal Company Limited is a Limited Liability Company, and a wholly owned subsidiary of the Barbados National Oil Company Limited. Its principal activity is the storage and distribution of petroleum products on behalf of its parent company. The audits of the accounts have been completed for the financial years ended 31st March, 2023 and 2024; unqualified audit opinions were issued.

Barbados Port Incorporated

- 4.11** The principal activity of the Barbados Port Incorporated (the Port) is to manage the Port of Bridgetown for the main purpose of enabling the Port to operate as a commercial entity. The Port has indicated that the audits of the accounts for the financial years ended 31st March, 2023 and have been completed; unqualified opinions were issued.

Barbados Tourism Marketing Incorporated

- 4.12** The Barbados Tourism Marketing Inc. (BTMI) functions are to promote, assist and facilitate the efficient development of tourism, to design and implement suitable marketing strategies for the effective promotion of



the tourism industry. The BTMI reported that the audits of the accounts for the financial years ended 31st March, 2023 and 2024 are in progress.

Barbados Tourism Product Authority

- 4.13** The Barbados Tourism Product Authority (the Authority) is a regulatory agency responsible for licensing, inspecting and registering of restaurants and tourist accommodations. The Authority indicated that the audit for the financial year ended 31st March, 2021 has been completed; an unqualified opinion was issued. The audits of the accounts for the financial years ended 31st March, 2022 and 2023 are in progress while the audit for financial year ended 31st March, 2024 has not yet started.

Barbados Tourism Investment Incorporated

- 4.14** The principal activities of the Barbados Tourism Investment Inc. (the Corporation) are the facilitation of tourism investment in Barbados, and the development of its vested properties in private and public partnerships. The Corporation has reported that the audits of the accounts for the financial years ended 31st March, 2020 to 2022 have been recently assigned to newly appointed Auditors. The audits of the accounts for the financial years ended 31st March, 2023 and 2024 are outstanding.

Barbados Vocational Training Board

- 4.15** The Barbados Vocational Training Board (the Board), previously called the National Training Board, was established under the Occupational Training Act, 1979, Cap. 42. Its purpose was to ensure an adequate supply of trained manpower through occupational training for apprentices and trainees in the country. The Board has indicated that



audits of the accounts for the period 1st April, 2022 to 31st March, 2024 have been completed; unqualified audit opinions were issued.

Barbados Water Authority

- 4.16** The Barbados Water Authority (BWA) was established by the Barbados Water Authority Act 1980 - 42 to take over the functions, rights and liabilities of the Waterworks Department on the “appointed day”, which is regarded as 1st April, 1981. The Authority has indicated that the audit of the financial statements for the year ended 31st March, 2020 is at an advanced stage, while the audits of the accounts for the financial years ended 31st March, 2021 to 2024 have not commenced. Therefore, the audits of the accounts for the financial year ended 31st March 2020 to 2024 are outstanding.

Caribbean Broadcasting Corporation

- 4.17** The principal activity of the Caribbean Broadcasting Corporation (the Corporation) is the provision of broadcasting services through radio and television. The Corporation reported that the audit of the accounts for the financial year ended 31st March, 2024 was completed; an unqualified opinion was issued.

Caribbean International Airways Limited

- 4.18** Caribbean International Airways Ltd. reported that it had significant challenges with accounts personnel and with the accounting system which have hampered the progress of the audits. The audits of the accounts for the financial years ended 31st March, 2020 to 2024 are outstanding.



Caves of Barbados Limited

- 4.19** Caves of Barbados Ltd. (CBL) is mandated under the Caves Act 2000-12 to manage and develop Harrison's Cave and any other caves in Barbados. The CBL indicated that the audits of the financial statements for the year ended 31st March, 2023 and 2024 have been completed; unqualified audit opinions were issued.

Central Bank of Barbados

- 4.20** The Central Bank of Barbados is incorporated under the Central Bank of Barbados Act CAP 323C and is responsible for the administration of the Financial Institutions Act, CAP 324A, and the International Financial Services Act, CAP 325. Its main responsibility is to formulate, in association with Government, monetary and fiscal policies to assist with the country's economic development programme. The audit of the financial statements for the year ended 31st December, 2023 was completed; an unqualified opinion was issued.

Child Care Board

- 4.21** The principal activities of the Child Care Board (the Board) are to provide and maintain child care institutions for the safe keeping of children in need of care and protection; and to make grants to voluntary organisations or bodies operating child care institutions. The Board has reported that the audit of its accounts for the financial year ended 31st March, 2023 has been completed; an unqualified audit opinion was issued. The audit of the accounts for the financial year ended 31st March, 2024 is outstanding.



Enterprise Growth Fund Limited

- 4.22** The principal activity of the Enterprise Growth Fund Limited (EGFL) is the provision of loan financing and venture capital to dynamic, small and medium sized Barbadian companies in the productive sectors. The EGFL also provides business advisory services and technical assistance to its client companies. The audit of the accounts for the financial year ended 31st March, 2024 has been completed; an unqualified opinion was issued.

Fair Trading Commission

- 4.23** The principal activity of the Fair Trading Commission (the Commission) is to enforce the Utilities Regulation Act, Cap. 282, the Telecommunications Act, Cap. 282B, the Fair Trading Competition Act, Cap. 326C and the Consumer Protections Act, Cap. 326D. The Commission is required to promote efficiency and competitiveness, and improve standards of service and quality of goods and services supplied by service providers and business enterprises over which it has jurisdiction. The audits of the accounts for the financial years ended 31st March, 2023 and 2024 have been completed; unqualified opinions were issued.

Financial Services Commission

- 4.24** The Financial Services Commission (FSC) commenced operations on 1st April, 2011 under the Financial Services Commission Act, 2010. The functions of the Financial Services Commission (FSC) include the supervision and regulation of the operations of financial institutions and the establishment of standards for the protection of customers of financial institutions as well as creditors and the public. The audits of the accounts for the financial years ended 31st March, 2023 and 2024 have



been completed; unqualified opinions were issued.

Grantley Adams International Airport Incorporated

- 4.25** The Grantley Adams International Airport Inc. (GAIA) is responsible for the commercial operations and management of the airport in accordance with the Grantley Adams International Airport (Transfer of Management and Vesting of Assets) Act (Act 2003). The GAIA has reported that the audits of the financial statements for the years ended 31st March, 2021 to 2024 were completed; qualified audit opinions were issued.

Hotels and Resorts Limited

- 4.26** Hotels and Resorts Ltd. was incorporated under the Laws of Barbados on 27th December, 1995. The principal activity of Hotels and Resorts Ltd. is the investment in, and development of hotel premises. The audits of the financial statements for the years ended 31st March, 2023 and 2024 were completed; unqualified audit opinions were issued.

National Conservation Commission

- 4.27** The principal activity of the National Conservation Commission (the Commission) is the management, maintenance and development of the public parks, beaches and open areas of Barbados. The audits of the accounts for the financial years ended 31st March, 2014 to 2024 are outstanding.

National Cultural Foundation

- 4.28** The principal activities of the National Cultural Foundation (the Foundation) are to stimulate and facilitate the development of culture, organize and assist in cultural activities, and develop, maintain and



manage theatres and other cultural facilities and equipment provided by the Government of Barbados. The audits of the accounts for the financial years ended 31st March, 2023 and 2024 are outstanding.

National Housing Corporation

- 4.29** The National Housing Corporation is a state agency which has responsibility for the development of land and the construction of housing units for sale or rent to low- and middle-income earners. The Corporation had reported a number of challenges in bringing the audit of its accounts up to date. In 2022, the Corporation had indicated that the accounts for the financial years ended 31st March, 2015 to 2019 will not be audited. The audit of the accounts for the financial year ended 31st March, 2020 was reported to be in progress. Hence, the audits of the accounts for the financial years ended 31st March, 2020 to 2024 are outstanding.

National Petroleum Corporation

- 4.30** The National Petroleum Corporation (the Corporation) has as its principal activity the supply of natural gas to industrial, commercial and domestic customers. The Corporation has indicated that the audits of the accounts for the financial years ending 31st March, 2023 and 2024 are in progress.

National Sports Council

- 4.31** The principal activities of the National Sports Council (Council) are to maintain and develop sporting facilities provided for public use, and to stimulate the development of sports in Barbados. The audits of accounts for the financial years ended 31st March, 2018 and 2024 are outstanding.



Needham's Point Holdings Limited

- 4.32** Needham's Point Development Inc. was incorporated under the Companies Act of Barbados on 13th January, 1999, its sole shareholder being the Government of Barbados. The principal activities of the company are the ownership and operations of the Hilton Hotel. The audit of the accounts for the financial year ended 31st March, 2022 has been completed; an unqualified opinion was issued. The audits of the accounts for the financial years ended 31st March, 2023 and 2024 are outstanding.

Needham's Point Development Incorporated

- 4.33** Needham's Point Development Inc was incorporated under the Companies Act of Barbados on 22nd August, 1996, its sole shareholder being the Government of Barbados. The principal activity of the company is to oversee the development of the lands at Needham's Point. The audit of the accounts for the financial year ended 31st March, 2022 has been completed; an unqualified opinion was issued. The audits of the accounts for the financial years ended 31st March, 2023 to 2024 are outstanding.

Queen Elizabeth Hospital

- 4.34** The Queen Elizabeth Hospital (the Hospital) has as its principal activity the provision of medical care for patients. The audits for the accounts for the financial years ended 31st March, 2017 to 2024 are outstanding.

Rural Development Commission

- 4.35** The Rural Development Commission (the Commission) was incorporated on 21st August, 1995 under the Rural Development Commission Act, 1995 - 12. Its principal activity is to improve the quality



of life of persons living in rural communities in Barbados. The Commission has once again reported that the audit of the accounts for the financial year ended 31st March, 2009 is being finalized. In this regard, it should be noted that the audits of the accounts for the financial years ended 31st March, 2010 to 2024 are outstanding.

Student Revolving Loan Fund

- 4.36** The Student Revolving Loan Fund (the Fund) was established under the Student Revolving Loan Fund Act, 1976-20. The principal activity of the Fund is the provision of loans to eligible Barbadians pursuing full-time studies in post-secondary, technical, vocational, undergraduate and graduate programmes. The Fund has indicated that the audits of its accounts for the financial year ended 31st March, 2023 and 2024 have been completed; unqualified audit opinions were issued.

Technical and Vocational Education and Training (TVET) Council

- 4.37** The principal activities of the Technical and Vocational Education and Training (TVET) Council are to provide advice on policy, and to prepare plans and establish standards for technical and vocational education at the tertiary level, in accordance with national policies and economic needs. The audit of the accounts for the financial year ended 31st March, 2022 has been completed; a qualified audit opinion was issued. The audits of the accounts for the financial years ended 31st March, 2023 and 2024 are outstanding.

Transport Authority

- 4.38** The Transport Authority was set up on 1st August, 2008 to regulate, monitor and plan for public transportation in Barbados. The Authority has indicated that the audit of the accounts for the financial year ended



31st March, 2023 and 2024 were completed and unqualified opinions were issued.

Transport Board

- 4.39** The Transport Board's principal activity is the provision of transportation to the general public. The accounts for the financial years ended 31st March, 2020 and 2021 received disclaimers of opinions due to a lack of sufficient appropriate audit evidence. The audits of the accounts for the financial years ended 31st March, 2022 to 2024 are outstanding.

Urban Development Commission

- 4.40** The principal activities of the Urban Development Commission (UDC/Commission) are to undertake slum clearance and improve social amenities in urban areas. The UDC also provides loans for assistance in house acquisition, repairs and improvements. The Commission reported that the audit of the accounts for the financial year ended 31st March, 2023 is in progress. Hence the audits of the accounts for the financial years ended 31st March, 2023 and 2024 are outstanding.



AUDITS OF SECONDARY SCHOOLS

- 4.41** Section 20 (1) (b) of the Education Act requires that the audited accounts of secondary schools be submitted to the Minister not later than six months after the close of the financial year which ends on 31st March. The status of the audits of accounts of the schools as at 31st March, 2024 was as follows:-

Alexandra School

- 4.42** The Alexandra School has reported that the audits for the periods ending 31st March, 2021 and 2022 were completed and unqualified opinions were issued. The audit of the accounts for the financial years ended 31st March, 2023 and 2024 are outstanding.

Alleyne Secondary School

- 4.43** The Alleyne Secondary School reported that the audits of its accounts for the financial years ended 31st March, 2016 to 2024 are outstanding.

Christ Church Foundation School

- 4.44** The Christ Church Foundation School has indicated that the audits of the accounts for the financial years ended 31st March, 2019 and 2020 are awaiting confirmation by the Board. The audits of the accounts for the financial years ended 31st March, 2021 to 2024 are outstanding.

Coleridge and Parry School

- 4.45** The Coleridge and Parry School has submitted audited financial statements for the years ended 31st March, 2019 to 2021; unqualified audit opinions were issued. The audits of the accounts for the financial



years ended 31st March, 2022 to 2024 are outstanding.

Combermere School

- 4.46** The audits of the financial statements of the Combermere School for the years ended 31st March, 2019 to 2024 have not been submitted and are therefore outstanding.

Daryll Jordan Secondary School

- 4.47** The Daryll Jordan Secondary School reported that the audits of its accounts for the financial years ended 31st March, 2022 and 2023 was completed and unqualified opinions were issued. The audit of the accounts for the financial year ended 31st March, 2024 is outstanding.

Deighton Griffith Secondary School

- 4.48** The Deighton Griffith Secondary School reported that the audits of its accounts for the financial years ended 31st March, 2021 to 2024 are outstanding.

Ellerslie Secondary School

- 4.49** The Ellerslie Secondary School has reported that the audits of its accounts for the financial years ended 31st March, 2021 and 2022 were completed; unqualified opinions were issued. The audits of the accounts for the financial years ended 31st March, 2023 to 2024 are outstanding.

Frederick Smith Secondary School

- 4.50** The Frederick Smith Secondary School has reported that the audits of the accounts for the financial years ended 31st March, 2019 to 2024 are



outstanding.

Grantley Adams Memorial Secondary School

- 4.51** The audits of the accounts of the Grantley Adams Memorial Secondary School for the financial years ended 31st March, 2021 to 2024 are outstanding.

Graydon Sealy Secondary School

- 4.52** The Graydon Sealy Secondary School has reported that the audits of the accounts for the financial years ended 31st March, 2019 to 2024 are outstanding.

Harrison College

- 4.53** Harrison College has indicated that the audits of the accounts for the financial years ended 31st March, 2019 to 2020 are in progress. The audit of the accounts for the financial years ended 31st March 2021 to 2024 are outstanding.

Lester Vaughan School

- 4.54** The Lester Vaughan Secondary School reported that the audits of the accounts for the financial years ended 31st March, 2016 to 2024 are outstanding.

The Lodge School

- 4.55** The Lodge School has submitted audited financial statements for the year ended 31st March, 2023; an unqualified audit opinion was issued. The audit of the accounts for the financial years ended 31st March, 2024



is outstanding.

Parkinson Memorial Secondary School

- 4.56** The Parkinson Memorial Secondary School has reported that the audits of the accounts for the financial years ended 31st March, 2021 to 2022 have been completed and qualified audit opinions were issued. The audits of the accounts for the financial years ended 31st March, 2023 to 2024 are outstanding.

Princess Margaret Secondary School

- 4.57** The Princess Margaret Secondary School has reported that the audits of the accounts for the financial years ended 31st March, 2019 to 2024 are outstanding.

Queen's College

- 4.58** Queens College has indicated that it is seeking a waiver on the audit of the accounts for the period 1st April, 2012 to 31st March, 2017. The audits of the accounts for the financial years ended 31st March, 2012 to 2024 are outstanding.

Springer Memorial Secondary School

- 4.59** The audits of the accounts of the Springer Memorial Secondary School for the financial years ended 31st March, 2016 to 2024 are outstanding.

St. George Secondary School

- 4.60** The Board of the St. George Secondary School has reported that the audits of the accounts for the financial years ended 31st March, 2021 and



2022 were completed; qualified audit opinions were issued. The audits of the accounts for the financial years ended 31st March, 2023 to 2024 are outstanding.

St. Leonard's Boys' Secondary School

- 4.61** The St. Leonard's Boys' Secondary School has reported that the audits of the accounts for the financial years ended 31st March, 2019 to 2024 are outstanding.

St. Michael School

- 4.62** The St. Michael School has reported that the audits of the accounts for the financial years ended 31st March, 2019 to 2024 are outstanding.

General Observations

- 4.63** The auditing of the accounts of a number of state enterprises and boards are not up to date as required. This is even after waivers were granted on some outstanding audits to assist with the removal of backlogs. I have stated that it is necessary for each agency to carry out a review of its accounting operations to identify the challenges it faces in the preparation of its accounts and take the necessary action to remedy the deficiencies discovered.
- 4.64** The auditing of the accounts of the Government agencies on an annual basis is an important aspect of good governance and accountability. This process is required by law. Action therefore needs to be taken, in relation to personnel charged with the management of Government funds, to ensure that the audits of the accounts are completed as required by law.



CHAPTER 5

INFORMATION TECHNOLOGY AUDIT OF BARBADOS LICENSING AUTHORITY

The Barbados Licensing Authority (hereinafter referred to as Licensing) is a Department of the Ministry of Transport and Works (hereinafter referred to as MTW), which facilitates vehicle registration and drivers' license issuance. Licensing has been utilising a custom-built software application (hereinafter referred to as the legacy BLA application) to facilitate a number of its business processes. However, in an effort to modernise, it undertook the replacement of the existing legacy BLA application and the implementation of new functionality, through the introduction of a number of new applications. These applications were the Electronic Vehicle Registration System (EVR), the Vehicle Registration System (VRS) and the Driver's License Management System (DLMS).

- The EVR would function to gather information on vehicles as they traverse the roadways, using readers and speed cameras mounted at strategic points across the island. This would allow checks for compliance with tax and insurance obligations, alongside identifying those breaking the speed limit.
- The main function of the VRS would be to facilitate the registration and management of information on vehicles.
- The DLMS would facilitate the management of the issuance of drivers' permits and licences by Licensing.

5.2 Licensing indicated that these systems were expected to achieve a number of benefits for the citizens of Barbados, Licensing and the island's law enforcement. These included the following:-



- an increase in the revenue stream of the highway taxes;
- provision of reports that support administrative decision making;
- facilitating ease of citizens doing business with Licensing; and
- providing assistance to the enforcement arm of the Barbados Police Service in traffic matters and crime prevention.

Based on the status reports provided by MTW, the amount expended on implementation of these solutions at December 2023 was approximately \$8 million.

Audit Objectives and Scope

5.3 The objectives of the audit included the following:-

- Review of the current legacy BLA application to assess deficiencies which should be addressed in the new systems and identify any concerns for data migration;
- Evaluation of the project management procedures in place to ensure that budgetary and time constraints were adhered to and technical objectives and requirements were specified and met; and
- Evaluation of the software selection process and implementation methodologies.

5.4 The audit of the legacy BLA application examined the operability of the application during the period 1st January, 2022 to 31st March, 2023. The status of the system implementation was examined up to 31st March, 2024.

Methodology

5.5 Several methodologies were employed during the execution of the audit which included the following:-



- Testing of the legacy BLA application in a test environment;
- Extraction and analysis of information from the legacy BLA application database;
- Observation of the DLMS application;
- Observation of some of the functionality of the EVR;
- Questionnaires and interviews targeted at key personnel;
- Review of the relevant documentation related to the project; and
- Review of relevant legislation and policies.

REVIEW OF LEGACY BLA APPLICATION

5.6 A review of the legacy BLA application was executed in order to gain insight into the deficiencies which needed to be addressed by the new applications. In addition, relevant data stored within the legacy BLA application was analysed for accuracy as it relates to data migration to any new applications. These examinations revealed the following concerns:-

Concerns Regarding Data Integrity

5.7 There were concerns regarding data integrity in the legacy BLA application which should be rectified as part of the migration to the new application. There were one hundred and one (101) instances of national registration numbers logged for citizens' drivers' licences recorded within the legacy BLA application which differed from those in the Electoral and Boundaries registration listing. There were sixteen (16) instances were provided by the Transport Authority where Public Service Vehicle (PSV) licences were recorded in the BLA legacy application, without having an approved permit issued by Transport Authority. The permit is required under the Road Traffic Act, Cap. 295, Section 10.



- 5.8** Migration of inaccurate information to any new applications should be minimised in order to support accurate processing and reliability of data. In addition, the Data Protection Act, Section 4, Paragraph 1(d) requires that individuals' personal data held by entities be kept accurate and up-to-date. This should therefore be adhered.

Deficiencies in Application Controls

- 5.9** There were issues relating to inadequate input, processing and output controls in the BLA Legacy application and these include the following:-

a) Input Controls

There were weak input controls that allowed for inconsistent and inaccurate entry of information on vehicle owners and allowed for the omission of key information such as passport or overseas drivers' license data.

b) Application Processing Controls

- A manual transfer process was in place for the updating of the accounting records with data from the legacy BLA application which is error prone. This was evidenced in the fact that the amount recorded in the legacy BLA application for the end of the financial year 2022- 2023 was more than that recorded in the accounting application. The difference was \$506,287.
- Online payments to Licensing were facilitated through the use of the Government's EZPay system. However, in order to update customers' accounts, the payments made needed to be entered manually into the legacy BLA application. This manual transfer of data increases the likelihood of error and decreases efficiency.



- There is no functionality in the legacy BLA application to record the supervisor's verification of the cashier's daily cash collections and if a discrepancy such as a surplus or shortage was observed.
- The legacy BLA application does not prevent the issuance of a license plate number to more than one vehicle at the same time. Licensing therefore has to manually check the system for license numbers issued, so as to avoid these numbers being allocated to more than one vehicle.
- The application does not maintain audit trails for all relevant transactions. Audit trails are necessary to support investigation into errors, discrepancies and overrides. They should be present for all key operations within the application

5.10 The issues highlighted above demonstrate that there are a number of deficiencies in the legacy BLA application which need to be addressed in the implementation of the new software. The applications being introduced by Licensing were in differing stages of development, therefore the Audit Office could only verify if improved functionality was implemented or planned in some instances.

5.11 In the following paragraphs, the assessment of the software projects will be discussed and this will also include whether the deficiencies highlighted have been considered in software acquisition and implementation.

REVIEW OF SOFTWARE IMPLEMENTATION PROJECTS

5.12 Three (3) different software solutions are being implemented to supplement and replace the legacy BLA application and are being developed by two (2) companies. These were the Electronic Vehicle



Registration System (EVR) and the Vehicle Registration System (VRS), being built by a Company and the Driver's License Management System (DLMS) being built by another Company. This section examines the management of these projects as it relates to the establishment of Licensing's business requirements, project planning and oversight, system implementation and provides an update of their current status.

i. Drivers' License Management System (DLMS)

5.13 The Driver's License Management System (DLMS) was obtained by Licensing with the assistance of the Ministry of Industry, Innovation, Science and Technology (MIST) as a replacement to the current components of the BLA system related to the processing of drivers' permits and licenses. The genesis of the software project was an unsolicited proposal received from the software provider. The results of the review of this system are outlined below:-

a) Failure to Obtain Multiple Proposals or Quotations

Following the receipt of the unsolicited proposal from the software provider, there was no process undertaken to obtain additional proposals or quotations from any other entities. The failure to obtain alternative proposals prevented Licensing from ascertaining if there was a more cost effective, better designed or more technologically advanced solution.

b) Absence of Functionality to Address Revenue Collection Deficiencies

A demonstration of the DLMS application was provided on 19th March, 2024 to the Auditors. During this review, it was observed that no functionality was in the application to allow verification of



the cash collected. In addition, there was no feature which allowed for automated transfer of revenue information to the Barbados Revenue Authority's (the Authority) accounting application. It should be noted that any revenue collection is carried out by the Authority on behalf of Licensing. The absence of these two (2) features were cited earlier in this report as weaknesses in the legacy BLA application, which negatively impacted efficiency and accuracy. However, Licensing subsequently liaised with the Authority to design improvements to the accounting components of the application.

c) Information Security Concerns

Factors such as backup policies, business continuity plans, initiatives to ensure data privacy and third-party security evaluations should be considered during software design and implementation, so as to ensure that any related risk is mitigated. However, no documentation was provided to the Barbados Audit Office to demonstrate that these factors were considered.

d) Unavailability of the Application

As at March 2024, the legacy BLA application was still in use for the administration of drivers' permits and licenses and collection of revenue. Three (3) contracts were signed as at August 2022 for this system. However, nineteen (19) months after the contract was signed, the benefits that were to be garnered from the DLMS could not be obtained. Licensing indicated that the application was undergoing testing and was expected to be launched in May 2024. However, during May 2024, Licensing requested additional functionality, such as a digital regulation test system. Therefore, the system could not be completed for this timeline.



e) **Improvements Over the BLA Legacy System**

During the demonstration of the DLMS, it was observed that a number of the deficiencies identified in the legacy BLA application by the audit were addressed. These were as follows: -

- Entry of national registration numbers would be validated against the records of Electoral and Boundaries Commission;
- A field was included to flag if a license owner is deceased and the licence would be made inactive;
- On-line payments could be facilitated and there was integration with the EZPay system;
- Licence card printing facilities were built into the application; and
- Audit trails were built in to allow for all user activity to be recorded.

The DLMS also incorporated improved security features, adaptability and scalability and modern technology such as digital wallets.

ii. **Electronic Vehicle Registration (EVR) and Vehicle Registration Systems (VRS)**

5.14 The Electronic Vehicle Registration System (EVR) was introduced to assist in identifying road users who are not in compliance with the road traffic legislation and regulations, including if their vehicles are licensed and/or insured. Information on vehicles travelling on the roadways would be collected automatically and violations would be recorded utilising a combination of hardware components such as Radio Frequency Identifier (RFID) tags and readers, speed cameras and software components including a Violation Processing System (VPS). These



would function to identify road traffic violators and generate automatic citations for review by Licensing and law enforcement, while providing citizens with an interface to view the violation records being maintained related to them.

5.15 The decision was taken by the Tenders Committee on 13th February, 2020 that a Company was selected to implement the EVR system and the agreement with this Company was signed on 20th March, 2020. The agreed cost of the project was \$5,805,596 and a subsequent software maintenance fee of \$506,566 was to be paid in the first year after completion with \$324,591 to be paid annually thereafter. The projected time for completion of the EVR software and infrastructure was November 2020.

5.16 Subsequently an addendum to the original contract was signed on 13th January, 2021 to include additional system functionality that would facilitate vehicle registration and inspection, and revenue collection. These functions existed in the legacy BLA application. The software facilitating this additional functionality was referred to as the Vehicle Registration System (VRS) system and the projected cost was \$1,581,132. with a maintenance fee of \$238,049. annually until 2023, whereupon it would increase annually. It should be noted that both the EVR and VRS are cloud-based applications. The following concerns with the project were highlighted by the audit as follows:

a) Concerns Regarding Project Feasibility Assessment

A consultant was hired in 2011 to produce a report on the viability of the implementation of the EVR in Barbados. This report was completed in 2012 and used in later developing the EVR system requirements. However, this report was 'dated' at the time of the tendering for the EVR in 2020. A review or a more current study would have been necessitated since over the ensuing period



organisational, legislative, economic, infrastructural and technological changes occurred. These included the prevalence of cloud technologies, proliferation of fibre-based communication, changes in traffic patterns and the removal of road tax for the majority of road users. There was no evidence provided that the impact of these factors on the feasibility of the project was evaluated.

b) Project Overruns

The timeline set for project completion and the initial costs budgeted were both exceeded. This was due to a number of factors which included the following:-

- Certain infrastructural work was incomplete as at February 2024;
- Modifications and scope changes to the software were required;
- Development of the VRS was halted; and
- Late payments were made to the supplier which cause delays to the project.

The budget for the project has been steadily increasing. Based on the status reports provided by MTW between March 2020 and December 2023, the budget for the project increased from \$5,805,596 to \$9,200,005, an increase of \$3,394,409. The budget increased for three (3) reasons which were changes in project scope, an underestimated original budget and project delays.

c) Concerns Regarding Project Management

The individuals who were reported as having oversight for the project had existing roles in Licensing and MTW. However, they



were not dedicated to project management. There were a number of characteristics of the project which warranted a dedicated project management role including the significant expenditure; introduction of new technology; size and complexity of the project and involvement of varying stakeholders.

d) **Absence of Requisite Legislation**

As at March 2024 the requisite legislative changes had not been implemented. The changes were necessitated to incorporate the use of the new technology to allow for the RFID technology's admissibility in legal proceedings; require mandatory tagging of vehicles and compel data submission from the local insurance companies, amongst other requirements.

e) **Issues with the Application**

The following concerns were observed with respect to the EVR and VRS systems as at March 2024.

- Customers could not make appointments online to have their vehicles tagged due to the fact that the appointment component was not functioning in the EVR application. Therefore, they could not upload relevant documents before the visit to reduce the time spent at registration centers.
- In order to cross reference licence plate numbers during vehicle tagging, the information from the legacy BLA system needs to be uploaded to the EVR application. This process is inefficient and Licensing indicated that they were seeking to have an interface built which would facilitate the cross referencing.



- Once the RFID tags on the vehicles are read, a Violation Processing System (VPS) is needed to process the information collected. However, this component was not completed. The Company indicated that the delay was due to the fact that the VRS development was incomplete and the applications needed to be integrated for full functionality to be available.
- In respect of the VRS, Licensing indicated that “the current system is not fit for purpose because it is the exact replica of the current BLA system with all of its security flaws and lack of compliance tracking.” In a report prepared by the Digital Transformation Consultant working with Licensing, it was stated that “the VRS requirements and modules were not satisfactory”. The Company indicated that in 2023, two (2) years after the project started, they were asked to modify the software to meet the new requirements. However, they indicated that the changes had not been done as there was no approval for the additional costs it would incur.

Absence of a Consolidated Approach

- 5.17** There was no consolidated approach to the software acquisition and implementation process undertaken to replace the existing legacy BLA application. The functionality which co-existed in the legacy BLA application was now separately provided in the VRS and DLMS.
- 5.18** Using separate applications, built by different software providers for related business processes had the following disadvantages:-
- A ‘single view’ of the Licensing customer would not be available within one application;



- Licensing staff, business partners such as law enforcement and customers would be required to utilise different applications;
- Maintenance and support of multiple applications would be required;
- Information within the applications would be duplicated;
- Specialised procedures would be needed to transfer necessary information between the systems; and
- Facilities would need to be designed to transfer data from two separate applications to the single accounting application in use. These factors reduce efficiency and increase costs and should have been considered prior to software acquisition.

5.19 The absence of an interface between the DLMS and the applications developed by the Company was cited as a concern in an October 2022 report prepared by a Digital Transformation Consultant working with Licensing. The report stated ‘citizens should not have to navigate two disparate solutions’ and therefore consolidation of the systems was proposed.

Summarised Status of the Projects

5.20 A summary of the status of the projects as at March 2024 is outlined in Figure 1 below:-

**Figure 1 – Status of Projects as at March 2024**

TASK	STATUS	NOTES
Drivers' License Management System (DLMS)		
Software Development	Ongoing	Additional requested components being developed User testing ongoing
Electronic Vehicle Registration System (EVR)		
Software Development	Ongoing	Appointment feature unavailable for customers Violation Processing System (VPS) being developed
Hardware and Infrastructure	Ongoing	Three original EVR centres erected and in use EVR centre at Barbados Port Inc. not started Gantries and/or poles erected at the eight original portal sites Gantries and/or poles erected at five speed camera sites Status of speed cameras and/or RFID readers not provided
Vehicle Tagging	Ongoing	13.5% of vehicles tagged Communication plan on-going
Legislative Changes	Ongoing	
Vehicle Registration System (VRS)		
Software Development	Ongoing	Development of additional requested components halted

Prepared by Barbados Audit Office

Conclusion

5.21 The objective of the projects was to improve efficiency and modernise the operations of Licensing, thereby enhancing the services offered to the public. These objectives were not achieved as at March 2024. This was seen in that four (4) years after the EVR project was started, the applications being implemented were at various stages of development with none being fully deployed. In addition, changes in the project scope including modifications to system requirements and the lack of effective project management contributed to both time and budget overruns.

5.22 A comprehensive review of the business requirements of the Licensing was necessitated in order to ensure that an optimised solution was designed and built in a way which was economical and efficient. Any future efforts to consolidate the solutions should therefore ensure that all business requirements are taken into consideration. Failure to do so could result in resource wastage and a missed opportunity to efficiently provide the benefits which the projects were undertaken to garner.

***Ministry of Transport and Works' Response***

The Ministry has reviewed the report and generally has no objections. The Ministry notes the concern and observations contained in the report and will implement measures to address the matters raised therein.

To mitigate the challenges which are encountered in the implementation of the EVR Project, the Ministry is seeking to have a dedicated IT team to effectively minimise the hardware and software systems. Additionally, priority will be placed on data storage and security.



**OFFICE OF THE AUDITOR GENERAL
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**



OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITORS' REPORT

To the Public Accounts Committee

Opinion

We have audited the financial statements of the **Office of the Auditor General (the "Office")**, which comprise the Statement of Financial Position as at March 31, 2024, and the Statement of Financial Performance and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Office of the Auditor General as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

Page 1 of 9

Topaz Consulting Inc, Chartered Accountant, Medford Complex, Whitehall, St Michael, Barbados, West Indies
Tel: (246) 425-4322 Email: office@topaz-bb.com

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Office to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Topaz Consulting Inc.

Chartered Accountants
July 18, 2024
Bridgetown, Barbados



OFFICE OF THE AUDITOR GENERAL
Statement of Financial Position
As at March 31, 2024

(Expressed in Barbados Dollars)

	Notes	2024 \$	2023 \$
Assets			
Current Assets			
Cash and Cash Equivalents		250	250
Total Current Assets		<u>250</u>	<u>250</u>
Other Assets			
Plant, Furniture and Equipment	(4)	19,236	36,267
Total Other Assets		<u>19,236</u>	<u>36,267</u>
Total Assets		<u><u>19,486</u></u>	<u><u>36,517</u></u>
Liabilities and General Fund			
Liabilities			
Current Liabilities			
Cash due to Treasury		250	250
Total Current Liabilities		<u>250</u>	<u>250</u>
Capital Contribution			
Capital Contribution	(6)	19,236	36,267
Total Capital Contribution		<u>19,236</u>	<u>36,267</u>
Total Liabilities and Capital Contribution		<u><u>19,486</u></u>	<u><u>36,517</u></u>
Net Assets		<u><u>-</u></u>	<u><u>-</u></u>
General Fund		<u><u>-</u></u>	<u><u>-</u></u>

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

Approved by:

Leigh Trotman
Auditor General



OFFICE OF THE AUDITOR GENERAL
Statement of Financial Performance
For the year ended March 31, 2024

(Expressed in Barbados Dollars)

	Notes	Approved Revised Budget 2024 \$	2024 \$	2023 \$
<u>Income</u>				
Government Contribution		3,845,881	2,606,751	2,842,634
Total Income		3,845,881	2,606,751	2,842,634
<u>Operating Expenses</u>				
Statutory Personal Emoluments		3,102,519	2,151,885	2,381,962
Other Personal Emoluments		91,967	60,358	37,420
Employers Contributions		295,765	196,026	218,345
Travel		6,500	1,023	3,819
Utilities		50,800	46,381	54,980
Library Books & Publications		3,350	898	898
Supplies and Materials		33,000	27,789	29,026
Maintenance of Property		29,200	29,898	26,481
Operating Expenses		119,530	74,763	70,968
Contingencies		5,000	3,508	4,913
Subscriptions		6,250	4,470	4,069
Professional Services - General		50,000	9,753	9,753
Professional Services - Statutory		52,000	-	-
Total Operating Expenses		3,845,881	2,606,751	2,842,634
Operating Surplus/(Deficit) before the following items:				
		-	-	-
<u>Other Items</u>				
Depreciation	(4)	-	(17,031)	(30,253)
Capital Grant - Amortisation	(6)	-	17,031	30,253
Excess Expenditure/Income over Income/Expenditure		-	-	-

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



OFFICE OF THE AUDITOR GENERAL
Statement of Cash Flows
For the year ended March 31, 2024

(Expressed in Barbados Dollars)

	Notes	2024 \$	2023 \$
Cash Flows from Operating Activities			
Suplus (Deficit) for the year		-	-
Adjustments for:			
Depreciation	(4)	(17,031)	(30,253)
Amortisation of capital grants	(6)	17,031	30,253
Operating surplus (deficit) before changes in working capital		-	-
Working Capital Changes:			
Increase in Cash due to Treasury		-	-
Net cash flows from operating activities		-	-
Cash Flows from Investing Activities			
Purchase of plant, furniture and equipment	(4)	-	-
Net cash flows used in investing activities		-	-
Cash Flows from Financing Activities			
Capital contribution	(6)	-	-
Net cash flows from financing activities		-	-
Increase in Cash during the year		-	-
Cash at the beginning of year		250	250
Cash at end of year		250	250

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



OFFICE OF THE AUDITOR GENERAL
Notes to the Financial Statements
For the year ended March 31, 2024

(Expressed in Barbados Dollars)

1. General Information

The Office of the Auditor General (the "Audit Office") was established by Section 113 of the Constitution of Barbados to audit the accounts of the Supreme Court, the Senate, the House of Assembly and all departments and offices of the Government (including the offices of the Cabinet, the Privy Council, the Judicial and Legal Service Commission, the Public Service Commission and the Police Service Commission and government-controlled entities and statutory authorities) and at least once in every year report to the Speaker of the House to be laid before the House of Assembly. The Constitution also allows the Auditor General on his own initiative to carry out examinations into the financial management of Ministries, departments, statutory authorities and government-controlled entities, including the manner in which those Ministries, departments, statutory authorities and government-controlled entities use their resources in discharging their functions as regards the efficiency and effectiveness of the use of those resources.

The Audit Office is located in the Weymouth Corporate Centre, Roebuck Street, St. Michael.

2. Basis of Presentation

(a) Basis of Measurement

The financial statements are prepared in accordance with the requirements of the Public Finance Management Act, 2019-1, the International Public Sector Accounting Standards (IPSAS) promulgated by the International Public Sector Accounting Standards Board and on the historic cost basis.

The financial statements were approved by the Auditor General on July 18, 2024.

(b) Presentation Currency

The financial statements are presented in Barbados Dollars, rounded to the nearest dollar.

(c) Period of Reporting

The reporting and budgeting period represented is the financial year April 1, 2023 to March 31, 2024.

(d) Measurement Uncertainty

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that would affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the period. Actual results may differ from estimates reported.



OFFICE OF THE AUDITOR GENERAL
Notes to the Financial Statements
For the year ended March 31, 2024

(Expressed in Barbados Dollars)

3. Significant Accounting Policies

(a) Revenue Recognition

i) Government Contribution

Funds released from the Crown to finance recurrent expenditure are recognised as income in the Statement of Financial Performance when the expenditures to which they relate are incurred.

ii) Crown Revenue

Crown revenue due in respect of auditing activities is paid directly to the Crown.

(b) Expenses

Expenses are charged in full to Head 18 100 0100: Auditing Services, when incurred. Amounts not paid are treated as Crown payables and paid from the Crown's Paymaster (Bank) Account.

Expenses are recognised when incurred and in the year to which they relate.

(c) Capital Contributions

Provisions are made for the purchase of capital assets under Head 19 109 0100 Auditing Services. Capital contribution is recognised to the extent of the cost incurred in the purchase of the assets.

Capital contributions are amortised over the life of the assets purchased with the funds granted.

(d) Plant, Equipment and Furniture

Plant, furniture and equipment are recorded at cost less depreciation and impairment losses. Depreciation is calculated on straight-line basis applying the half year rule. Cost is depreciated at the rates shown in following Extract of Sixth Schedule of the Financial Management and Audit (Financial) Rules.

Extract of Sixth Schedule	
Financial Rules 18(4) and 47(1)	
Depreciation of Property, Plant and Equipment	
	Useful Life (Years)
Machinery and Equipment	5-15
Furniture and Fittings	5-10
Motor Vehicles	3-10
Computer Hardware	3-5
Computer Software	1-5



OFFICE OF THE AUDITOR GENERAL
Notes to the Financial Statements
For the year ended March 31, 2024

(Expressed in Barbados Dollars)

4. Plant and Equipment and Furniture

	Property & Plant	Machinery & Equipment	Furniture & Fittings	Computer Software	Vehicles	Total
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
At April 1, 2023	7,999	330,383	26,944	6,211	60,434	431,971
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2024	7,999	330,383	26,944	6,211	60,434	431,971
<u>Accumulated Depreciation</u>						
At April 1, 2023	7,999	298,435	26,944	6,211	56,115	395,704
Charge for the year	-	12,712	-	-	4,319	17,031
Disposals	-	-	-	-	-	-
As at March 31, 2024	7,999	311,147	26,944	6,211	60,434	412,735
<u>Net Book Value</u>						
As at March 31 2023	-	31,948	-	-	4,319	36,267
As at March 31 2024	-	19,236	-	-	-	19,236

5. Crown Payables

Crown payables as at March 31, 2024 was nil.



OFFICE OF THE AUDITOR GENERAL
Notes to the Financial Statements
For the year ended March 31, 2024

(Expressed in Barbados Dollars)

6. Capital Contribution

Capital contribution at March 31, 2024 is as follows:

	2023	2022
	\$	\$
Total capital contributions	431,971	431,971
Amount amortised	(395,704)	(365,451)
Amount unamortised at beginning of year	36,267	66,520
Contribution for the year	-	-
Amortisation for the year	(17,031)	(30,253)
Amount unamortised at end of year	19,236	36,267
Total capital contributions	431,971	431,971
Amount amortised	(412,735)	(395,704)
Amount unamortised at end of year	19,236	36,267

	Approved Budget 2024	Actual 2024	Actual 2023
751 Property and Plant	-	-	-
752 Machinery & Equipment	-	-	-
753 Furniture & Fittings	-	-	-
755 Computer Software	-	-	-
756 Vehicles	-	-	-
Total Capital Contribution	-	-	-