



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

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

**2022**



*Strengthening public accountability by providing fair and independent reports*

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**Report  
of the  
Auditor General  
for the year  
2022**

## **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.



Barbados

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30<sup>th</sup> August, 2023

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 31<sup>st</sup> March, 2022.

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

The Auditor General is mandated by law to submit an Annual Report by the 31<sup>st</sup> December each year. For a number of years, this has not occurred and this includes this 2022 Report. There are several challenges facing the Office which has resulted in the lateness of these reports. The first relates to staffing in the Office. I have been reporting on this matter since 2007 and, over time, it has gotten progressively worse. Currently, over eighty percent (80%) of the junior Auditor positions are not occupied and the demand for the remaining Auditors to act in other Ministries and Departments has recently gathered pace. A number of positions have recently been advertised and it is expected that some of these will be filled in the near future. There are limited replacements in the Public Service and new Officers need to be recruited and trained which takes considerable time.

2. The planning, review and quality assurance processes of the Office have also been negatively impacted by the staff shortage. In addition to the shortage of staff, there have been long delays in obtaining information from Ministries, Departments and other State Agencies. In short, the Office, as presently constituted, has been unable to deliver a comprehensive report on the operations of Government on a timely basis.

3. I have also indicated in previous reports of the need for the Office to be more independent. There are several benefits which can occur as a result. These include a faster turnaround time in the recruitment of staff. This can be achieved by delegating recruitment to the Office of the Auditor General, as in the case of many other jurisdictions. In addition, the Office would not have to rely on agencies it audits for the provision of resources. The need for an independent audit office is supported by United Nations Resolutions and was also a recommendation of the 1998 Constitutional Review Commission in Barbados. I have outlined these concerns to the Government for a number of years and I am hoping that some action can be taken in the near future on this matter.



4. The Office conducted a number of operational audits during the year and this type of audit should intensify with the introduction of the Commitment for Results Program which is scheduled to commence in 2024. This Program will see all State Agencies reporting on both their operational and financial performance. The Audit Office is required to audit the operational performance of these Agencies in accordance to the Public Finance Management Act, 2019-1. Its success in achieving this objective will depend on having suitably trained personnel and the receipt of relevant information from the State-Owned Agencies.

### **Acknowledgements**

5. I want to thank the members of my Staff for their contributions towards the work of the Audit Office during the year as well as those Officers of the audited entities who would have provided relevant documentation and explanations. I look forward to continued cooperation and support during 2023.

**Leigh E. Trotman, CPA**  
**Auditor General**

**30<sup>th</sup> August, 2023**



# **CHAPTER 1**

## **AUDIT OFFICE ACTIVITIES**

---

### **Introduction**

**T**his 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 Auditor General is also required to prepare and deliver an audit opinion on the financial statements of the Government, which are prepared by the Accountant General, in accordance with Section 88 (1) of the aforementioned Act. These statements produced by the Accountant General represent the activities of Ministries and Departments. The financial activities of other State Agencies such as Statutory Boards are not included as these are reported on separately.

**1.3** The Audit Office has a broad mandate for conducting audits on Government agencies. This mandate is derived from the Constitution of Barbados, and the Public Finance Management Act, 2019-1. Section 113 (2) of the Constitution requires the Audit Office to audit the accounts



of the Supreme Court, the Senate, the House of Assembly and all Departments and Offices of the Government annually.

**1.4** In addition to financial and compliance audits, the Auditor General can also, on his own initiative, carry out examinations into the financial management of any State Agency, including the efficiency and effectiveness of the use of their resources in discharging their functions.

The Audit Office is therefore involved in four (4) types of audits: -

- Compliance Audits, which involve verifying whether the Financial Rules and other laws and procedures are adhered to, with respect to financial transactions;
- Financial Audits which involve verifying the accuracy of the information reported in the financial statements;
- Performance or Value-for-Money Audits, which focus on whether there is efficiency and effectiveness in the use of resources and assess the management and performance issues facing organisations; and
- Information Technology Audits, which focus on testing the accuracy, security and internal controls of selected computerized applications as well as IT infrastructure.

**1.5** The Office was only able to conduct a fraction of the audits for which it had budgeted. A number of the financial audits were not completed for two (2) reasons, namely, the financial information, for a large number of the audits, was not made available to the Auditors and, even if the information was made available, the personnel would not have been there to complete them. 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, there is



considerable risk that the work of the Office will not achieve this given its current limitations.

### **Training Activities**

- 1.6** The Auditor General attended the Caribbean Organization of Supreme Audit Institution (CAROSAI) XII Congress in Aruba from 15<sup>th</sup> to 19<sup>th</sup> May, 2022 with the theme “Targeting Superior Audit Impact”, which focused on the challenges faced by small island states in impacting the policies of the wider international audit community. All staff members attended a session in “Stress Management” on 13<sup>th</sup> January, 2022 hosted by the Office. Managers were trained in “Managing Conflict in the Work Place” which was hosted by the Learning and Development Directorate of the Ministry of the Public Service on 17<sup>th</sup> March, 2022. These training activities were intended to develop Officers in the particular area and enhance the capacity of the Office.

### **Public Accounts Committee**

- 1.7** 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 the year under review, they were no meetings of the Public Accounts Committee as there is no Chairman of the Committee. The PAC legislation designates the Leader of the Opposition as the Chairman. However, since there is no Leader of the Opposition, the position is vacant and would have resulted in the lack of meetings conducted by this Committee. This situation could be remedied by an amendment to the PAC Act, which would allow for an independent Senator to chair the meetings in the absence of an Opposition Leader.





## **Independent Audit of the Accounts of the Barbados Audit Office**

- 1.8** 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 31<sup>st</sup> March, 2022 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**

- 1.9** 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 fifty-one (1,051) files were processed by the Office for new pensioners. All errors identified were corrected before payments were approved.

## **Structure of the Report**

- 1.10** This report comprises the results of the main audit work conducted during 2022, and is divided into six (6) chapters. Chapter One is essentially an activity report on the work of the 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 audit of the Barbados Revenue Authority. The Fourth Chapter consists of special audits in respect of the Office of the Ombudsman, National Conservation Commission, and the Late Payment of Salaries in the Public Service. A report on the Acquisition and Assembly of Steel Houses was also completed. However, it was excluded from this report due to a request made by the



Ministry of Finance to provide a response to the report. This report will be issued separately at a later date.

- 1.11** Chapter Five consists of the audit results of a number of state agencies such as Boards and Commercial Enterprises. The vast majority of these audits were conducted by Auditors from the Private Sector. Finally, Chapter Six consists of Information Technology audits in the respect of Customs and Excise Computer System (ASYCUDA) and the Implementation of an Electronic Document and Records Management System and the Digitisation of Public Records.

### **Lawsuit Against the Auditor General**

- 1.12** The lawsuit against the Auditor General remains unresolved at the time of writing. This suit is in relation to the 2019 Report that referenced the special audit which was conducted on the Barbados Water Authority. In some jurisdictions, there is a provision in the legislation that stipulates that any document produced in good faith by or on behalf of the Auditor General, in the course of the performance, duties or functions under any Act of Parliament, is privileged. This type of amendment to the law is required in order to minimize court actions against the Office of the Auditor General in future.



## CHAPTER 2

# AUDIT OF GOVERNMENT FINANCIAL STATEMENTS

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**T**he financial statements of the Government of Barbados for the year ended 31<sup>st</sup> March, 2022 were audited by Officers of the Barbados Audit Office. 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.

### Audit Objective

- 2.2** The objective of the audit was to express an opinion as to 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 31<sup>st</sup> March, 2022 should have been submitted by the 31<sup>st</sup> July, 2022. These financial statements dated 31<sup>st</sup> August, 2022 were initially received by the Audit Office on 16<sup>th</sup> September, 2022. Subsequently, amended financial statements were received on four (4) occasions with the final submission on 4<sup>th</sup> May, 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.

***Treasury's Response***

The late submission of the financial statements is regrettable ... The financial statements have been manually prepared for the 2021-2022 financial year and prior years. System generated reports and accompanying schedules have been built in the new financial management information system as some of the measures being taken to address issues relating to the late submission of the financial statements. It is anticipated that the financial statements for the financial year 2022-2023 would be submitted to the Auditor General by the July 31, 2023 deadline.

***Auditor General's Response***

*It should be noted that the financial statements for the year ended 31<sup>st</sup> March, 2023 were not submitted at 31<sup>st</sup> July, 2023 as proposed by the Accountant General.*

**Absence of Consolidated Financial Statements**

- 2.11** The Government adoption of the International Public Sector Accounting Standards (IPSAS) requires that the presentation of the financial statements follow specific requirements and these relate to their presentation and content. This includes the presentation of a set of financial statements for the whole of Government's operations and all agencies under its control. Consolidation includes combining the assets, liabilities and other financial items into one set of statements. This contrasts with the previous method where the statements of the various Boards, Corporations and other Agencies of Government were listed separately while the Accountant General prepared statements for the Ministries and Departments of the Government.



- 2.12** A review of the financial statements by the Auditors indicated that the statements presented were not consolidated since they excluded the assets and liabilities of numerous state agencies. In this regard, this aspect of the Standards was not complied with. Thus, having that overview of the entire financial operations, of the Government was not achieved.

### ***Treasury's Response***

The Treasury Department is aware that the financial statements were not consolidated with those of the state-owned entities.

### **Notes to the Financial Statements**

- 2.13** Notes to the financial statements are an integral part of the Statements and provide information to stakeholders and other users, information that is not readily apparent or not available from the Statements. These notes enhance the understandability of the Statements since not all relevant financial information can be communicated by amounts shown on the face of the financial statements. The notes to the financial statements did not indicate the interest rate variability of a number of loans made by International agencies. These interest payments have risen significantly during the review period indicating the need to provide this type of information in the Notes.

### **Review of Financial Statements**

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



## Accounting for Assets

- 2.15** 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

- 2.16** 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. Credit Balances in the Cash on Hand Account*

The Cash on Hand account is an asset account and should carry a debit balance. However, accounts at sixteen (16) Ministries and Departments carried credit balances. This included \$571,382.56 relating to the Ministry of Maritime Affairs and Blue Economy and \$70,749.62 relating to the Ministry of Housing, among others. These credit balances indicate that mistakes or errors are in the accounts. It should be noted that some of these entities also carried credit balances on their Cash on Hand accounts in previous years. This indicates that the Treasury is having some challenges working along with the Ministries and Departments in resolving these issues.

*b. Overstatement of Cash on Hand*

The Cash on Hand figure reported in the financial statements was \$101,071,094. This figure was incorrectly stated. For example, an amount of \$82 million was reported as Cash on Hand for the





Customs and Excise Department. The audit of the accounts of the Customs and Excise Department however revealed that the funds were deposited to the bank. As a result of the foregoing the amount reported as Cash on Hand in the financial statements were substantially overstated. The figure representing the Bank account in the General Ledger would also be understated a similar amount.

### ***Treasury's Response***

Some cash in hand accounts reflected a credit balance due to some cash receipt journals not being extracted. Ledger was updated with these journals during the financial year 2022-2023.

The non-submission of deposit slips and other banking information has resulted in cash deposit journal which reduces cash in hand and increased bank balance not being created. The Treasury has been working with these Ministries and Departments to have the documents submitted.

As part of the way forward, ministries and departments will be required to produce monthly cash in hand reconciliations for annual submission.

### **Bank Accounts**

- 2.17** Information in the general ledger in respect of the Treasury's bank accounts carried a balance of \$620,329,895.62. This total was inclusive of credit balances of \$33,074,311.16 and \$270,563,943.38 which purportedly represent the balances on two 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, were not in an overdraft position. These credit balances are material misstatements which negatively impact the reliance that can be placed on the information in the financial statements.

- 2.18** 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.

#### ***Treasury's Response***

It is agreed that the bank reconciliation process is critical in identifying errors or unusual transactions in accounts so that the corrective remedial measures can be taken in a timely manner. ... Additional staff have been assigned to the Treasury Department to work on having the bank reconciliations brought up to date.

#### ***Auditor General's Response***

*Notwithstanding the comments of the Treasury, these accounts have not been reconciled for over fifteen (15) years. There is an annual pledge to have the statement reconciled but this is yet to materialise.*



## **Inventories**

- 2.19** Inventories which totaled \$551,511 housed at the Government Procurement Department (GPD) were counted at the end of the financial year to confirm that physical items agreed with the inventory record and that the correct figures were included on the Statement of Financial Position as at 31<sup>st</sup> March, 2022. However, items, spanning more than one financial year, purchased by other Ministries and Departments were expensed in the period of purchase. For example, the Barbados Drug Service has reported quantities of drugs, at various Polyclinics, that were not utilized in the period of purchase. Also, value of the fuel at the Ministry of Transport, Works and Water Resources was not included in the financial statements at year end. The failure of the Accountant General to implement accrual accounting for inventory (IPSAS 12) at Ministries and Departments other than the GPD has resulted in expenses being overstated and the asset inventory being understated.

### ***Treasury's Response***

The current inventory policy is that items purchased by Government Procurement Department (GPD) are recorded as inventory since GPD is the only Department purchasing items for warehousing and redistribution. Items purchased by other Ministries and Departments are expensed at the time of purchase.

### ***Auditor General's Response***

*Notwithstanding the comments of the Treasury, the accounting standards makes provision for the inclusion of items such as consumable stores. Instances in which such inventory is of a material*



*nature can be included especially if all are not consumed in the year of purchase.*

### **Sinking Fund**

- 2.20** The Sinking Fund consists of amounts held to assist with the repayment of debts. The amount reported in the financial statements as at 31<sup>st</sup> March, 2022 for the Sinking Fund was \$30,094,107.31. A schedule detailing the dollar value with the amount applicable to the relevant loans was not provided for audit examination. Hence the accuracy of this balance on the financial statement could not be verified by the Auditors. In addition, the Auditors were unable to ascertain whether there were sinking fund provisions for all of the relevant loans.

#### ***Treasury's Response***

A sinking fund schedule is currently unavailable and would have to be prepared.

### **Receivables**

- 2.21** An amount of \$2.39 billion was reported as Accounts Receivables in the financial statements. This figure however, could not be verified by the Auditors for a number of reasons as follows: -

- Interest relating to Income Tax was understated. Interest on outstanding amounts owed by taxpayers is charged at one percent (1%) per month and the outstanding balance was over \$400 million for the tax years 2018, 2019 and 2020. This would equate to omissions of over \$40 million annually for tax years



2018, 2019 and 2020. Therefore, the interest receivable omitted would be in excess of \$120 million.

- There were a number of errors and inconsistencies identified in Receivables recorded by the Barbados Revenue Authority between 2013 to 2017 which were not addressed. These errors and omissions impacted the accuracy of the cumulative balances reported for Personal Income, Corporation and Consolidated taxes. Appropriate action needs to be taken to resolve this matter.

***Treasury's Response***

Discussions will be held with the Barbados Revenue Authority in order to obtain the relevant tax receivables information and to make the necessary adjustments.

**Training Loan Receivables**

- 2.22** The Training Loan has a credit balance of \$119,631 which denotes that the loan/s were overpaid or the account consisted of errors. Hence, it should be investigated and corrective action taken.

***Treasury's Response***

The training loan receivable of \$119,631.00 will be investigated and corrective action taken.

**Overseas Travel Advances**

- 2.23** It was noted that the travel advance account had a balance of \$572,512.05 as at 31<sup>st</sup> March, 2022, a net increase of \$32,760 over the



previous year. This account is used to record advances to Officers travelling overseas on Government business. The actual amount expended is determined by the submission of appropriate hotel bills on resumption of duties and the advance is reduced accordingly. However, some Officers were not submitting the relevant information resulting in a growing balance on this account. It is necessary that corrective action be taken ensuring the relevant information is submitted by Officers in order to bring the relevant expenses to account.

***Treasury's Response***

The balance in the travel advance account will be investigated and the necessary action taken. The Ministry of Finance, Economic Affairs and Investment will review the current policy and implement a new one by October 1, 2023.

**Investment Property**

- 2.24** The Government owns property for rental purposes which has not been recorded in the general ledger or the financial statements to allow for easy identification; neither was it stated if these investment properties will be valued at cost or fair value. The non-disclosure of Government's investment property is a breach of IPSAS 16 which identifies investment properties as properties held for their investment potential such as rental or capital appreciation.

***Treasury's Response***

The Ministry of Housing, Lands and Maintenance (MHLM) has responsibility for information relating to Government owned properties, including those held for rental purposes. MHLM was in the process of



reviewing the investment property listing at the time the financial statements were prepared. Information relating to investment property therefore was not included in the financial statements for the 2021-2022 financial year.

### Other Capital Assets (net)

**2.25** For the financial year ended 31<sup>st</sup> March, 2022, Other Capital Assets (Net) totaled \$2.194 billion. This item is one of the largest items on the Balance sheet and consists mainly of property and plant (buildings), machinery, equipment, motor vehicle and infrastructure. There is some uncertainty as to whether the value quoted for this item is a true reflection of its worth for a number of reasons as follows: -

a. Buildings

In 2007, when the accounts of the Government changed from the cash to the accrual basis of accounts, the properties of the Crown were not valued to derive a fair market value nor was the historical cost information available. These are the main methods of valuation allowed by the Standards and were not adhered to. Therefore, the Auditors could place no reliability on the figures presented.

There is also recurring issues pertaining to the exclusion of certain items under Capital Assets. Treasury has indicated that certain assets are not yet included in the financial statements and this comment has been made for a number of years. However, there is no evidence to suggest that the Treasury, in accordance with its policies, has taken any action in obtaining objective valuation of assets such as road networks, library collections and



recreation facilities. These valuations should have been undertaken prior to the introduction of accrual accounting. It is now some sixteen (16) years since accrual accounting has been introduced and a more concerted effort needs to be taken to resolve this issue.

*b. List of Government Properties*

The Audit Office has been seeking to obtain a current comprehensive list of all Government properties from the Ministry of Housing, Lands and Maintenance but without success. The Ministry of Housing, Lands and Maintenance has responsibility for Government properties and should have a comprehensive list with appropriate values.

The change from the cash to accrual basis of accounting requires that Ministry of Housing Lands & Maintenance be aware of its additional responsibilities in providing up-to-date information on Government lands and buildings. This includes constructing a comprehensive listing of all Government properties. This listing should be updated and made available to the Auditors for testing and verification annually.

*c. Sam Lord's Castel Hotel Redevelopment*

There were a number of issues identified in relation to the recording of the transactions for the Sam Lord's Castle Hotel Redevelopment project. These are outlined below: -

- i. As at 31<sup>st</sup> March, 2022 the records of the Treasury show that \$241,511,623 was received from the Export Import Bank of China for the Project. In this regard, it would be





expected that assets of a similar amount would also have been recorded to correspond with the amount expended on this investment. However, only \$65,721,609.21 has been recorded in the Assets Under Construction account. Therefore, the total asset has not been recorded accurately in the accounts.

- ii. The Treasury has indicated that the funds expended in excess of the \$65,721,609 were not voted in the Estimates in relation to this project as required. This is contravention of Rule 60 (1) of the Financial Rules which requires that all expenditure must be provided for in the Estimates.

#### ***Treasury's Response***

Clarification will be sought from the Ministry of Finance, Economic Affairs and Investment in relation to who are the owners of Sam Lord's Castle and how the expenditures on the Sam Lord's Castle Redevelopment Project are to be treated. This would determine the head of expenditure under which they should be voted in the Estimates in order to properly record the transactions relating to the project.

#### ***d. Assets under Construction***

Costs related to properties being built or undergoing renovation of a significant nature. On completion of the capital works the new construction cost is transferred to the Property and Plant asset account which would allow for it to be depreciated. However, the transfer of the cost of the completed asset did not always occur and it remained in the Assets Under Construction



account. This factor has implications for the depreciation expense would be understated and the value of the asset overstated.

Currently Assets Under Construction has a value of \$645 million attributed to it. It would however be difficult to allocate this amount to various assets since information has not been kept related to specific assets.

### ***Treasury's Response***

Ministries and Departments are responsible for maintaining their respective fixed asset registers and process the relevant transactions in the computerised system. The Treasury Department will be sending asset listings generated from the computerised system to the various Ministries and Departments to confirm assets and make the necessary changes in order to complete the fixed asset reconciliation process.

Using this approach should also address the issue of completed assets remaining in the assets under construction account. Currently, Ministries and Departments do not provide the Treasury Department with the relevant information to transfer completed assets from the assets under construction account to the appropriate fixed asset account.

### ***e. Other Observation***

The net book value of Other Capital Assets excluding Assets under Construction was reported as \$1,548,921,596 in Note 13 of the financial statements. However, the corresponding net book value reported in the Fixed Asset Register was \$883,291,005, a difference of \$665,630,591. As a result of this difference, no



confidence could be placed on the accuracy of the net book value reported for assets.

***Treasury's Response***

The issue relating to differences between ledger and the fixed asset register would be addressed as part of the reconciliation process.

**Ledger Information versus Fixed Asset Module**

- 2.26** There are significant differences between information recorded in the General Ledger of the Treasury and the corresponding totals in the Fixed Assets in Ministries and Departments. There needs to be a reconciliation of these accounts in order for there to be confidence in the figures being presented in the financial statements.

***Treasury's Response***

The Treasury Department in conjunction with Ministries and Departments are currently reconciling information in the fixed asset module with ledger. Differences between the general ledger and the fixed asset module may occur because component costs such as freight and insurance are not being matched with the relevant assets, and the fixed asset module including items which do not meet the criteria to be classified as fixed assets.

**Asset Clearing Account**

- 2.27** The asset clearing account was intended as a temporary account to facilitate the transfer of the asset to the asset register. This account carried a credit balance of \$13,367,921.52 as at 31<sup>st</sup> March, 2022. This



situation indicates that errors existed in the accounts as credit balances are unusual for any asset account.

***Treasury's Response***

The issue of the \$13,367,921.52 credit balance in the asset clearing account will be investigated.

**Accounting for Liabilities****Accounts Held on Behalf of Third-Parties**

- 2.28** Deposits accounts are liability accounts held on behalf of Ministries, Departments and Agencies and other third parties. These accounts as at 31<sup>st</sup> March, 2022 included sixteen (16) accounts with debit balances totaling \$7,226,425.82. 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 the previous financial year 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 the 2022 audit.

***Treasury's Response***

The debit balances totalling \$7,226,425.82 are being investigated.

**Omission of Pension and Employee Benefits**

- 2.29** International Public Sector Accounting Standards (IPSAS) 39, Employee Benefit, stipulates that unclaimed employee benefits should be accrued in the account. This includes both short term benefits and long-term



benefits such as pension obligations. These types of liabilities were however not brought to account in the general ledger as at 31<sup>st</sup> March, 2022. This resulted in an understated pension liability balance. The department has not implemented a policy to account for these benefits.

***Treasury's Response***

Information relating to pension and employee benefits was not available in order to facilitate recording of these types of transactions in the general ledger as at March 31, 2022.

**Incorrect Recording of Loan Payments**

- 2.30** Principal repayment of \$7,091,439.30 made on 28<sup>th</sup> June, 2021 was recorded in the incorrect Loan Account. However, as at the 31<sup>st</sup> March, 2022, there was no evidence that the transaction was reversed. Hence the accounts were misstated.

***Treasury's Response***

The correcting entries relating to the principal repayment of \$7,049,341.30 will be made to the relevant accounts during the 2022-2023 financial year.

**Foreign Exchange Differences**

- 2.31** There were several instances in which foreign exchange differences, in relation to overseas loans, were not recorded in the general ledger. The general ledger was misstated by \$674,586.30, \$97,908.73 and \$142,489.60 for three (3) loans respectively.

***Treasury's Response***

The foreign exchange differences of \$(674,586.30), \$97,908.73 and \$142,489.60 respectively, will be investigated and the relevant adjustments processed in ledger.

**Statement of Financial Performance****Revenue**

- 2.32** Since the introduction of accrual accounting, the basis of recording Government's revenue has moved from a cash to an accrual basis. Under the cash basis, the amounts recorded relates directly to the cash collected during the financial year. However, under the accrual basis of accounting, revenue for taxes such as Value Added Tax (VAT), Corporation and Income Tax are recorded based on assessments submitted by the tax payer rather than on cash collected. This method is based on the principles of accrual accounting and the policies established by the Government.
- 2.33** In practice, all monies received from the Barbados Revenue Authority, the principal collector of revenue, are first recorded in a Deferred Revenue account by the Treasury. These amounts represent current year revenue as well as funds collected for receivables and prepayments. The Authority would indicate to the Treasury how the amounts in the Deferred Revenue account should be allocated during the course of the year. Any balance in the Deferred Revenue account should be supported by an appropriate schedule which represent revenue paid in advance (prepayments).



**2.34** It should be noted that, at the start of the financial year, there was a brought forward balance of \$254,395,952 in the Deferred Revenue account. There were no supporting schedules in relation to this amount. At the close of the financial year ended 31<sup>st</sup> March, 2022, a balance of \$32,636,004 remained on the account. The movements on this account, and hence revenue collected, could not be verified by the Auditors because of insufficient information to support the transfers from and to this account, and in respect of the outstanding balance.

### **Expenditure**

**2.35** Expenditures recorded in the financial statements related to amounts charged on the Consolidated Fund for goods received or services performed on behalf of Ministries and Departments during the financial year. These amounts should have been approved by Parliament. Issues pertaining to expenditures not approved are as follows: -

*a. Spending in Excess of Budget*

- A review of Schedule 14 of the financial statements revealed instances where non-statutory expenditure was in excess of the levels approved in the Estimates for some Ministries and Departments as required. For example, excess expenditure for QEH was \$23,878,083.00, Caves of Barbados Limited \$3,839,797.00 and Urban Development Commission was \$596,454.00. Incurring expenditure in excess of the amounts approved by Parliament is contrary to Rule 60 (1) of the Financial Rules which requires that all expenditure must be provided for in the Estimates.



- Amounts totaling \$165,482,732 were recorded by the Treasury as Other Operating Expenses. However, supporting documentation for these transactions were not provided; hence, the Auditors were unable to verify the nature of the transactions for which these amounts relate. In addition, there were no provisions made in the Estimates for this amount.

*b. Pension Expense*

The audit of the financial statements for the year ended 31<sup>st</sup> March, 2021 revealed that amounts were being paid into accounts which pertained to some pensioners who were deceased. During the period, April 2021 to March 2022, a further \$65,403.44 was paid into four (4) of these accounts. It is necessary for the Treasury to conduct a full investigation of the pension roll to ensure that funds are paid only to active pensioners.

### **Statement of Changes in Net Assets/Equity**

**2.36** There were a number of substantive adjustments/errors made to the Net Asset/Equity section of the Statement of Financial Position. There was however inadequate information provided in order for the auditors to verify the amounts posted as follows: -

- An adjustment to the brought forward balance in the Consolidated Fund of \$94,691,571.
- Note 2 Operating Expenses refers to an adjustment of \$26,206,992.82 to prior year expenses. There was no





supporting documentation or adequate explanation provided for this transaction.

***Treasury's Response***

The \$94,691,571 adjustment to the brought forward balance in the Consolidated Fund related to prior year adjustments of \$65,503,414 to the accumulated deficit and \$28,188,157 relating to transactions recorded in the Auto Balance account which is to be investigated.

The \$26,206,992.82 referred to in Note 2, was an adjustment related to prior year expenses and were included in Operating Expenses which are closed out to the Consolidated Fund as part of the financial year end ledger closing process.

***Auditor General's Response***

*With respect to the clarification provided by the Treasury in relation to the \$26,206,992.82 referred to above, it should be noted that the bulk of this amount was in relation to a refund received in the current financial year in respect of funds expended in the previous year. The amount, when received, should have been an adjustment to the Consolidated Fund rather than a reduction in Operating Expenses for the current year. However, the Treasury incorrectly reduced current year expenditure which resulted in an understatement of expenditure for the financial year.*



## Other Matters

### Auto Balance Account

- 2.37** An account entitled “Auto Balance” representing one of the Consolidated Fund accounts carried a balance in the general ledger of \$27,590,872.53 at 31<sup>st</sup> March, 2022. This account had an opening credit balance of \$597,284.53. There was no explanation recorded in the notes to the financial statements nor provided to the Auditor on what this account represents.

#### *Treasury's Response*

The \$28,590,872.53 balance in the account will be investigated and the relevant adjustments would be made.

### Contingent Liabilities

- 2.38** Contingent liabilities disclosed in Note 18 did not include outstanding amounts owing on contracts by Ministries and Departments as is required by Financial Rule 229.

#### *Treasury's Response*

The contingent liabilities disclosed in Note 18 was based on information received from Ministries and Departments at the time the financial statements were prepared.



### Documentation not Presented

- 2.39** Documentation to support the financial statements were not readily provided with several documents requested not presented. In addition, a request to discuss matters related to fixed assets was not facilitated. The delay in obtaining information and the number of amended financial statements impacted on the completion of the audit. The failure to provide information to the Auditor General promptly is a breach of Section 78 (1) of the Public Finance Management Act, 2019-1.

#### ***Treasury's Response***

Transactions relating to the financials are supported by the relevant documentation. It would be appreciated if the Auditor General's Office could inform the Accountant General during the course of the audit about situations where requested documentation is not being provided. ... All efforts will be made to provide information requested by the Auditor General's Office.

#### ***Auditor General's Response***

*Notwithstanding the comments of the Treasury Department, documentation was requested on numerous occasions during the course of the audit but were never provided.*

### Conclusion

- 2.40** 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 significant and will result in a disclaimer of the accounts unless they are adequately addressed.

### **Recommendation**

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



## CHAPTER 3

### AUDIT OF THE BARBADOS REVENUE AUTHORITY

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**T**his chapter highlights the results of the audit of the operation and administrative activities of the Barbados Revenue Authority (hereafter referred to as “the Authority”). The Authority was established by the Government of Barbados as a central revenue collecting agency on 1<sup>st</sup> 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.

- 3.2** 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**

- 3.3** 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**

- 3.4** An audit of the accounts of the Barbados Revenue Authority was conducted on a sample basis for the period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022. The audit was performed in accordance with the International



Standards for Supreme Audit Institutions (INTOSAI) and Generally Accepted Auditing Standards (GAAS).

### **Accounts of the Authority**

- 3.5** The Authority is required to provide annual financial statements in respect of its' subvention from Government to pay for its operations. The statements for the financial year ended 31<sup>st</sup> March, 2022 were audited and there were no material errors observed.
- 3.6** In addition to the statements on its operation, 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 – Administrative Activities**

### **Financial Reporting**

- 3.7** The submission of financial information for revenue collection was not in accordance with Section 88 (2) (c) of the Public Finance Management Act, 2019-1. The Authority sought to portray its revenue collection activity as though it was a separate fund and this created some confusion. The Authority should take the requisite action to ensure that the information produced in the financial statements is accurate, properly classified and is useful to the stakeholders.

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

The Authority will ensure that the statements as stipulated in Section 88 (c) of the Public Finance Management Act, 2019-1 are provided in the future and that the information in those statements is accurate, properly classified and useful to stakeholders. The Authority had submitted the required schedules in addition to a balance sheet. The Authority will remove schedules not required.

***Auditor General's Response***

*Notwithstanding the response provided by the Authority, there were no statements provided to the Audit Office in respect of revenue, receipts and remittances.*

**Revenue**

**3.8** There were a number of issues observed by the Auditors in reviewing schedules and information presented in respect of Revenue which pertained to their attempts at verification of revenue. These are as follows: -

*i. Revenue Classification*

Based on the accounting policies of the Authority, taxes such as Land Tax, Corporation Tax, Income Tax and Value Added Tax should be recognized on the accrual basis. However, the Authority did not report revenue in accordance to this policy; instead the Authority reported cash collected in the Statement of Administered Activities. Failure by the Authority to adhere to its internal policy resulted in the exclusion of \$115 million from the revenue reported. It should also be noted that cash collections



include monies for prepayments which are not part of revenue. Based on the errors and omissions highlighted above, the revenue reported in the Statement of Administered Activities was materially misstated.

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

The Authority is a collections agency for the noted taxes. Therefore, the revenue recorded by the Authority in the Statement of Administered Revenue represents the collections transferred to the Treasury for the period. In addition, the Due to Treasury schedule represents any amounts assessed but not collected. The difference between the assessed but not collected revenue is recorded as an amount Due to the Treasury at the end of the fiscal period. The reconciliation of the Due to Treasury therefore includes the revenue (assessed but not received) for the period.

Notwithstanding the above, the Authority has ensured that a Statement of Revenue and a Statement of Receipts are provided to address this issue.

***Auditor General's Response***

*The response provided by the Authority did not address the main issue highlighted which is that revenue statements provided were not reflective of the amounts reported on the accrual basis at 31<sup>st</sup> March, 2022.*

***ii. Wire Transfers not Included in Revenue***

A wire transfer is one of the methods by which taxpayers are afforded the opportunity to pay their taxes. In excess of \$17.9





million of wire transfers for the financial year ended 31<sup>st</sup> March, 2022 was not included in revenue. These transfers relate to taxes paid by the taxpayer for which insufficient or incorrect information was provided. While it was evident that the funds were deposited to the bank account, revenue was not updated and hence was understated. In addition, some of the taxpayers' accounts were not updated and were therefore incorrect.

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

As in previous years, the information received for some bank transfers is not sufficient to facilitate applying the funds to the taxpayers' accounts. The Authority reached out to the Barbados Bankers' Association with this matter and efforts are ongoing to identify the taxpayers' accounts to which these funds should be applied.

The Authority has again reached out to the public asking persons to submit details on payments made to a designated email address. The Authority processed the necessary journal entries to bring to account the unapplied credit advices in its ledger and the taxpayers' accounts are updated when the necessary details are received.

**Tax Receivables**

- 3.9** The amount of \$2,385,726,000 was reported as the overall tax receivable balance as at 31<sup>st</sup> March, 2022. The Auditor selected a sample of the receivables to verify their accuracy. Errors and discrepancies were found which affected the accuracy of the receivable balance for the financial year. These are outlined below: -



i. Income Tax Receivable

An amount of \$433,338,000 was reported as the Income Tax receivable balance as at 31<sup>st</sup> March, 2022. However, this balance was misstated due to the omission of interest and penalties for the tax years 2018, 2019 and 2020. In this regard, the Revenue Commissioner indicated, at a meeting held on 31<sup>st</sup> August, 2021, that the interest calculation feature in TAMIS was switched off.

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

A number of extensions to filing deadlines in the past on instruction from the Ministry of Finance have resulted in numerous changes to the “on/off” status of the penalties and interest function within TAMIS. ... The Authority wrote to the Ministry of Finance on January 3, 2022, identifying the issues which have arisen and requesting that incorrectly applied penalties and interest be written off, with a view to correcting taxpayer accounts in the TAMIS System.

The Authority is awaiting a response to that correspondence. The penalties and interest function were turned on with an effective date of January 1, 2021 and applicable charges of penalties and interest are currently being applied to taxpayers' accounts.

ii. Receivables in the ETAX System

Prior to the introduction of the current Tax Administration System, TAMIS, in 2018, the ETAX system was previously used for the administration of a number of taxes including Personal Income, Corporation and Consolidation Taxes. The Authority indicated in Note 7.1 to the financial statements that \$316 million for Income Tax and \$419 million for Corporation Tax representing



receivables prior to tax year 2013 were not included in the current receivable balance.

### **Audit Comment**

- 3.10** Due to the above discrepancies, reasonable assurance could not be provided that the overall receivable balance reported was fairly stated.

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

The legacy systems including ETAX and VETAS were plagued with technological challenges. As a result, limited reliance is placed on these systems' balances unless they are verified at the individual level. Inconsistencies and errors as noted are expected to arise and have been reported previously to the Barbados Audit Office.

An Internal Project team was established from March 2022 to review and verify all legacy systems balances with a view to arriving at a reliable estimate of refunds as well as receivables due to and due from taxpayers. This exercise was completed at March 31, 2023 and the adjustment to the receivables balance has been reflected in the financial statements at March 31, 2023.

The next phase of this project which seeks to adjust the balances in the taxpayers' accounts has commenced. It is proposed that these legacy systems be retired at March 31, 2024 once this exercise is complete.

## **Tax Refunds**

- 3.11** The Tax Refunds due to taxpayers were reported as \$516.27 million as at 31<sup>st</sup> March, 2022. In verifying the amounts used to determine the tax refunds payable, the following discrepancies were found: -



i. *Taxpayer Accounts not Updated to Reflect Refunds Issued*

During the financial year, certain taxpayer accounts were not updated to reflect refund cheques issued. Of a sample tested, forty percent (40%) of the cheques issued were not reflected in the taxpayers' accounts although there were confirmed as cashed.

The information provided indicated that cheques processed in Smart Stream (the Authority's accounting system) were not uploaded in TAMIS (the Authority's tax system), resulting in the amount refunded appearing as unpaid in the tax payers' accounts. This deficiency resulted in taxpayer accounts not giving a true reflection of the refunds due at the end of the financial year.

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

This matter related to a system deficiency which arose in October 2019 where the Authority was forced to pay the 2018 refunds due to taxpayers in Smart Stream as the TAMIS system would not allow the payments to be made directly.

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 preparing a script to update all such 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.



ii. Cancelled/Voided or Returned Refunds

As at 31<sup>st</sup> March, 2022, in excess of sixteen thousand (16,000) cheques totaling \$47,405,337 were recorded as stale-dated/voided and over one thousand (1,000) direct deposits totaling \$1,053,302 were returned. Such factors as invalid/closed accounts and the use of outdated tax payer information contributed to the high number of returned refunds. As a result, the Authority had to reprint/reissued cheques which contributed to the lengthy time taken to process refund payments.

Refund cheques which were cancelled, voided or returned cannot be reissued through the TAMIS system as there is no facility therein to reprint refunds once payment has been made. As a result, the Authority is susceptible to delays in the timely processing of tax refunds relating to return cheques and direct deposits.

Considering the large volume of refunds the Authority is required to issue yearly, there needs to be greater efficiency in its management of the refunds process. Namely, ensuring that tax payers' information is up-to-date as this is critical in mitigating the number of returned refunds and ensuring that refunds reach the tax payers.

**Audit Comment**

- 3.12** Due to the above discrepancies, the Tax Refunds Payable balance could not be verified as fairly stated.

**Barbados Revenue Authority's Response**

Taxpayers are repeatedly advised to ensure that their banking and payment details are up to date. From April 1, 2023 all current refunds will only be facilitated via bank to bank transfer and a significant public campaign has been launched to notify and remind the public to update their registration details in TAMIS. A reduction in cheque printing will reduce the need to cancel and reissue cheques. The direct transfer method has a much lower return rate.

**Other Issues**

**3.13** There were a number of internal control and other matters which were identified during the course of the audit as follows: -

*i. Receipts Not Signed by the Accountant*

The control of signing-off on the receipts of the security firm, engaged to transport and deposit funds collected by the Authority at the end of the workday, was not always followed. Signatures were not affixed to twenty percent (20%) of the sample receipts examined for the Bridge Street Mall location and ninety percent (90%) for the Oistins location. This was not in keeping with the internal procedures of the Authority and reveals that there was a deficiency in the monitoring or review of the control measures to ensure there was consistent application across all location.

**Barbados Revenue Authority's Response**

The Accountants at all locations were reminded that all ... receipts should be signed. ... [The Company] now uses a duplicate receipt book where the original is signed and maintained by the Accountant. The



duplicate is retained by [the Company]. This activity will be monitored to ensure it is being done.

... [The Company] maintains an electronic summary of all transactions signed off by both the [Company] and BRA Teams ... The sign off requires the input of the supervisor's signature and as such should not be able to be duplicated or falsified. We would like to transition to this process and to move away from a paper-based verification method.

ii. *Differences in Amounts between Bank Statement and Ledger (Cash/Bank Account)*

There continues to be significant unresolved differences between amounts recorded in the general ledger and the Revenue bank account at the 31<sup>st</sup> March, 2022. These differences included: -

- Amounts totaling \$2,031,544, which were transfers from the Revenue bank account to the Central Bank, were not recorded in the ledger (Smart Stream). This amount included transfers from May 2018 to March 2021. This omission resulted in a misstatement in the amount recorded in ledger in respect of the bank account.

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

The revenue for these transactions was recorded upon receipt as evidenced by the entries into SmartStream for the noted period. The funds totaling \$2,031,544 were transferred to the Treasury's bank account held with the Central Bank of Barbados on a daily basis. The journal entries to reduce the Due to Treasury account were posted as part of the overall clean up exercise during the financial year 2022-23 and hence all funds were accounted for in the books and records of the Authority. The clearing journals are now being posted daily to avoid this occurrence.



- An amount of \$17,122,112, which is an unresolved difference relating to 2018, has been brought forward on the reconciliation statement. These differences need to be resolved in order to determine the accuracy of the accounts.

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

The revenue for these transactions was recorded upon receipt as evidenced by the entries into SmartStream for the noted period. The funds totaling \$17,122,112 were transferred to the Treasury's bank account held with the Central Bank of Barbados on a daily basis. The journal entries to reduce the Due to Treasury account were posted as part of the overall clean up exercise during the financial year 2022-23 and hence all funds were accounted for in the books and records of the Authority.

- Credit Advices (wire transfers) totaling \$41,092,515, which related to the period May 2018 to March 2021 were not recorded in ledger. This omission needs to be corrected.
- Credit Advices of (\$37,733,062), for the period April 2021 to March 2022, were posted in the ledger but not seen on the bank account.

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

As above, \$41, 092,515 related to credit advices from May 2018 to March 2021 which were not applied to taxpayers' accounts due to insufficient information being provided by the bank.

\$37,733,062 for the period April 2021 to March 2022 related to those credit advices from May 2018 to March 2021 which were applied in





financial year 2021-2022. Those credit advices which were not applied were recorded in the suspense account in SmartStream, and hence all funds were accounted for in the books and records of the Authority. When sufficient information is received, the credit advices are applied to the taxpayers' accounts and, the suspense account is adjusted.

- Credit Card deposits totaling \$3,632,941 were not recorded in the ledger indicates that not all collections were accounted for. This amount also included brought forward differences from May 2018 to March 2021.

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

Credit card deposits totaling \$3,632,941 were deposited to the revenue bank account on a daily basis. The amounts were transferred to the Treasury bank account at the Central Ban of Barbados on a daily basis. The journal to record the deposits were made in SmartStream during the financial year 2022-2023 as part of the cleanup exercise and hence all funds were accounted for in the books and records of the Authority.

#### **Audit Comment**

- 3.14** These material differences reflected in the bank reconciliation statement indicates that prompt action is required in resolving any errors or discrepancies. These longstanding differences reduces the effectiveness of the bank reconciliation process. As a result, the level of reliance that can be placed on the financial information produced by the Authority is reduced.

#### **Conclusion**

- 3.15** The issues outlined in this report are significant and needs to be urgently addressed as it would appear that the Authority has significant



challenges in producing financial statements that are in accordance with its policies.

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

Overall, the Authority was able to update and reconcile all outstanding balances in the bank reconciliation during financial year 2022-2023 and process update and staff additions have been rolled out to ensure that all transactions are brought to account in a timely manner.

***Auditor General's Response***

*The Authority in its response indicated that it has addressed a number of the issues highlighted by the Audit Office in this report, which cover the period ended 31<sup>st</sup> March 2022. These comments however refer to changes pertaining to the financial year ended 31<sup>st</sup> March, 2023. During the audit of the accounts for this financial year, the Audit Office will review the accounting records to verify that the issues mentioned by the Authority were addressed.*



## CHAPTER 4

### SPECIAL AUDITS

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**T**his chapter reports on a number of special audits conducted, namely Procurement of Certain Information Technology Services by the Office of the Ombudsman; the Procurement Practices of the National Conservation Commission; and the Late Payment of Salaries in the Public Service.

#### **Audit Methodology**

- 4.2** The audit process entailed the review of relevant accounting information and various files relating to the activities of the various entities audited. Interviews were conducted with personnel from the entities as well as various suppliers. In addition, site visits were made to a number of locations maintained by the National Conservation Commission as well as to some of the construction sites of the housing units. Furthermore, analysis of information extracted from various computerised Government systems was conducted.

#### **Audit Mandate**

- 4.3** The mandate of the Office of the Auditor General is set out under Section 113 of the Constitution of Barbados. Sub-section 2A states that “the Auditor General may carry out examinations into the financial management of Ministries, Departments, Statutory Authorities and Government-controlled entities, including the manner in which those entities use their resources in discharging their functions as regards to the efficiency and effectiveness of the use of those resources”.



## **AUDIT OF THE PROCUREMENT OF CERTAIN INFORMATION TECHNOLOGY SERVICES BY THE OFFICE OF THE OMBUDSMAN**

### **Introduction**

- 4.4** The Office of the Ombudsman (Ombudsman's Office) was established in 1987 to provide a safeguard against maladministration and to protect the rights and interests of citizens. It is tasked with investigating complaints by Barbadians or persons in Barbados who consider that the conduct of a Government Ministry, Department or Statutory Authority is unreasonable, improper or inadequate.

### **Audit Objective and Scope**

- 4.5** The Audit Office conducted a review of the procurement of certain information technology services. The objective was to determine whether they were procured in accordance with the Financial Management and Audit (Financial) Rules, 2011 (Financial Rule/s) and whether value for money was achieved for these expenditures. The audit covered the period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> July, 2022 along with any other period deemed necessary.



## Detailed Findings

4.6 The detailed findings of the audit are outlined below: -

### **Lack of Terms and Conditions for Services Provided**

4.7 A review of the information obtained and discussions with personnel from the Ombudsman's Office revealed that the Office had engaged a Supplier to provide certain information technology services. These services were sought without ascertaining their cost and without quotations being received from other suppliers. In addition, there was no established completion dates or detailed scope of the services being provided. The former Ombudsman indicated that he would provide the relevant documents relating to the services by 19<sup>th</sup> September 2022 but these were never provided.

4.8 The issues observed in relation to these services are as follows: -

i. *Digitisation Project by the Office of the Ombudsman*

The following issues were observed during the review of the information relating to the digitisation project: -

- a. No written agreement for this project was provided to the Auditors. The absence of a written agreement resulted in the Auditors being unable to obtain any clarity on the full scope of the digitisation project.
- b. The Auditors were also unable to ascertain the total cost of the project in the absence of a written agreement and after discussions with the former Ombudsman and the Supplier. It was observed that a total of \$26,500 was paid to the Supplier for 'Phases 1 and 2 of the digitisation



project' as per invoices seen. However, it was observed that fees of \$2,500 to \$3,000 were being paid monthly. These payments continued up to May 2022 when the audit commenced.

- c. Financial Rule 178 (3) requires that certifying officers shall, in respect of a claim, ensure that services rendered were duly performed. However, based on our review, there was no certification of work perform prior to the monthly payments being made for the digitisation project.
- d. The answers received from the former Ombudsman and the Supplier provided no clarity as to what stage the project was at and when it will be completed. The lack of clarity on the stages of completion of the project and the absence of a scope of works meant that the full cost of the project was indeterminate.

### **Audit Comment**

The lack of agreement on the full cost of this service is unacceptable and indicates poor financial planning. It also provided an opportunity for misappropriation of funds.

### ***Office of the Ombudsman's Response***

There is no issue with the findings of the Auditor General under this heading. After extensive searches within the Office of the Ombudsman, no contracts for the digitisation services have ever been discovered. It is to be noted that the documents which were allegedly digitised have not been located in any form to date.



ii. Creation of Website

The Ombudsman's Office also engaged the services of the Supplier to create a website. However, no contracts or agreements were provided for audit inspection. Hence, the Auditor was unable to determine the projected cost and the time frame for completion of the website. Furthermore, the discussions held with personnel from the Ombudsman's Office and the Supplier did not provide any further clarity on the cost of the website and when it will be completed.

***Office of the Ombudsman's Response***

There is no issue with the findings of the Auditor General under this heading. After extensive searches within the Office of the Ombudsman, no Agreement spelling out the terms and conditions of the service of providing a website to the Office has ever been discovered.

iii. Training

Training in Microsoft Office and other information technology areas was another service provided by the Supplier. The total cost of training from March 2021 to May 2022 (fifteen (15) months) was \$10,375. A signed proposal, presented to the Auditors, indicated that "Information Technology Training, Technology Consultation and Diagnostic & Troubleshooting Services" can be provided from "1<sup>st</sup> April, 2021 to 30<sup>th</sup> June, 2021 at a rate of seventy-five dollars per session". This training was originally for three (3) months but continued until May 2022. There was however no amended agreement presented to the Auditors.

***Office of the Ombudsman's Response***

There is no issue with the findings of the Auditor General under this heading. None of the staff members interviewed were either aware of, or had been beneficiaries of any training conducted.

**Challenges Obtaining Documents**

- 4.9** The Audit Office requested relevant files and accounting information from the Ombudsman's Office for the financial year ended 31<sup>st</sup> March, 2022. This information was however not provided to the Audit Office. The Auditors had written to the Office of the Ombudsman indicating they wanted to commence an audit and visited the Office on numerous occasions to obtain the documents. Repeated attempts to obtain the relevant information was unsuccessful. The former Ombudsman should have obtained the documents and made them available to the Auditors. It was his responsibility as Head of the Office to ensure that the documents were provided and the accounts audited.

***Office of the Ombudsman's Response***

There is no issue with the findings of the Auditor General under this heading.

**Duplicate Documents Obtained from the Treasury**

- 4.10** Notwithstanding the Auditors' inability to obtain the relevant documentation from the Ombudsman's Office, relevant duplicate accounting records were obtained from the Treasury Department. These records which included copies of the payment vouchers, invoices and some Local Purchase Orders (LPOs) were used by the Auditors in completing the audit.





## **Conclusion**

- 4.11** There are serious concerns relating to the expenditure of these services and the absence of the relevant benefits to the Office of the Ombudsman. The monthly payments seemed to be the hallmark of each arrangement. Based on the review, it was incidental whether or not services were provided in respect of the digitisation project and the training.
- 4.12** There was no mechanism in place to determine the work done for the payments made. There was also no information on any additional work to be conducted and its overall price. Generally, matters pertaining to the management of the digitisation project was unsatisfactory and would indicate a waste of resources and a high possibility of fraud being perpetuated.

## **Recommendations**

- 4.13** It is recommended that: -
- i. The Public Finance Management Act, 2019-1 requires that the accounts of the Office of the Ombudsman be audited annually. In this regard, the Audit Office should have been given unrestricted access to the information it required in a timely manner. Officers who do not cooperate with the Auditors should be subjected to disciplinary action.
  - ii. The Office of the Ombudsman need to have agreements in place for services being procured. These agreements should indicate the nature of the service to be performed, the cost and its duration.
  - iii. Matters pertaining to the digitisation project need to be regularized. If there is no real output, then efforts should be made to recover the funds expended. If fraud is suspected, appropriate



legal action should be taken on the respective persons involved. There is a Government wide digitisation project which would include the Office of the Ombudsman so there is no need for a separate project.

- iv. Matters pertaining to the website also need to be addressed.



## **AUDIT OF THE PROCUREMENT PRACTICES OF THE NATIONAL CONSERVATION COMMISSION**

### **Introduction**

- 4.14** The National Conservation Commission (NCC/the Commission) is an entity under the Ministry of the Environment and National Beautification (MENB) and its main functions include the maintenance of beaches, parks and gardens throughout the Island. As part of its operations over the past five (5) years, the Commission has been involved in a number of special projects which include the National Beautification Programme and establishment and maintenance of mini parks in various constituencies across Barbados.

### **Reason for the Audit**

- 4.15** An audit of certain procurement activities of the NCC was requested by the Permanent Secretary of MENB. The audit was requested as a result of concerns outlined by the Chairman of the NCC in a report to the Minister of the MENB. In this report the Chairman indicated that it was brought to the Board's attention that only one Firm was performing grease trap and septic well cleaning across all of the NCC facilities. The report indicated that the Company was paid approximately \$1,553,402 over the ten-month period of January to October 2022. The Chairman and Deputy Chairman expressed their concerns at the absence of contractual arrangements and the lack of proper oversight for these services.

### **Audit Objective and Scope**

- 4.16** The objectives of the audit were to examine: -



- a. the procurement practices of the NCC executed in respect of services to determine whether they were conducted with due diligence and subject to appropriate criteria established by the NCC; and
- b. the concerns highlighted by the Board with respect to the absence of contractual arrangements for grease trap and septic well cleaning services, and confirmation of the fees charged for removal of debris.

**4.17** The period reviewed was 1<sup>st</sup> January, 2022 to 31<sup>st</sup> December, 2022.

### **Detailed Findings**

**4.18** The detailed audit findings presented below address the specific concerns highlighted in the report by the Chairman of the NCC to the Minister of the MENB. They also include issues surrounding the procurement practices of the Commission and deficiencies in the accounting controls.

#### **Arrangements with two Entities and the NCC**

**4.19** The Board expressed a number of concerns as it relates to NCC's arrangement with two entities. Therefore, the services provided by these two entities were examined in detail. These services included cleaning of grease traps, septic tanks, sand traps and soak-aways as well as de-bushing and removal of debris.

**4.20** The audit revealed that there were a number of issues regarding the services provided, including NCC's failure to agree to rates before commencement of the routine maintenance, the absence of a



competitive selection process, the lack of authorization and non-verification of work done as follows: -

- i. There was no evidence of a competitive selection process for the services provided by these entities and, as a result, there was no way to determine if the rates charged were the best value for money. For example, only one entity was used by NCC to clean grease traps and provide other cleaning services at various parks and recreational areas. This entity was paid over \$300,000 between January and December 2022 for this service.
- ii. The payments made to both entities for removal of debris in the 360 Program were approved by Management without evidence that the appropriate checks and balances were conducted to verify that the work was done. This is supported by the fact that no logs existed for the services provided to allow for verification of work done as per the invoices submitted. As a result, there is a lack of transparency and internal controls along with the risk of unnecessary costs being incurred.
- iii. The entity whose owner is a supervisor under the 360 Program, removed debris in the constituency which he supervises and also sets the rates for this service. This is a conflict of interest which has allowed the owner of the Entity to perform tasks without appropriate checks and balances by NCC to ensure the work was carried out and at an economic cost.
- iv. The supervisor, who is also the owner of one of the entities, engaged the trucking services of the other entity and the Commission facilitated payment. There was no evidence that any authority was given by the NCC, to the supervisor, to engage this service. In addition, no logs existed for the services provided to allow for verification of work done as per the invoices submitted. Nevertheless, approval for payment for this service was given by



Management. By accepting this situation, the management of the Commission abdicated its responsibilities and the risk increased that payments were made for unauthorized services of which it had no way of determining if it was performed.

- v. There was no need for the trucking services provided by the two entities for the removal of debris according to personnel with responsibility for NCC's fleet of trucks and oversight of the 360 Program. Personnel from the NCC also expressed concerns that when they attempted to remove debris generated by the team, supervised by the owner of one of the entities, they were not allowed to perform this duty.

#### **Audit Comment**

- 4.21** A number of control weaknesses were identified in relation to the procurement and payment for services provided by these suppliers. For example, there was no evidence that an authorization process was used to obtain these services. There was also a clear conflict of interest in the instance where a supervisor on the 360 Program utilized his own trucks to remove debris, engaged the services of another supplier and set rates for these services. This is a dangerous precedent which should be corrected.

### **Procurement**

- 4.22** This section highlights the findings identified as they relate to the procurement practices of the NCC.

#### **Established Procurement Policies of NCC**

- 4.23** It is expected that the NCC would have established Procurement Policies to govern its operations. This is essential for an organisation



with an annual budget exceeding \$25 million and which engages a host of suppliers to assist with its operations.

**4.24** The Audit Office requested a copy of the Procurement Policies and was sent a document outlining NCC's procurement procedures. It indicated that "the National Conservation Commission's procurement policies were initially outlined in a document from the Board of Directors dated 28<sup>th</sup> April, 1989 and that they were updated and amended as necessary". However, there was no documentation made available which outlined the policies of the Commission and reflected approval by any of the previous Boards of the NCC. In addition, personnel interviewed indicated that they were not provided with an official procurement policy.

**4.25** It is essential for good governance and accountability that there are clearly established procedures which are communicated to staff. The absence of such policies/procedures increases the risk that employees can execute processes that are not in the best interest of the Commission. In the absence of written guidelines, the Commission would essentially be using customs and practice to guide its procurement activities.

#### **Absence of Competitive Selection Process**

**4.26** There was no evidence provided to indicate that a competitive selection process was employed to engage suppliers. Interviews conducted with varying NCC personnel revealed that they were unaware of the selection process in place for providers of services. The absence of a transparent selection process was also observed with respect to the removal of debris generated from the Highway Beautification Program. Requesting bids from multiple suppliers would allow NCC to ascertain and evaluate the competitiveness of prices being offered and determine the best price for the services required.

***National Conservation Commission's Response***

The selection process for contractors removing debris would have come as an instruction from the Chairman of the Board of Directors when concerns were raised at the ministerial level. This occurred after bags of garbage and debris were not collected in a timely manner by the NCC fleet of vehicles.

**Establishment of Fees for Services**

- 4.27** Another concern regarding the procurement practices of NCC was the failure to obtain a schedule of fees for services provided. There was no evidence provided to indicate that fees payable for services provided were established prior to the engagement of suppliers. A schedule of fees should have been established for standardized, repeat services and formally ratified by the Board of NCC, who should have been in a position to determine if the rate charged was of a satisfactory nature. In addition, a schedule would be beneficial to accounts staff in order to verify the accuracy of invoices submitted.

***National Conservation Commission's Response***

Fees for services are checked by receiving quotations from multiple suppliers or informally by the officers requesting the engagement of suppliers. This gap has been filled by sending the above service requests out to tender and a service provider selected. It has been established that tenders will be conducted annually for such services.





## Accounting Process

**4.28** This section addresses the weaknesses in the accounting process observed: -

### **Weaknesses in the Accounting Application**

**4.29** There were several weaknesses observed in respect of the accounting system which impacted negatively on the Board's and Management's ability to obtain information for decision making and analysis. The Auditor's ability to obtain relevant information for analysis was also impacted.

**4.30** The accounting application utilized by NCC is a custom-built application that is outdated. Therefore, many of the advantages that come with modern applications cannot be obtained.

**4.31** While the application still performs basic functions such as capturing invoice information, maintaining a chart of accounts and updating ledger balances, it has a number of weaknesses including: -

- a. There is no budgeting module. This would allow the entry and monitoring of budgets for greater transparency and control across the various departments of the NCC.
- b. A number of critical reports such as accounts receivable, accounts payable, invoice reports, payment listings and financial statements could not be generated from the application. Some of these reports have to be generated by an external consultant while others are done manually. These reports assist with decision making, identification of trends and evaluation of financial performance and should not require outside assistance to be provided



- 4.32** It is also relevant to highlight that the Management indicated in a report that the ability to make informed decisions was negatively impacted by inefficiencies in reporting from the application. This demonstrates that there is an important need at the senior management level in NCC which cannot be accommodated by the application.
- 4.33** Overall, there is a need to obtain a more modern and versatile accounting application. The system does not adequately meet all of the business needs of the Commission. Particularly it is difficult to retrieve information in the requested format and in a timely manner.

#### ***National Conservation Commission's Response***

It was reported to the Board that QuickBooks program originally acquired for the storeroom was also used for preparing draft financial statements ... The funding for purchase of the new program has been provided and the [current] system will be replaced. [The current system does] not conform to standard accounting practices (SAP), therefore meaningful history cannot be viewed on the system. To retrieve information a search of multiple ledgers and files is required.

#### **Impact of Programs on Financial Management**

- 4.34** It was expected that the additional responsibility for the new programs would not have impacted the financial resources of the NCC as funds were to be provided specifically for them. However, it was reported in the minutes of the Board meeting held on 24<sup>th</sup> November, 2022 that there were “serious financial challenges” due to the Commission “being asked to undertake projects at short notice which proved expensive and exhausted funds set aside for other undertakings”. Furthermore, it was noted that “it was difficult for the Commission to generate sufficient income to cover organizational expenses”.



- 4.35** Management of the monies received was therefore critical to ensure that the daily operations continued unabated. Therefore, incurring expenditure without proper analysis of the costs for services provided was not in keeping with proper financial management. Furthermore, accurate reports from the accounting system would have assisted management in making decisions to ensure that the daily operations would not be negatively affected.

#### ***National Conservation Commission's Response***

Inadequate information due to the previously mentioned out-of-date accounting system made the tracking and analysis of expenditures difficult and often impossible.

### **Other Audit Observations**

- 4.36** During the audit, other issues were observed as outlined below: -

#### **Ad hoc vs Preventative Maintenance**

- 4.37** NCC changed from an ad hoc maintenance programme to a preventative one for certain plumbing services. This resulted in an increase in the costs. Under this preventative programme grease traps, sand traps, septic tanks and soak-aways at seven (7) locations were to be cleaned twice monthly rather than in response to a problem. There was no evidence of a cost benefit analysis being done to substantiate this decision. This would have had budgetary implications which should have been considered as part of the decision-making process
- 4.38** Factors such as the level of usage at various locations and the historical pattern of maintenance required should have been considered in order to decide which maintenance programme was operationally efficient and



cost effective. This would also support effective procurement procedures as it would inform NCC of the nature and frequency of services required. In addition, to offset the high maintenance cost, it was suggested by personnel that the Commission pursue the purchase of at least one septic truck. This recommendation should be considered.

- 4.39** NCC introduced a schedule of preventative maintenance which was expected to reduce the instances of blockages in the grease traps and septic tanks. However, on a site visit carried out by the Auditors on 27<sup>th</sup> March, 2023 at Oistins' Bay Gardens and Worthing Beach, personnel demonstrated that there were still challenges with blockages due to the actions of the tenants. Personnel indicated that some tenants continually flouted the rules by disposing of grease and other waste incorrectly. This was therefore a major challenge in realizing the benefits of the preventative maintenance plan, to which a high cost was attached.

#### **Concerns Over Audit of Funds Provided for Additional Programs**

- 4.40** Additional funds in excess of \$20 million were provided to NCC to facilitate additional programs during the period under review. It should be noted that the accounts for NCC have not been audited for the past ten (10) years and there is a concern that this additional expenditure would not be audited in a timely manner.

#### **Conclusion**

- 4.41** There were no clear criteria for the selection of maintenance services in an area where there were significant expenditures being incurred. It is important for the NCC to have a transparent process that results in it having the most cost-effective prices.
- 4.42** There was no contract in place for maintenance services. It is important to have contracts as they provide certainty of cost and a dispute resolution mechanism if there were any disagreements.



- 4.43** The issues identified by the audit indicate that stronger financial oversight is required by the Board. The absence of a written and ratified procurement policy, an established tendering process and standardized reports for the purpose of decision-making demonstrate that this oversight is deficient. In addition, there was no evidence that any official financial policy was adopted by NCC. Oversight by the Board is required to ensure that the operations of the NCC are conducted efficiently and effectively.

#### **Recommendations**

- 4.44** It is recommended that: -
- i. There is a need for a clear procurement policy to be established by the Commission. This policy and the consequences for breaches should be communicated to those associated with procurement activities. Procurement policies established for the Public Service can be utilized as a guide.
  - ii. The current accounting system needs to be replaced with one which performs all of the functions required to support the operations of the NCC including reporting for decision-making.
  - iii. The selection process for suppliers should be competitive and transparent. Rates should also be obtained for services being procured. This should ensure that the Commission has the necessary information to choose entities that provide the greatest value for money. It would also assist in providing assurance to the Board that the actions of employees and Commission officials tasked with obtaining services are not called into question.
  - iv. There needs to be a documented authorization process which allows for a cross checking of the information submitted on invoices by suppliers. This would replace a system that, in some



instances, relies solely on the suppliers to accurately charge for the supply of goods and services.

- v. One of the deficiencies that needs to be remedied is the absence of reliable reports on specific matters that are of interest to the Commission. Notwithstanding the deficiencies in the current system, the Accounts Department should be able to produce these reports from available records.
- vi. The Commission also needs a transparent system for the certification of invoices.
- vii. The Commission needs to ensure that it addresses issues that result in conflict of interest and negatively impacts its operations. No worker should be allowed to unilaterally decide that he or she will use their own vehicles, or that of an associate, to perform services for NCC which were not authorized. Furthermore, these individuals should not be allowed to unilaterally establish and charge rates for these services.
- viii. Given the high level of operational costs incurred by NCC for the maintenance of sites such as Oistins Bay Gardens and Worthing Beach, NCC should review the rates charged to tenants.



## **AUDIT OF THE LATE PAYMENTS OF SALARIES IN THE PUBLIC SERVICE**

### **Introduction**

- 4.45** The issue of the late payment of salaries and other emoluments to Public Officers is a major concern and has been a longstanding matter. This negatively impacts employees in the Public Service and affects a number of temporary and permanent Officers who need to wait a considerable time for the payment of salaries, acting allowances or arrears of increments.
- 4.46** In 2014, the Barbados Audit Office conducted a review of the issue of late payments and a report was submitted to the Ministry of the Public Service. This current report is a follow up report which examines the main causes of the issues and it seeks to provide insight and recommendations which will aid the Public Service as it seeks ways to reduce the time taken to pay Public Officers.
- 4.47** The processes which precede the payment of employees are carried out by the various Ministries and Departments across the Public Sector and the People Resourcing and Compliance Directorate (PRC) (formerly Personnel Administration Division) of the Ministry of the Public Service. The Ministries and Departments submit requests or recommendations to PRC indicating their requirements for personnel to fill the positions within their entities. These requests are made via forms for persons to act in established posts (PSC5 forms) and temporary posts (PSC5A forms). PRC is then responsible for further processing of the requests and providing the necessary authorisation so that payment can be made.



**4.48** There are number of steps within the process that have to be taken between the requests or recommendations and actual payments to these officers. In order, for this system to work effectively, Ministries and Departments must submit information to PRC in a timely manner. Efficient processing is necessary to ensure prompt payment of salaries, acting allowances and increments. In addition, PRC needs to process the recommendations and provide the relevant approval, also referred to as 'authority' for payment, promptly.

#### **Audit Objective and Scope**

**4.49** The objective of the audit was to determine the cause/s of the chronic late payment situation in the Public Service. The review conducted focused on the period 1<sup>st</sup> January, 2019 to 31<sup>st</sup> March, 2023.

**4.50** The audit examined the issue of late payment from the perspective of PRC and the Ministries and Departments. It should be noted that the Auditors used a benchmark of two (2) months and over to indicate that a payment was made late. The Ministries and Departments selected to be audited were: -

- Barbados Fire Service;
- Barbados Police Service;
- Immigration Department;
- Primary and Nursery School Section of the Ministry of Education, Technological and Vocational Training;
- Psychiatric Hospital; and
- Ministry of Health and Wellness.





## Detailed Findings

- 4.51** The audit revealed a number of factors which negatively impact on the timely payment of salaries, acting allowances and increments for Public Officers. These include the late submission of recommendations by Ministries and Departments; insufficient information submitted with recommendations for acting assignments and the delays in the approval process. In addition, there is the lack of timely action taken by Departments to ensure that increments are paid promptly. The detailed findings relating to these issues are outlined below.

### **Analysis of Information Related to Late Payments**

- 4.52** The Audit Office compiled and reviewed late payment information extracted from the Government's payroll and financial systems, which indicated that the total number of persons paid late across the Public Service has been increasing during the period January 2019 to December 2022 (refer to **Table 1**). In 2019, eight hundred and twelve (812) persons were paid late and this had risen to two thousand, one hundred and forty-eight (2,148) at 31<sup>st</sup> December, 2022. The total number of persons receiving late payment on one or more occasion was six thousand, two hundred and eleven (6,211) over a five-year period. Based on the current projections, a greater number of persons are likely to be affected in 2023 than in previous years.

**Table 1: Number of persons paid late by financial year**

Financial Year ended 31 <sup>st</sup> March	No. of Persons
2019	818
2020	1,007
2021	1,626
2022	2,148
January to March 2023	612
Total	6,211

*Compiled by Barbados Audit Office***4.53**

The audit further analysed the data collected in order to identify the entities which paid the highest amount in arrears. Based on the analysis, the six entities listed in **Table 2** were selected to be investigated. A review of the information provided relating to total arrears revealed that approximately sixty-five percent (65%) of the persons paid late were employed with the selected Ministries and Departments (refer to **Table 2** below). Of the four thousand, five hundred and fifty-six (4,056) persons paid late, approximately fifty-eight percent (58%) were paid by the Barbados Police Service, eighteen percent (18%) by the Primary and Nursery Schools Section of the Ministry of Education, Technology and Vocational Training, and nine percent (9%) by the Psychiatric Hospital.

**Table 2: Persons Paid Late in Sample Agencies between January 2019 and March 2023**

Sample Ministries and Departments January 2019 to March 2023	No. of Persons paid
Barbados Police Service	2,356
METI – Primary & Nursery Schools	732
Psychiatric Hospital	349
Barbados Fire Service	233
Ministry of Health and Wellness	248
Immigration Department	138
<b>Total</b>	<b>4,056</b>

*Compiled by Barbados Audit Office*



### Issues Observed in Ministries and Departments

**4.54** The audit reviewed the processes within six (6) selected sample Ministries and Departments in order to determine whether the activities of these entities contributed to the late payment of salaries. The following issues were observed.

#### i. Late Submission of Recommendations

**4.55** The late submission of recommendations by Ministries and Departments for acting and temporary staff is a major contributing factor in the late payment of Officers. The Audit Office reviewed information on eight thousand and three (8,003) recommendations submitted between the period 1st January, 2019 to 30th June, 2022 for the six (6) entities. The results showed that sixty-two percent (62%), were submitted after the assignment had already commenced. Approximately sixteen percent (16%) of these recommendations were submitted in excess of one hundred (100) days after the assignments had commenced (refer to **Table 3** below).

**Table 3: Forms submitted in excess of 100 days after start date**

Days	PSC5/ PSC5A Forms
Over 1,000	19
Over 750	11
Over 500	74
Over 400	28
Over 300	65
Over 200	248
Over 100	352
Total	797

*Compiled by Barbados Audit Office*



**4.56** Late submission of requests was also observed for persons who were recruited to work for the first time at the Psychiatric Hospital and the Primary and Nursery Section of the Ministry of Education, Technological and Vocational Training. This is unacceptable and concerted efforts must be taken to alleviate this situation.

**4.57** Reasons for late submission of recommendations included the following:-

- *Non-Submission of Staff Appraisal Forms*

Staff appraisal forms is required as part of the review process. In some instances, however they were not provided in a timely manner to allow for some recommendation forms to be submitted to PRC.

- *Delays in the Approval Process*

The PSC5 forms submitted by the Departments which have to route their requests through their Ministry must be authorized by representatives from both the Department and Ministry. However, it was observed that, in some instances, this took a significant amount of time and therefore contributed to the late submission.

**ii. Other Inefficiencies Observed**

**4.58** A number of other inefficiencies were observed which contributed to the late payment of officers. These are as follows: -

- *Waiting for Physical Copies of the Authority Letters*

Currently the approval for recommendations are recorded in the Government's human resource computerised system and



payment can be initiated once updated. However, one entity indicated that it awaits a physical approval letter before processing payment. As a result, payments are delayed in instances where there is late receipt of the approval letters.

- *Failure to Initiate Action for Increments*

There are a number of positions in which an incremental rise in salary is granted once certain required conditions are met. For example, some officers are required to work for five (5) years or meet a qualification requirement before they are granted an increment. However, the personnel within the affected entities indicated that the awarding of the increments was often inadvertently overlooked when the five-year period had elapsed. In the case of the qualification requirement, the qualifications were submitted late to PRC. In a number of instances persons were paid their increments in excess of four (4) years after the due date. Furthermore, this is because that there was no mechanism in place to alert or prompt the relevant personnel in the entity to start the process for granting increments.

### **Processing of Recommendations by People Resourcing and Compliance Directorate (PRC)**

- 4.59** The audit reviewed the processing of a sample of the recommendations submitted to PRC by the six (6) entities selected for review. Our review indicated that the time taken to complete the various steps in PRC impacted on the timely processing of recommendations. These delays were observed in the submission of the recommendations to the Human Resource Officer (HRO) after receipt by the Registry, in the preparation of Commission Papers and Chairman Minutes by the HRO after receipt of the recommendation and also in the updating of Government's human resource computerised system.

***Ministry of the Public Service's Response***

PRC should review the current workflow taking into consideration available reports from consultants and seek to pilot and apply where possible the recommendations. Any changes implemented should be monitored to determine if there is a reduction in processing time.

**Actions Taken by PRC to Improve the Process**

- 4.60** One action taken by PRC to assist in approving recommendations in a timely manner was the approval of assignments for six (6) months instead of three (3). That is, submitting requests twice yearly instead of four (4) times. Notwithstanding this change, officers are still being paid late.

***Ministry of the Public Service's Response***

Submission of twice-yearly requests is adequate. MDAs would need to put in place appropriate mechanisms to track and trigger their own internal workflows.

- 4.61** Another action taken by PRC to improve the process for approving recommendations was the implementation of a Correspondence Management System (CMS). The CMS is a computerized system introduced to allow for the electronic submission of recommendations, thereby increasing ease of use and speed of processing thus resulting in a more efficient process. However, some Ministries and Departments are not using the CMS to submit the recommendations to PRC while others, who are using it, do not submit the requests in a timely manner. There is also a lack of consistency in the usage of the CMS by officers in PRC. Some officers indicated that they did not use CMS while others use it periodically.

***Ministry of the Public Service's Response***

PRC should analyse the way in which each team is using CMS, establish and agree on standard workflow processes, in addition to strategies for prioritisation of work. (This will be dependent on when the upgrades to CMS are complete.)

**4.62** A number of deficiencies have been observed within the CMS which officers have reported but for which no resolution has been provided. These include: -

- If an error is made or the time specified to second approve a recommendation has elapsed, a new recommendation must be created instead of correcting the error or re-submitting the existing recommendation.
- The CMS does not allow for the Registry at PRC to easily identify new recommendations that have been submitted and require action.

***Ministry of the Public Service's Response***

The document management or CMS workflows would have to be reviewed and retested to ensure that functionalities that might alleviate the deficiencies mentioned are not being overlooked.

**Conclusion**

**4.63** The late payment of emoluments to public officers continues to be an issue and has resulted from a number of factors. These include the late submission of recommendations to the People Resourcing and Compliance Directorate by Ministries and Departments and the delays in the processing of the requests.



- 4.64** This situation has caused undue hardship for Officers who sometimes receive their salaries for acting assignments long after they become due. A number of steps have been taken to address the issue but have not substantially reduced the occurrence of late payments.

#### **Recommendations**

- 4.65** It is recommended that: -
- i. The steps within the process for the approval of assignments need to be reviewed and simplified. In many instances the requests are for extensions of assignments. Where relevant checks on the Officer's seniority and suitability would have already taken place, the Ministry should consider the submission of a simplified extension form which should be submitted and approved electronically to expedite this process.
  - ii. The timelines set for the filling of vacancies be adhered to as this will result in a reduction of requests for acting assignment and the need to make request for temporary assignments
  - iii. There is a link between the submission of recommendations and the Ministries and Departments' timely completion of PRDS forms as these are now prerequisites for continuation of acting appointments. This appraisal system needs to be more efficient as those Officers whose salaries are being withheld will continue to be penalized for the tardy work of others.
  - iv. The Correspondence Management System needs to be reviewed with a view to resolving the issues identified by the users.





- v. The majority of Officers being paid late pertain to a few Ministries and Departments and the system in these organizations should be reviewed to see what additional measures are required for improvement.
- vi. It is important for the Ministry of the Public Service to have a monitoring mechanism on this issue and to this end monthly reports should be produced on the extent of late payments in Ministries and Departments. This information should be analysed to assist with decision making such as providing necessary assistance and guidance to the affected agencies.
- vii. There also needs to be mechanisms in place to expedite the approval of recommendations relating to the continuation of assignments where the circumstances surrounding the assignment have not changed.

***Ministry of the Public Service's Response***

[Recommendations i. and vii.] – Given that due diligence would have taken place this recommendation can be explored.

[Recommendation ii.] – MPS is examining this situation.

[Recommendations vi.] – A monitoring mechanism will be key for MPS in identifying appropriate measures to support Ministries & Departments and by extension alleviating some of the challenges it is experiencing.



## CHAPTER 5

### AUDIT OF STATUTORY BOARDS, GOVERNMENT COMPANIES AND CONTROLLED ENTITIES

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**T**he 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.

**5.2** This Chapter outlines the status of the audits of Boards, other State Agencies and Funds at 31<sup>st</sup> December, 2022. The chapter is divided into two (2) sections. The first contains an update of audit reports on those entities audited by the Barbados Audit Office, and the second reports on the other Government entities that are audited by private sector auditors.

**5.3** The audit of some of these accounts were substantially in arrears and the Ministry of Finance has been urging these agencies to bring these audits up to date. I can now report that some entities have improved their positions, others have sought waivers from conducting audits for some years while others are still substantially in arrears.



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

### **Arts and Sports Promotion Fund**

- 5.4** 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 period 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2021 were submitted for auditing and these audits are in progress. The financial statements for the year ended 31<sup>st</sup> March, 2022 have not yet been submitted.

### **Barbados Boxing Board of Control**

- 5.5** 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 31<sup>st</sup> December, 2015 to 2022 have not been completed as the Office is awaiting supporting documentation and the relevant schedules prior to proceeding with the audits.

### **Barbados Community College**

- 5.6** 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 year ended 31<sup>st</sup> March, 2022 have not yet been submitted to allow the audit to commence.

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

- 5.7** 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 and schedules for the year ended 31<sup>st</sup> March, 2022 have not been submitted to the Audit Office to allow the audit to commence.

**Barbados Defence Force**

- 5.8** The financial statements of the Barbados Defence Force for the years ended 31<sup>st</sup> March, 2015 to 2018 were audited by my staff during 2020. However, revised financial statements for the financial years ended 31<sup>st</sup> March 2016 to 2018 were not submitted during 2021 nor 2022 as was necessary to allow for the issuance of the audit reports. The audits of the accounts for the financial years ended 31<sup>st</sup> March 2019 to 2022 have not commenced because the financial statements and relevant schedules have not been submitted to the Audit Office.

**Barbados Medicinal Cannabis Licensing Authority**

- 5.9** 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 audits of accounts for the financial years ended 31<sup>st</sup> March, 2020 to 2022 were audited and unqualified audit opinions were issued.



### **Caribbean Centre for Development Administration (CARICAD)**

- 5.10** 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2019 to 2022 have not been provided for auditing.

### **Catastrophe Fund**

- 5.11** 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 for the financial year ended 31<sup>st</sup> December, 2014 have been completed. The financial statements for the years ended 31<sup>st</sup> December, 2015 to 2022 have not been submitted to allow for the audit of these accounts.

### **Community Legal Services Commission**

- 5.12** 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 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2020 were completed during the year. The financial statements for the period 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2022 have not been submitted for auditing.

**Erdiston Teachers' Training College**

- 5.13** The Erdiston Teachers' Training College (the College) is an educational institution established for the training of teachers. The College has not submitted signed financial statements to be audited by my Office as is required by Section 6 (1) of CAP. 41:01 Education (Erdiston Teachers Training College Board of Management) Order, 1983. During October 2022, the College submitted the financial statements for the period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 to be audited. These audits will commence during the 2023 calendar year.

**National Assistance Board**

- 5.14** 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 accounts for the year ended 31<sup>st</sup> March, 2021 was completed; an unqualified opinion was issued. The Office is still awaiting the resubmission of the revised financial statements for the year ended 31<sup>st</sup> March, 2022 to complete this audit. The accounts for financial year ended 31<sup>st</sup> March, 2023 have not been submitted for the accounts to be audited.

**National Council on Substance Abuse**

- 5.15** 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 accounts for the financial year ended 31<sup>st</sup> March, 2022 was completed and an unqualified audit opinion was issued. The NCSA has indicated that the private sector will audit the accounts for the financial year ended 31<sup>st</sup> March, 2023. These audited financials were therefore not submitted to the Audit Office. Under its Act, the Board can outsource the auditing of



its accounts.

### **National Insurance Fund**

**5.16** 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 audits for the financial years ended 31<sup>st</sup> December, 2013 and 2014 are in progress. The financial statements for the years ended 31<sup>st</sup> December, 2015 to 2022 have not been submitted for auditing.

**5.17** The NIS has been trying to bring its accounts up-to-date so that they can be audited and my Office stands ready to conduct the audits when the relevant information is made available. The major challenge to NIS was the transition from the cash to the accrual basis of accounting for contribution income. In this regard, there were concerns regarding the accuracy of contribution income and receivables on the accrual basis and this include difficulty in obtaining supporting documentation to verify these amounts. NIS has been working to prepare the financial statements and provide the documentation required to allow the audit to proceed. This Fund needs to be audited so as to provide the public with a current and independent opinion of the state of the finances of this Institution.

### **Retraining Account**

**5.18** 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 31<sup>st</sup> December, 2021 was completed. The



audits of these accounts are therefore up to date.

### **Samuel Jackman Prescod Institute of Technology**

- 5.19** 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 examination of the financial statements for the years ended 31<sup>st</sup> March 2017, 2018 and 2019 was completed. The Office was unable to obtain sufficient appropriate audit evidence to substantiate whether or not the financial statements were free of material misstatements. The accounts for the financial years ended 31<sup>st</sup> March, 2020 and 2021 have been received and will be audited. The accounts for the financial year ended 31<sup>st</sup> March, 2022 have not yet been submitted.

### **Sanitation Service Authority**

- 5.20** 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 examination of the financial statements for the financial years ended 31<sup>st</sup> March, 2019 and 2020 were undertaken and disclaimer opinions were given due to the inability to obtain sufficient appropriate audit evidence to substantiate whether or not the accounts were free of material misstatements. The audit of the financial statements for the year ended 31<sup>st</sup> March, 2021 is in progress while the statements for the year ended 31<sup>st</sup> March, 2022 have not yet been submitted to be audited.





### **Severance Payment Fund**

- 5.21** Severance Payment Fund was established by the Severance Payment Act, Cap. 355A. The audits of the accounts for the financial years ended 31<sup>st</sup> December, 2013 and 2014 are in progress. Financial statements for the years ended 31<sup>st</sup> December, 2015 to 2022 have not been submitted for audit and remain outstanding.

### **Sugar Workers' Provident Fund**

- 5.22** 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 31<sup>st</sup> December, 2021 was completed. The audit of the Fund's accounts is therefore up to date.

### **Unemployment Fund**

- 5.23** 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 audits of the accounts for the financial years ended 31<sup>st</sup> December, 2013 to 2014 are in progress. The financial statements for the years ended 31<sup>st</sup> December, 2015 to 2022 are to be submitted for audit.



## AUDITS OF STATE AGENCIES CONDUCTED BY PRIVATE SECTOR AUDITORS

- 5.24** 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 State 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.**

- 5.25** 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 31<sup>st</sup> March, 2014 to 2022 are outstanding.

#### **Barbados Agricultural Development and Marketing Corporation**

- 5.26** 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 audit of the financial statements for the year ended 31<sup>st</sup> March, 2022 has been



completed; a qualified opinion was issued.

### **Barbados Agricultural Management Co. Ltd**

- 5.27** 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 30<sup>th</sup> June, 2018. The audits of the accounts for the financial years ended 30<sup>th</sup> June, 2019 to 2022 are outstanding.

### **Barbados Cane Industry Corporation**

- 5.28** 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2015 to 2019.

### **Barbados Conference Services Ltd.**

- 5.29** 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 audit of the financial statements for the financial year ended 31<sup>st</sup> March, 2022 is completed. The audit of the accounts is therefore up to date.

**Barbados Investment and Development Corporation**

- 5.30** 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 audit for the financial year ended 31<sup>st</sup> March, 2021 has been completed while the audit for the financial year ended 31<sup>st</sup> March, 2022 is in progress.

**Barbados National Oil Company Ltd.**

- 5.31** 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 audit of the accounts of BNOCL for the financial year ended 31<sup>st</sup> March, 2022 has been completed and an unqualified opinion was issued.

**Barbados National Terminal Company Limited**

- 5.32** 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 audit of the accounts has been completed up to the financial year ended 31<sup>st</sup> March, 2022.

**Barbados Port Inc.**

- 5.33** 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 audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 has been completed; an unqualified opinion was issued.

**Barbados Tourism Marketing Inc.**

- 5.34** The Barbados Tourism Marketing Inc. reported that the audit of the accounts for the financial years ended 31<sup>st</sup> March, 2021 and 2022 have been completed and unqualified audit opinions were issued.

**Barbados Tourism Product Authority**

- 5.35** 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 audits for the financial years ended 31<sup>st</sup> March, 2015 to 2020 have been completed. The audit of the accounts for the financial year ended 31<sup>st</sup> March, 2021 is currently outstanding.

**Barbados Tourism Investment Inc.**

- 5.36** 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 31<sup>st</sup> March 2020, 2021 and 2022 has been recently assigned to newly appointed auditors. The audits of the accounts for these financial years are therefore outstanding.



### **Barbados Vocational Training Board**

- 5.37** 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 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022 have been completed; unqualified audit opinions were issued.

### **Barbados Water Authority**

- 5.38** 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 1<sup>st</sup> April, 1981. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2018 to 2019 have been completed. The Auditors did not express opinions on the financial statements as sufficient evidence was not provided. The audits of the accounts for the financial years ended 31<sup>st</sup> March 2020, 2021 and 2022 are outstanding.

### **Caribbean Broadcasting Corporation**

- 5.39** 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 31<sup>st</sup> March, 2021 was completed; an unqualified audit opinion was issued. The audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 has been delayed due to challenges with the previous auditors.

**Caribbean International Airways Ltd**

- 5.40** 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 31<sup>st</sup> March, 2020 to 2022 are outstanding.

**Caves of Barbados Ltd.**

- 5.41** 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 years ended 31<sup>st</sup> March, 2021 and 2022 have been completed; unqualified audit opinions were issued.

**Central Bank of Barbados**

- 5.42** 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 31<sup>st</sup> December, 2022 was completed; an unqualified opinion was issued.

**Child Care Board**

- 5.43** 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 31<sup>st</sup> March, 2022 has been completed; an unqualified audit opinion was issued.

### **Enterprise Growth Fund Limited**

- 5.44** 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 31<sup>st</sup> March, 2022 has been completed; an unqualified opinion was issued.

### **Fair Trading Commission**

- 5.45** 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 audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 has been completed; an unqualified opinion was issued.

### **Financial Services Commission**

- 5.46** The Financial Services Commission (FSC) commenced operations on 1<sup>st</sup> 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 audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 has been completed; an unqualified opinion was issued.

#### **Grantley Adams International Airport Inc.**

- 5.47** 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 31<sup>st</sup> March, 2021 and 2022 are outstanding.

#### **Hotels and Resorts Ltd.**

- 5.48** Hotels and Resorts Ltd. was incorporated under the Laws of Barbados on 27<sup>th</sup> December, 1995. The principal activity of Hotels and Resorts Ltd. is the investment in, and development of hotel premises. The audit of the financial statements for the year ended 31<sup>st</sup> March, 2022 was completed; an unqualified audit opinion was issued.

#### **National Conservation Commission**

- 5.49** 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 audit of the accounts of the Commission has been completed up to the financial year ended 31<sup>st</sup> March, 2013. The Commission has again reported that the audits of the accounts for subsequent years were in progress. In this regard, the audits of the accounts for financial years ended 31<sup>st</sup> March,



2014 to 2022 are outstanding.

### **National Cultural Foundation**

- 5.50** 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 audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 has been completed and are up to date.

### **National Housing Corporation**

- 5.51** 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. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 and 2014 were completed. In 2022, the Corporation had indicated that the accounts for the financial years 2015 to 2019 will not be audited. The audit of the accounts for the financial year ended 31<sup>st</sup> March, 2020 was said to be in progress. The current situation is that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2020 to 2022 are outstanding.

### **National Petroleum Corporation**

- 5.52** 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 audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 has been completed; a qualified audit opinion was issued.

**National Sports Council**

- 5.53** 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 Council reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2017 are completed. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2018 to 2020 are in progress. The audit of accounts for the financial years ended 31<sup>st</sup> March, 2021 and 2022 are outstanding.

**Needham's Point Holdings Limited**

- 5.54** Needham's Point Development Inc. was incorporated under the Companies Act of Barbados on 13<sup>th</sup> 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 31<sup>st</sup> March, 2022 has been completed.

**Needham's Point Development Inc.**

- 5.55** Needham's Point Development Inc. was incorporated under the Companies Act of Barbados on 22<sup>nd</sup> 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 31<sup>st</sup> March, 2022 has been completed.



### **Queen Elizabeth Hospital**

- 5.56** The Queen Elizabeth Hospital (the Hospital) has as its principal activity the provision of medical care for patients. The Hospital has reported that its Auditor was unable to offer an opinion on the accounts for the financial year ended 31<sup>st</sup> March, 2016; a disclaimer of opinion was issued. The Hospital also stated that the audit of the accounts for the financial year ended 31<sup>st</sup> March, 2017 is in progress, while the financial statements for 2018 were submitted for auditing. Therefore, the audits for the accounts for the financial years ended 31<sup>st</sup> March, 2017 to 2022 are outstanding.

### **Rural Development Commission**

- 5.57** The Rural Development Commission (the Commission) was incorporated on 21<sup>st</sup> 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 31<sup>st</sup> March, 2009 is being finalized. In this regard, it should be noted that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2010 to 2022 are outstanding.

### **Student Revolving Loan Fund**

- 5.58** 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 audit of its accounts for the financial year ended 31<sup>st</sup> March, 2022 has been completed; an unqualified report was issued.

**Technical and Vocational Education and Training (TVET) Council**

- 5.59** 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 audits of the accounts for the financial years ended 31<sup>st</sup> March, 2020 and 2021 have been completed and unqualified opinions were issued. The audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 is outstanding.

**Transport Authority**

- 5.60** The Transport Authority was set up on 1<sup>st</sup> August, 2008 to regulate, monitor and plan for public transportation in Barbados. The audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 was completed.

**Transport Board**

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

**Urban Development Commission**

- 5.62** 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 31<sup>st</sup>



March, 2022 has been completed; a qualified audit opinion was issued.



## AUDITS OF SECONDARY SCHOOLS

**5.63** 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 31<sup>st</sup> March. A number of the schools indicated in 2021 that they were given permission by the Director of Finance and Economic Affairs to waive the audit of accounts for a number of outstanding years. It is not clear what authority the Director had to issue such an instruction. It should also be noted that the waivers only applied to certain schools. The status of the audits of accounts of the schools as at 31<sup>st</sup> March, 2022 was as follows:-

### **Alexandra School**

**5.64** The Alexandra School has reported that the audits for the periods ending 31<sup>st</sup> March, 2019 and 2020 were completed and unqualified opinions were issued. Audits for the financial years ended 31<sup>st</sup> March, 2021 and 2022 are outstanding.

### **Alleyne Secondary School**

**5.65** The Alleyne Secondary School reported that the audits of its accounts for the financial years ended 31<sup>st</sup> March, 2016 to 2022 are outstanding.

### **Christ Church Foundation School**

**5.66** The Christ Church Foundation School reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 dated 8<sup>th</sup> July, 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31<sup>st</sup>



March, 2018 to 2022 are outstanding.

### **Coleridge and Parry School**

- 5.67** The Coleridge and Parry School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 22<sup>nd</sup> February, 2022 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2022 are outstanding.

### **Combermere School**

- 5.68** The audits of the accounts of the Combermere School for the financial years ended 31<sup>st</sup> March, 2011 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol. 1 dated 08<sup>th</sup> October, 2021 issued by the Director of Finance and Economic Affairs. The School reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2022 have not been completed.

### **Daryll Jordan Secondary School**

- 5.69** The Daryll Jordan Secondary School reported that the audit of its accounts for the financial year ended 31<sup>st</sup> March, 2021 was completed and an unqualified opinion was offered. The audit of the accounts for the financial year ended 31<sup>st</sup> March, 2022 was in progress.

### **Deighton Griffith Secondary School**

- 5.70** The Deighton Griffith Secondary School reported that the audits of its accounts for the financial years ended 31<sup>st</sup> March, 2021 and 2022 have not commenced and are therefore outstanding.



**Ellerslie Secondary School**

- 5.71** The Ellerslie Secondary School has reported that the audits of its accounts for the financial years ended 31<sup>st</sup> March, 2019 was completed and an unqualified opinion was issued. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2020 to 2022 are currently outstanding.

**Frederick Smith Secondary School**

- 5.72** The Frederick Smith Secondary School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 03<sup>rd</sup> November, 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2022 are outstanding.

**Grantley Adams Memorial Secondary School**

- 5.73** The audits of the accounts of the Grantley Adams Memorial Secondary School for the financial years ended 31<sup>st</sup> March, 2013 to 2020 were completed and qualified opinions were issued. The audit of the accounts for the financial years ended 31<sup>st</sup> March, 2021 and 2022 are in progress.

**Graydon Sealy Secondary School**

- 5.74** The Graydon Sealy Secondary School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2016 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 03<sup>rd</sup> November, 2021 issued by the Director of Finance and Economic Affairs. The audits for the financial years ended 31<sup>st</sup> March, 2019 to 2022 are outstanding.

**Harrison College**

- 5.75** Harrison College has indicated that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2020 are in progress. The audit of the accounts for the financial years ended 31<sup>st</sup> March 2021 to 2022 remain outstanding.

**Lester Vaughan Secondary School**

- 5.76** The Lester Vaughan Secondary School reported that the audit of the accounts for the financial year ended 31<sup>st</sup> March, 2015 has been completed and an unqualified audit opinion was issued. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2016 to 2022 are outstanding.

**The Lodge School**

- 5.77** The audits of the accounts of the Lodge School for the financial years ended 31<sup>st</sup> March, 2017 to 2020 were waived as per the instructions given in Memorandum Ref. 5043/175 vol 1 dated 28<sup>th</sup> October, 2021 issued by the Director of Finance and Economic Affairs. The School indicated that the audits for the financial years ended 31<sup>st</sup> March, 2020 to 2022 have been completed and unqualified audit opinions were issued.

**Parkinson Memorial Secondary School**

- 5.78** The Parkinson Memorial Secondary School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2020 have been completed and qualified audit opinions were issued. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2021 to 2022 are outstanding.

**Princess Margaret Secondary School**

- 5.79** The Princess Margaret Secondary School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 03<sup>rd</sup> November, 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2022 are outstanding.

**Queen's College**

- 5.80** The School has indicated that it is seeking a waiver on the audit of the accounts for the period 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2017. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2012 to 2022 are outstanding.

**Springer Memorial Secondary School**

- 5.81** The audits of the accounts of the Springer Memorial Secondary School for the financial years ended 31<sup>st</sup> March, 2015 has been completed and an unqualified audit opinion was issued. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2016 to 2022 are outstanding.

**St. George Secondary School**

- 5.82** The Board of the St. George Secondary School has indicated that some efforts have been made to bring the audit of the accounts up-to-date with the auditors completing audits for the period 2013 to 2020. The audits for the financial years ended 31<sup>st</sup> March, 2020 to 2022 were said to be in progress.

**St. Leonard's Boys' Secondary School**

- 5.83** The St. Leonard's Boys' Secondary School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2013 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 03<sup>rd</sup> November, 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2022 are outstanding.

**St. Michael School**

- 5.84** The St. Michael School has reported that the audits of the accounts for the financial years ended 31<sup>st</sup> March, 2012 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 03<sup>rd</sup> November, 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31<sup>st</sup> March, 2019 to 2022 are outstanding.

**General Observations**

- 5.85** 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.
- 5.86** 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 6

### INFORMATION SYSTEM AUDITS

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**T**his chapter reports on two (2) information systems' audits conducted by the Barbados Audit Office. These were examinations of the computer systems used by the Customs and Excise Department (ASYCUDA) and the Implementation of an Electronic Document and Records Management System (EDRMS) which includes the Digitisation of Public Sector Records.

- 6.2** As the Government of Barbados continues to modernize and innovate its approach to operations, information systems have been integral throughout the Public Sector in increasing efficiency through the automation of processes. In order to optimize their effectiveness, these systems should be designed and utilized in a way that support business operations as well as maintain the security and integrity of the information stored.

#### **Justification for Audits**

- 6.3** The Audit Office undertook audits of the ASYCUDA system based on its significance to the operations of the Customs and Excise Department (Customs/the Department) and the Implementation of an Electronic Document and Records Management System (EDRMS) and the Digitisation of Public Sector Records hereinafter referred to as the "Digitisation Project or the Project".
- 6.4** Customs utilises the Automated System for the Customs Data (ASYCUDA) World application to manage its Customs declarations, manifests, warehousing and other processes related to foreign trade.



The application is also employed to generate statistical trade data, beneficial for effective economic decision-making.

- 6.5** A major component of the Public Sector Modernisation Programme, sub-component 1.4, is the introduction of an Electronic Document and Records Management System and the Digitisation of existing Public Sector records which will be accessed through this system. The objective of the Public Sector Modernisation Programme is the adoption of technology which is expected to improve the customer experience, decrease the time taken to perform duties and address some of the deficiencies inherent in outdated manual processes.

### **IT Standards**

- 6.6** The audit was executed in accordance with the ISACA Information Technology Assurance Framework (ITAF). In addition, the generally accepted standards for IT such as National Institute of Standards and Technology (NIST), Control Objectives for Information and Related Technologies (COBIT) and International Organization for Standardization Information Security Management (ISO 27001) were used to evaluate the applications.



## **AUDIT OF CUSTOMS AND EXCISE COMPUTER SYSTEM, ASYCUDA**

### **Background**

- 6.7** The Barbados Customs and Excise Department (hereinafter referred to as Customs) has responsibility for controlling the flow of inbound and outbound goods and passenger vessels, alongside the collection of related duties and taxes, inclusive of Value Added Tax on imported goods. The revenue collected by the Department was approximately \$803.5 million for the financial year ended 31<sup>st</sup> March, 2021 and the ASYCUDA World application was pivotal to the management of this revenue.

### **Audit Objective and Scope**

- 6.8** The objective of the audit of the Information Technology (IT) audit of Customs Department was to determine the effectiveness and efficiency of the controls within the ASYCUDA application as they related to information processing and the application security. The audited period was 1<sup>st</sup> January, 2021 to 31<sup>st</sup> March, 2022.

## **Detailed Findings**

- 6.9** There were a number of concerns observed as follows: -
- i. Approximately sixty-five percent (65%) of employees from a sample selected did not have signed privacy agreements on their personnel files as required.



***Customs Department's Response***

The Department accepts findings regarding officers without signed confidentiality reports on their files. We will conduct a comprehensive review of all employees' files with the view of identifying those without signed agreements and ensure that the defaulters sign accordingly. This will be done with immediate effect. Please note that all new recruits entering the Department from 2021 have signed the agreement. The exercise therefore will relate to employees employed prior to this time.

- ii. Six (6) retired officers and sixteen (16) former employees of Customs working with other agencies continued to have active user accounts within ASYCUDA World after their date of retirement or transfer.

***Customs Department's Response***

The Department acknowledges the identity of employees who remain active in the system. Immediate action has been taken to remove the identified names. A further review will be done to ensure the system is cleansed of former employees.

- iii. The rules in place relating to passwords to sign into the application are weak. There are no requirements for minimum length or special characters, no limits on the use of previous passwords and no expiration. This allows vulnerabilities to attacks and breaches.

***Customs Department's Response***

UNCTAD has indicated that the system can be adjusted to require minimum length, special characters and password expiration dates. The department has therefore commenced the process of implementing new password requirements in line with the suggestions. The same will be implemented as soon as satisfactory testing has been completed.

- iv. It was observed that there were several vehicles imported by the same company which were all declared with the same chassis and engine numbers recorded for all of them. The Customs Act, CAP. 66, paragraph 245 requires that declarations are accurate.
- v. There were instances identified in which the commodity code for vehicles under \$55,000 was entered on declarations for vehicles valued at over \$55,000.

***Custom Department's Response***

The finding of duplicated vehicle engine numbers and other related information indicate limitations to input validation. This will be one of the activities asked to be addressed in the extended support to be provided by UNCTAD. In the case of incorrect commodity codes for vehicles, the information provided will be used as a basis for a desk audit to ensure, where applicable, that duties are collected and adjustments made to reflect accuracy of data. Regarding warehouse identifiers for payment processing, it is accepted that a consistent format will redound in advantages for the organisation. Attention to this will be included in the scope of works considered for UNCTAD.



- vi. At the completion of a cashier's work day the cash collected is counted by a supervisor and compared to the totals recorded within ASYCUDA World to verify accuracy. The functionality is not built into ASYCUDA World to record which supervisor verified the accuracy and if a discrepancy such as an overage or shortage was observed. This prevents an electronic record of the authorisation process from being maintained in the application to support non-repudiation and effective audit trails.

***Custom Department's Response***

The ASYCUDA World system was built on the principle of processing the importation and exportation of cargo and hence the non-inclusion of some accounting functionalities. However, the department will, through discussion with UNCTAD, seek to include accounts supervisor verification and related comments. Where required, consultation will be made with the Barbados Audit Services to ensure that the adjustments meet its requirements.

- vii. The feature to accept online payments is not enabled within ASYCUDA World, which negatively impacts the usability of the application for customers of the Customs Department. This is a feature which Customs is actively seeking to implement.

***Custom Department's Response***

Currently, web services are being developed for ASYCUDA World to interface with EZPay to facilitate online payment. This is at an advanced stage and behind the scenes work is being conducted to ensure accountability for revenue collection at Customs and the Office of the Accountant General. MIST is also involved in the process.

- viii. The revenue collections of \$941,274,660.58 recorded in ASYCUDA World, for the financial year 2021-2022, differed by \$16.4 million when compared to the information in Government's accounting system (\$924,827,360). The update of Government's accounting system relating to the revenue collections recorded in ASYCUDA is done manually and this increases the risk of errors being made. Automated updates would reduce the probability of errors.

***Custom Department's Response***

Discussions have commenced with the integration of ASYCUDA World and Cloud Suite [Government's Accounting System] with the view of dealing with the issue of ASYCUDA World communicating with other government's software. The approach is to develop web services between the two systems where information is pushed or pulled accordingly thus eliminating manual inputs which may result in errors.

**Additional Observations**

- 6.10** The following additional concerns were identified during the audit review process: -



- i. There were at least thirty-six (36) vehicles recorded in ASYCUDA as being held in private warehouses. However, a review of the records of the Barbados Licensing Authority (BLA) revealed that these vehicles were registered through BLA with individuals or companies. This would indicate that they are no longer being held in private warehouses. There was no documentation submitted to Customs to support the removal of these vehicles, hence there was no record of duties being paid. Taxes and duties payable on these vehicles were \$1,249,214. This is in contravention of Section 160 of the Customs Act, CAP. 66. Failure to identify discrepancies in private warehouse entries can result in contravention of the law and loss of revenue. This occurrence should therefore be minimized.

#### ***Customs Department's Response***

The Customs Department has recognised deficiencies in the processes for managing warehouses implemented over the years. In this regard, discussions were held with the IMF to assess the various operational issues and make recommendations for the way forward. A number of recommendations were made with the view of ensuring compliance of warehouse operators. Recommendations relevant to this issue of vehicles not duty paid include:

- (a) conducting hot audits;
- (b) implementing a time period of three years for the operation of warehouses with a renewal option;
- (c) terminate warehouse approvals at a given date with the provision of a new approval process six months before termination;
- (d) implementing new maximum limits for goods stored in warehouses;
- (e) implementing audits according to risks; and
- (f) aggressively pursuing the collection of debt.



The implementation of these recommendations will ensure that non-compliant activities are identified at an early stage and timely remedial action taken. The department is in the process of finalising activities to be implemented from the report. The information provided will be used to take the necessary action for those warehouses identified.

- ii. The audit revealed that there was no record in ASYCUDA World to indicate that declarations were paid for two (2) items of cargo, which exited the Customs shed, managed by Barbados Port Inc., and which were released to the respective consignees. The total amount of declarations unpaid was \$35,009.66. Instances such as these circumvent Section 104 of the Customs Act, CAP. 66 and can result in a loss of revenue.

#### ***Customs Department's Response***

Investigations therefore will be made regarding the two instances of cargo exiting the port and appropriate action will be taken.

#### **Conclusion**

- 6.11** The audit of the ASYCUDA World application revealed that while a number of system components were operating effectively, there were areas where deficiencies were identified. Improvements to ASYCUDA World would ensure that the application is optimised to continue its pivotal role in supporting Customs' operations.



## **IMPLEMENTATION OF AN ELECTRONIC DOCUMENT AND RECORDS MANAGEMENT SYSTEM AND THE DIGITISATION OF PUBLIC SECTOR RECORDS**

### **Background**

**6.12** In an effort to improve efficiency in the Public Service the Government of Barbados has committed to the increased deployment of technological tools and solutions. This objective is being pursued through the Public Sector Modernisation Programme under the Ministry of Industry, Innovation, Science and Technology (MIST). The programme is being funded by the Inter-American Development Bank (IDB). The component, relating to the Implementation of an Electronic Document and Records Management System (EDRMS) and the Digitisation of Public Sector Records, was allocated approximately \$11 million, from the total programme budget.

### **Audit Objective and Scope**

**6.13** The objective of the audit of the Digitisation Project was to examine the status of the project as at 31<sup>st</sup> December, 2022. The objectives were to:-

- assess the status and progress of the project;
- determine if the execution of the project was in alignment with its original objectives;
- determine the strategies employed to address any potential risks to the successful implementation of the project;
- evaluate adherence to any regulatory and statutory requirements; and
- Evaluate the cybersecurity measures incorporated into the project.



### **Main Aim of the Project**

- 6.14** The main aim of the Digitisation Project is to facilitate easy storage, retrieval and exchange of information within and across Ministries, Departments and Agencies (MDAs). This is expected to better support Government's business processes by improving records management, information shareability and searchability among agencies. This will support and assist in "increasing the adoption of the digital channel to access public services by citizens and businesses and an enhancement of the efficiency in the civil service". Given the capacity of the project to positively impact the operations of the Public Sector and the significant expenditure allocated to its execution the Barbados Audit Office (BAO) undertook an audit to evaluate its progress.

### **Detailed Findings**

- 6.15** There were a number of concerns identified in relation to the project as outlined below: -

- i. There was no evidence presented that a feasibility study was conducted to highlight any factors related to cost, time, legal, economic or technical considerations, that need to be addressed to ensure project success. Factors which could have been considered include: -

- Volume of information to be digitised
- Classification of documents to be digitised
- Information requirements within and across MDAs
- Reorganisation of registry operations

Failure to evaluate these requirements increases the risk of the Electronic Document and Records Management System





(EDRMS) not being well designed and executed to achieve its objectives in an efficient and effective manner.

***Response from MIST***

While a feasibility study was not done, the Government of Barbados would have had discussions with IDB during project initiation and some research would have been done. It should be noted that the Programme Execution Unit was established during September 2019 with the Project Manager and as such there would have been no input from him during the preparatory work for the Public Sector Modernization Programme (PSMP). The Ministry accepts that a feasibility study would have provided that foundation to better implement a digitization programme and an EDRMS.

- ii. There were limitations in the project key performance indicators (KPIs). As they did not specify the number of MDAs that should be fully digitised, the percentage of MDAs documents that should be digitised, the frequency of use of the EDRMS by the MDAs, the percentage of personnel trained or any specific timeframes for the aforementioned activities. Without adequate KPIs it is difficult to determine if the project is meeting its targets and if remedial action must be taken to address concerns. The limited KPIs also prevented the audit from effectively evaluating the progress of the project which is ongoing.

***Response from MIST***

The Ministry accepts that KPIs for the EDRMS should have been established for better monitoring and evaluation of the solution. Given that the Government has agreed to the use of Microsoft SharePoint as



the solution for the EDRMS, then discussion will be facilitated with the chosen firm to address the KPIs. It should be noted that MIST had commenced a pilot project for the use of Microsoft SharePoint at the Ministry of the Public Service. A functionality report was produced, which identified four (4) areas that would be mandatory for the solution, those being:

- The use of workflows.
- Sharing of information across government.
- The ability to sign documents; and
- A repository for government records.

- iii. The Annual Operations Plan of the Public Sector Modernisation Programme for January to December 2022 indicated that communication and change management plans would be developed and executed to sensitize the MDAs to the Digitisation project and overall modernisation. However, the communication plan was not completed. The success of the project and the subsequent benefits to Government are reliant on the involvement of MDAs and the absence of a communication plan was cited as one of the key risks to the project in the Annual Operations Plan, January to December 2022.

#### ***Response from MIST***

The execution of the Communication Plan is seen as a key driver to onboard MDAs. Not having this in place may have negatively impacted the implementation of the digitization efforts and the PSMP on the whole. It should be noted that the lengthy procurement process to contract a firm contributed to the delay.



- iv. In order to evaluate the progress of the project within the MDAs a questionnaire was disseminated by the BAO. This revealed that twelve (12) of the eighteen (18) MDAs which responded to the questionnaire have started to digitize their records. Six (6) had all of their documents converted, seven (7) were in progress and five (5) had not commenced. The reasons cited by the MDAs for not completing the digitization process included the fact that the document management system was not ready and the unavailability of the digitization centre where the documents were being converted. This digitization centre was not available for three months due to environmental factors at the building.

***Response from MIST***

MIST has limited resources in relation to records management skills, nevertheless, some of the MDAs that indicated their readiness for digitization were visited and advised on what must be done to have their files digitized. MIST also provided consultants from the Digitisation Centre to MDAs to prepare their files for digitization. MDAs were advised that due to not having the EDRMS ready, their digitized records would be stored in the Microsoft SharePoint repository, and they would have access and would be trained how to research the records. MIST was not aware of any challenges regarding the access of records within the repository but noted that there is a backlog of records to be uploaded.

- v. At commencement of the project fifty-five (55) MDAs were identified to be digitised. However, in 2021, the amount was reduced to twenty-one (21). MIST indicated that the target was reduced due to the slow response of the MDAs. Stakeholder involvement is key to the project success, therefore the buy-in and commitment from top level managers who are in a position to influence the operations of their department will be pivotal.



## **Conclusion**

- 6.16** The Digitisation Project commenced in January 2020 and was slated for completion in February 2024. Based on observations made during the audit the project was not on the trajectory to conclude by the proposed completion date.
- 6.17** Failure to fully evaluate the needs of MDAs increased the risk that the software solutions could not be fit-for-purpose. In addition, not communicating effectively with the MDAs failed to engage their full participation. It is therefore important that all efforts be made to ensure that financial, personnel and time resources be allocated effectively to successfully execute the project.
- 6.18** It should be noted however, that the document management system alone cannot drive efficiency. Business processes around the management of documents also have to be improved. Standards and procedures around factors such as minimum response times, follow up reminders and document distribution protocols should be incorporated to support the efficacy of the EDRMS.
- 6.19** The Public Sector Digitisation Project has the potential to bring significant efficiency to the operations of the Government of Barbados by improving the storage, management and exchange of information. This could result in better customer service and shorter wait times at agencies such as Barbados Licensing Authority and Immigration Department. However, a key factor in the success of the project is the adoption of the EDRMS solution and its ability to address users' needs.



**OFFICE OF THE AUDITOR GENERAL  
INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

**OFFICE OF THE AUDITOR GENERAL****TABLE OF CONTENTS**

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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, 2022, 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, 2022, 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.

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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  
August 12, 2022  
Bridgetown, Barbados





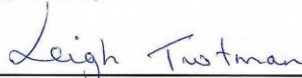
**OFFICE OF THE AUDITOR GENERAL**  
**Statement of Financial Position**  
**As at March 31, 2022**

*(Expressed in Barbados Dollars)*

	Notes	2022 \$	2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		250	150
<b>Total Current Assets</b>		<u>250</u>	<u>150</u>
<b>Other Assets</b>			
Plant, Furniture and Equipment	(4)	66,520	78,853
<b>Total Other Assets</b>		<u>66,520</u>	<u>78,853</u>
<b>Total Assets</b>		<u><u>66,770</u></u>	<u><u>79,003</u></u>
<b>Liabilities and General Fund</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Cash due to Treasury		250	150
<b>Total Current Liabilities</b>		<u>250</u>	<u>150</u>
<b>Capital Contribution</b>			
Capital Contribution	(6)	66,520	78,853
<b>Total Capital Contribution</b>		<u>66,520</u>	<u>78,853</u>
<b>Total Liabilities and Capital Contribution</b>		<u><u>66,770</u></u>	<u><u>79,003</u></u>
<b>Net Assets</b>		<u><u>-</u></u>	<u><u>-</u></u>
<b>General Fund</b>		<u><u>-</u></u>	<u><u>-</u></u>

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

Approved by:

  
\_\_\_\_\_  
Auditor General



**OFFICE OF THE AUDITOR GENERAL**  
**Statement of Financial Performance**  
**For the year ended March 31, 2022**

(Expressed in Barbados Dollars)

	Notes	Approved Revised Budget 2022 \$	2022 \$	2021 \$
<b><u>Income</u></b>				
Government Contribution		3,575,146	2,851,740	2,936,007
<b>Total Income</b>		<b>3,575,146</b>	<b>2,851,740</b>	<b>2,936,007</b>
<b><u>Operating Expenses</u></b>				
Statutory Personal Emoluments		2,615,926	2,377,931	2,387,304
Other Personal Emoluments		264,687	72,770	57,572
Employers Contributions		289,250	226,009	239,697
Travel		8,000	1,325	3,223
Utilities		48,800	43,257	56,610
Library Books & Publications		3,350	1,213	1,838
Supplies and Materials		33,800	12,018	19,229
Maintenance of Property		43,348	29,273	28,872
Operating Expenses		111,340	69,078	65,851
Contingencies		5,000	4,247	4,661
Subscriptions		4,350	3,965	6,850
Professional Services - General		50,000	9,753	34,926
Professional Services - Statutory		97,295	900	29,375
<b>Total Operating Expenses</b>		<b>3,575,146</b>	<b>2,851,740</b>	<b>2,936,007</b>
<b>Operating Surplus/(Deficit) before the following items:</b>		-	-	-
<b><u>Other Items</u></b>				
Depreciation	(4)	-	(32,897)	(27,552)
Capital Grant - Amortisation	(6)	-	32,897	27,552
<b>Excess Expenditure/Income over Income/Expenditure</b>		<b>-</b>	<b>-</b>	<b>-</b>

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, 2022**

(Expressed in Barbados Dollars)

	Notes	2022 \$	2021 \$
<b>Cash Flows from Operating Activities</b>			
Suplus (Deficit) for the year		-	-
Adjustments for:			
Depreciation	(4)	(32,897)	(27,552)
Amortisation of capital grants	(6)	32,897	27,552
Operating surplus (deficit) before changes in working capital		-	-
Working Capital Changes:			
Increase in Cash due to Treasury		100	-
<i>Net cash flows from operating activities</i>		<u>100</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of plant, furniture and equipment	(4)	<u>(20,563)</u>	<u>(57,449)</u>
<i>Net cash flows used in investing activities</i>		<u>(20,563)</u>	<u>(57,449)</u>
<b>Cash Flows from Financing Activities</b>			
Capital contribution	(6)	<u>20,563</u>	<u>57,449</u>
<i>Net cash flows from financing activities</i>		<u>20,563</u>	<u>57,449</u>
<b>Increase in Cash during the year</b>		100	-
Cash at the beginning of year		<u>150</u>	<u>150</u>
<b>Cash at end of year</b>		<u><u>250</u></u>	<u><u>150</u></u>

*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, 2022**

*(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 August 12, 2022.

**(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, 2021 to March 31, 2022.

**(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, 2022**

*(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, 2022**

(Expressed in Barbados Dollars)

**4. Plant and Equipment and Furniture**

	Property & Plant	Machinery & Equipment	Furniture & Fittings	Computer Software	Vehicles	Total
	\$	\$	\$	\$	\$	\$
<b><u>Cost</u></b>						
At April 1, 2021	7,999	309,820	26,944	6,211	60,434	411,408
Additions	-	20,563	-	-	-	20,563
Disposals	-	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>7,999</b>	<b>330,383</b>	<b>26,944</b>	<b>6,211</b>	<b>60,434</b>	<b>431,971</b>
<b><u>Accumulated Depreciation</u></b>						
At April 1, 2021	6,156	254,394	26,944	6,211	38,849	332,554
Charge for the year	1,228	23,036	-	-	8,633	32,897
Disposals	-	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>7,384</b>	<b>277,430</b>	<b>26,944</b>	<b>6,211</b>	<b>47,482</b>	<b>365,451</b>
<b><u>Net Book Value</u></b>						
As at March 31 2021	1,842	55,426	-	-	21,584	78,851
<b>As at March 31 2022</b>	<b>615</b>	<b>52,953</b>	<b>-</b>	<b>-</b>	<b>12,952</b>	<b>66,520</b>

**5. Crown Payables**

Crown payables as at March 31, 2022 was nil.



**OFFICE OF THE AUDITOR GENERAL**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2022**

(Expressed in Barbados Dollars)

**6. Capital Contribution**

Capital contribution at March 31, 2022 is as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Total capital contributions	411,408	353,959
Amount amortised	(332,554)	(305,002)
Amount unamortised at beginning of year	78,854	48,957
Contribution for the year	20,563	57,449
Amortisation for the year	(32,897)	(27,552)
<b>Amount unamortised at end of year</b>	<b>66,520</b>	<b>78,854</b>
Total capital contributions	431,971	411,408
Amount amortised	(365,451)	(332,554)
Amount unamortised at end of year	<b>66,520</b>	<b>78,854</b>

	<b>Approved Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
751 Property and Plant	-	-	-
752 Machinery & Equipment	38,262	20,563	57,449
753 Furniture & Fittings	-	-	-
755 Computer Software	-	-	-
756 Vehicles	-	-	-
<b>Total Capital Contribution</b>	<b>38,262</b>	<b>20,563</b>	<b>57,449</b>