



Barbados Audit Office

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

2021



Strengthening public accountability by providing fair and independent reports

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



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of the
Auditor General
for the year**

2021

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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01 July 2022

His Honour The Speaker
The House of Assembly
Parliament Building
BRIDGETOWN

Dear Mr. Speaker,

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 March 31, 2021.

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 year 2021 was another challenging year for the Barbados Audit Office (Audit Office). The COVID -19 pandemic impacted its operations due to a reduction in available man hours, and the challenges faced in obtaining various documents and files for review from the Ministries and Departments. As the year drew to a close, various measures were instituted to mitigate the impact of the challenges highlighted.

2. There are other factors outside the control of the Audit Office which impact the progress of audits, and these include a lack of timely response by Ministries and Departments to requests for information by auditors, and the inadequacy of their responding to audit queries. It would appear that some Ministries and Departments' heads are not fully aware of their responsibilities, and are delinquent in supplying requisite information. This matter needs to be addressed going forward if my reports are to be timely and be of benefit to stakeholders.

3. I am making a request for a legislative amendment which I believe could improve this situation. Under Section 13 (5) of the Public Finance Management Act, 2019-1, **if a person refuses to produce any records or information as requested by the Comptroller General, that person is liable on summary conviction to a fine of \$10,000 or to imprisonment for a term of 12 months or both. This provision should also apply to the Auditor General.** Officers in Ministries and Departments should be aware that credible sanctions can be imposed if they fail to cooperate with the Auditor General.

4. Since taking the post of Auditor General in 2006, I have requested the filling of a number of vacancies, and a few additional staff have been supplied. However, the rate of loss of staff due to retirement, transfers or resignations has far outweighed the number added. This has resulted in a chronic shortage of manpower, especially at the



management level, and results in Executive Management having to take on additional responsibilities, such as leading audit teams, which is not the best use of this resource.

5. The Audit Office needs to be in a position to directly recruit Officers in a timely manner. These officers have to be trained in order for them to be effective, so it is important for this process to commence and I have also suggested the introduction of a Cadet program, where graduates and other suitably qualified individuals could be trained. This would allow for a greater pool of persons to be available for selection to fill the posts in the Office.

6. The Office has been seeking ways to streamline its audit activities so that even with limited resources it can still carry out its mandate. This includes greater use of information technology in the audit process, and a more risk-based approach on areas selected for audit.

Acknowledgements

7. 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 2022.

Leigh E. Trotman, CPA
Auditor General

01 July 2022



CHAPTER 1

GENERAL ISSUES & OBSERVATIONS

Introduction

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

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

- 1.2** The 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 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 three types of audits. One type (Compliance Audit) involves verifying whether the Financial Rules and other laws and procedures are adhered to, with respect to financial transactions. Another type (Financial Audit) involves verifying the accuracy of the information reported in the Financial statements. The third type (Performance or Value-for-Money Audit) focuses on whether there was efficiency and effectiveness in the use of resources. This latter type of audit assesses the management and performance issues facing an organisation or any part of its operations. In addition, focus was placed on testing the accuracy and internal controls of selected computerized applications.

Training Activities

- 1.5 During the year, officers in the Audit Office were involved in a number of training activities which were designed to improve their skills and enhance the capacity of the Office. These courses included Cyber Security Awareness, a symposium on the new financial system being used by the Treasury (Cloud Suite) and a course on International Financial Reporting Standards. These courses, in some instances, were directed at the entire staff, while individual officers would have also attended specific conferences held by the Institute of Chartered Accounts of Barbados.

Public Accounts Committee Meetings

- 1.6 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, hearings commenced on the results of the special audit of the Poverty Eradication Fund of the Ministry of People Empowerment and Elder Affairs, which was included in my 2020 Report. The Permanent Secretary and other personnel (past and present staff) were interviewed by the Committee, with the proceedings being broadcast live on television and the internet. However, there were some challenges by the Committee in forming a quorum on occasions, and this impacted on the rate of progress of hearings.

- 1.7 The Office of the Auditor General stands committed to better serving the Public Accounts Committee, and by extension the people of Barbados, in bringing to the forefront any issues pertaining to waste, abuse, and breaches of laws and regulations to ensure that there is greater transparency and accountability in the affairs of Government. This can only be achieved with the full participation of all stakeholders, inclusive of the PAC. Currently 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, this position is vacant and there is some uncertainty on how the PAC can function. **A possible solution is an amendment to the PAC Act to allow one of the Independent Senators to chair the meetings in the absence of a Leader of the Opposition.** The PAC performs an important oversight role which should not be stymied because of the current situation.

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 31st March 2021 were audited and an



unqualified audit opinion was issued. These accounts are recorded at **Appendix 1**.

Activity Report of the Barbados Audit Office

- 1.9** During the year under review, the Office completed a number of audits and reviews which were submitted to the various Agencies for their information, necessary action and comments. This is a balanced approach which also gives the opportunity for correction of any errors or misunderstandings and affords the entity the opportunity to express its views which, when provided, is included to give the necessary balance to the Report.
- 1.10** Under Section 76 of the Public Finance Management Act, 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 nine files (1,009) were processed by the Office. A number of these files contained errors which could have resulted in excess payments being made to public officers. These errors were however corrected before any payment was made.

Reforms of Government Financial Management System

- 1.11** Over the years Government has undertaken several reforms of its accounting system. Since 2007 it has changed the basis of its accounting from Cash to Accrual. This was a significant change but it has not resulted in any substantial improvements, especially in relation to the reporting on operations and information on its financial position. This may be partly a result of the difference in the use of, and need for, financial information in the Private Sector, which uses the accrual system, and the Government. In the Private Sector, financial information, such as profits, assists stakeholders in determining whether resources are being used efficiently,



results in the generation of surpluses which can be paid to owners, and further reinvested to provide expansion in businesses. In the Public Sector however, there is no aim to make profits unless it is a commercially driven Agency. A Ministry or Department is generally a cost center and the main assessment of the financial statements is whether its expenditure is in line with what was approved by Parliament and that transactions were in accordance with rules and regulations. This is useful but is a limited performance measure as it does not indicate how well an Agency is fulfilling its mandate. In addition, the information required by the international financial institutions relate to the cash basis of accounts rather than on the accrual basis. Hence there is currently limited use of the information on an accrual basis.

1.12 One of the main challenges in respect of the accrual system is the proper classification of information in accordance with stated accrual principles. So, instead of revenue being recorded on an accrual basis, some agencies are still reporting it on a cash basis, and instead of expenses being recorded when goods or services are required, they are recorded primarily when payment is made. In addition, in order to fully comply with accrual concepts, there are numerous policies such as revenue recognition and the recording of fixed assets which needs to be established and followed, but this process is not being strictly adhered to.

1.13 The result of this entire situation is a system that produces information that is, by in large, not all that relevant to decision makers. The situation therefore needs to be reviewed - the relevant training and assistance needs to be provided to current staff, and the accounting processes need to be streamline so that the information produce can be useful to decision makers. It should be noted that this issue pertaining to the use of accrual accounting does not just apply to the Treasury but to virtually all major



Boards as well. The entities which are successful in using this system are the main commercial agencies along with a few Statutory Boards.

- 1.14** The Public Finance Management Act, 2019-1 includes a number of provisions that if implemented would improve the quality and flow of information from Boards and other State-owned Enterprises. This includes the submission of Annual Reports which outline their achievements over each financial year. Currently the main Performance Report is the financial statements; however, the new requirement has greater potential in evaluating the performance of a Ministry/Department or Agency.

Commitment for Results

- 1.15** The Government of Barbados has committed to a new framework for assessing the performance of its Ministries/Departments and Agencies (MDAs). This framework is known as Commitment for Results and it was developed by the Commonwealth Secretariat. MDAs are required to annually submit their objectives and the principal results that they expects to achieve in the course of the financial year. This is an attempt to shift the focus of the entity from “process-orientation to results-orientation” and to provide an organized, relevant, objective and fair basis upon which to evaluate performance. The legal framework for such a process can be found in the Public Finance Management Act 2019-1. My Office has responsibility for conducting the assessment of the performance of the Agencies.
- 1.16** The successful implementation of this programme would be of great benefit to the Public Service and the Country as a whole, as it allows for a focus approach on the achievement of the Agencies. These Agencies need to plan and prioritize the use of resources in order to achieve predetermined



outcomes. In short, Agencies are to become more accountable for achieving results. In order for this process to be successful, it requires the full support and buy-in of all Public Officers as well as the necessary resources from its members who need to be properly trained in its usage.

Structure of the Report

- 1.17** This report comprises the results of the main audit work conducted during 2021, and is divided into six 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. These statements were in arrears; as a result, audits for the 2019-2020 and 2020-2021 financial years were conducted in 2021 in order to bring the audit of the accounts up-to-date. Chapter Three consists of the results of the audit of the Barbados Revenue Authority. The Fourth Chapter consists of a special audit in respect of the Performance Review and Development System (PRDS) along with updates on audits that were conducted in previous years. 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 are conducted by Auditors from the Private Sector.
- 1.18** Chapter Six consists of the results of special audits of Information Technology applications. Special audits are not mandatory for the Office to undertake; however, it was determined that the areas of operations investigated are significant and would assist agencies, namely the National Insurance Department and the Barbados Revenue Authority, in determining the efficiency and effectiveness of their IT operations.



Lawsuit Against the Auditor General

- 1.19** In my 2019 Report reference was made to a special audit which was conducted on the Barbados Water Authority. This was one of the most substantive Performance Audits conducted by my Office in recent years. However, recent legal action has been taken against the Office by a former Chairman of the Board. It is unclear when this action will be resolved by the courts, so any discussion on this report will be placed on hold pending the decision of the courts. In some jurisdictions there is a provision in the legislation which stipulates that any document produced in good faith by or on behalf of the Auditor General, in the course of the performance of his/her duties or functions under any Act of Parliament, is privileged. This type of amendment would minimize court actions against the Office of the Auditor General.



CHAPTER 2

AUDIT OF GOVERNMENT FINANCIAL STATEMENTS

The financial statements of Government are prepared by the Office of the Accountant General (the Treasury Department) in accordance with Section 88 (1) of the Public Finance Management Act, 2019-1 (PFMA). This Act requires the Accountant General to submit financial statements to the Auditor General by the end of July, following the close of each financial year (31st March).

Audit Mandate and Objective

2.2 In accordance with the provisions of Part IV, Section 75, of the Public Finance Management Act (PFMA), 2019-1, an audit was conducted by the Barbados Audit Office on the accounts of the Government of Barbados for the financial years ended 31st March 2020 and 2021.

2.3 The objective of the audit was to express an opinion as to whether the financial statements presented by the Accountant General gave a true and fair view, in all material aspects, of the financial position of the Government of Barbados; whether appropriate internal control systems existed and were adhered to, and the financial statements were in accordance with International Public Sector Accounting Standards (IPSAS).

Methodology

2.4 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 presentation financial statement.

Auditor's Responsibility

- 2.5** 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.
- 2.6** 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 for decision making.
- 2.7** 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

- 2.8** 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

- 2.9** The Accounting Officers of 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.

Issues from the Audit of the 2019/2020 Government's Financial Statements

- 2.10** Some of the issues which occur in the financial year ended 31st March 2020 were not included in my 2020 Report because of the non-submission of the accounts during that year. These statements were subsequently audited and issues highlighted include the following: -

- (a) There was a lack of statements reconciling the figures reported in the accounts of the Treasury with those reported in the associated bank accounts. It had been drawn to the attention of the Treasury that



there was an urgent need to prepare the reconciliation statements in order to prevent errors or omissions going undetected.

- (b) There were substantial differences between amounts on the financial statements with corresponding figures in the ledger especially fixed assets.
- (c) Government has adopted the International Public Sector Accounting Standards (IPSAS) which requires it to prepare consolidated financial statements for those entities it owns or control. However, the statements have so far not been consolidated.
- (d) In order to be relevant to stakeholders and decision-makers, financial statements should be presented within a reasonable time after the close of the financial year. Section 88 (1) of the Public Finance Management Act, 2019-1 requires that these financial statements be presented within four (4) months after the end of the financial year (31st March). The financial statements for the year ended March 31st 2020, were received on the 17 May 2021 approximately nine and a half (9 ½) months after the reporting date of July 2020.

Detailed Findings of Audit of Accounts for the Financial Year Ended 31st March 2021

- 2.11** The audit of the financial statements of the Government of Barbados for the period ending 31st March, 2021 revealed a number of material errors and omissions which rendered the financial statements unreliable. These were as follows: -



Submission of Statements to Auditors

- 2.12** The Public Finance Management Act, 2019-1 requires the Accountant General to prepare, sign and submit to the Auditor General, within four months after the close of each financial year, a set of financial statements to be audited. As such, the statements for the financial year ended 31st March 2021 should have been submitted by the 31st July 2021. The financial statements were issued on the 31st December 2021, five (5) months after the required submission date.
- 2.13** In recent years, these statements have not been submitted in a timely manner. In accordance with International Public Sector Accounting Standards IPSAS 1, an entity should issue financial statements within six (6) months of the reporting date. This late submission is regrettable since for financial information to be relevant to decision makers and other stakeholders it has to be timely. There is an acute need for up-to-date financial information to be available to Government and other stakeholders including the wider public, given the challenging financial situation the country currently faces. Therefore, the Treasury has to make a greater effort to ensure that its reporting deadlines are met if the reports are to be relevant and impactful on decision making.

Absence of Consolidated Financial Statements

- 2.14** The Government of Barbados embarked on the accrual accounting process since April 2007. Within this process, Government has sought to consolidate its financial statements for all entities which it controls, as required by the accounting standards IPSAS 35. However, as at 31st March 2021 this standard has not been complied with.



As a result, the financial statements do not reflect the required consolidation of the accounts.

Accountant General's Response

It is stated in the Statement of Accounting Policies that the financial statements are not in compliance with International Public Sector Accounting Standards (IPSAS) since the financial statements do not include the consolidation of the Government state-owned entities. The unavailability of up to date audited financial statements of state-owned entities is one of the factors affecting the consolidation of the accounts.

Disclosure of Revaluation of Assets

- 2.15** A revaluation of assets was reported within the financial statements; however, the date of the last valuation of assets and whether this exercise was conducted by an independent valuer should have been disclosed. Also, the notes should disclose the carrying amount and movement of assets along with the amount of any revaluation surplus or reduction. So that the revised amounts can be verified.

Investment Property

- 2.16** Investment properties are held for their investment potential such as rental or capital appreciation. The Government owns properties held for rental purposes which have not been distinguished for easy recognition in the general ledger. Furthermore, it was not indicated whether these investment properties will be valued at cost or fair value. The non-disclosure of Government's investment property may lead to less informed decisions being made by users of the financial statements.



Accountant General's Response

Information on Government owned properties held for rental purposes was not available at the time the financial statements were prepared. This matter will be investigated.

Accounting for Assets

Cash on Hand

2.17 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) The Cash on Hand Ledger account includes fourteen (14) Government Ministries and Departments which carried credit balances that totaled \$1,163,246.33 as at 31st March 2021. Eight (8) of these entities also carried credit balances at the end of the previous financial year. Cash accounts should reflect positive or debit balances; hence the current status of these accounts indicated deficiencies that should be addressed with urgency.
- (b) An amount of \$1,021,585 was reported as the Cash on Hand total at the Treasury at 31st March, 2021. However, this total was at variance with that of the Cash Board of Surveyors who carried out an actual count on 31st March, 2021. The amount in the General Ledger was \$1,021,585.55 while the cash count was \$266,389.75, a difference of \$755,195.80. There needs to be a reconciliation of these totals to ensure this balance is accurately reflected.



Accountant General's Response

It is agreed that all cash accounts should carry debit balances.

Ministries and departments are responsible for recording their cash on hand transactions in the ledger. Those cash on hand accounts which carry credit balances will be investigated and the relevant adjustments will be made during the 2021-2022 financial year.

The difference between the general ledger total for Cash on Hand total at the Treasury and the amount reported as a result of the actual count conducted by the Cash Board of Surveyors as at March 31, 2021, will be investigated.

Bank Reconciliations

- 2.18** Bank reconciliation statements for banks and special deposit accounts held by the Treasury were not provided to the Auditors. The balances recorded in the General Ledger for these accounts totaled \$685,941,870.16 for the period ending 31st March 2021. The absence of bank reconciliation statements contravenes Financial Rule 90.
- 2.19** It is also of significant concern that such statements have not been prepared for a number of years. The reconciliation process is critical in identifying arrears or unusual transactions in the accounts so that corrective remedial measures can be taken in a timely manner.



Accountant General's Response

It is agreed that the bank reconciliation process is critical in identifying errors or unusual transactions in accounts so that corrective remedial measures can be taken in a timely manner.

Bank reconciliations have proven to be a challenge over the years. There are differences between amounts recorded in the ledger and amounts presented on the bank statements. In most cases where there are unreconciled differences between the ledger and bank statements, the narratives on the bank statements do not facilitate identifying the matching transactions recorded in the ledger. Examples of these types of narratives on bank statements include "Deposit" or "Returned Item".

Receivables

- 2.20** The Treasury reported that its receivables increased by \$1.238 billion during the year. This would tend to indicate that taxpayers were filing returns but not making payments to meet various tax obligations. The major increases in the receivables reported were in respect of Corporation Tax, Income Tax, VAT and Land Tax as shown in the following table: -

| | Receivable at 31 st March 2020 (\$) | Receivable at 31 st March 2021 (\$) | Difference (\$) |
|-----------------------|--|--|----------------------|
| Corporation Tax | 142,395,835 | 438,971,589 | 296,575,754 |
| Income Tax | 284,417,597 | 691,614,804 | 407,197,207 |
| VAT | 596,243,662 | 695,399,642 | 99,155,980 |
| Land Tax | 403,700,954 | 667,447,843 | 263,746,889 |
| Import & Excise Taxes | 9,109,616 | 89,377,452 | 80,267,830 |
| Total | 1,435,867,664 | 2,582,811,330 | 1,146,943,666 |



2.21 It should however be noted that these figures differed significantly from those of the Barbados Revenue Authority which has responsibility for the collection of most of these taxes and would be responsible for keeping the detailed records of the receivables. The difference between the records of the Treasury and the Authority, for which no reconciliation was provided are a cause of concern, are as follows: -

| | Amount Reported by Treasury at 31st March 2021 (\$) | Amount Reported by Barbados Revenue Authority at 31st March 2021 (\$) | Difference (\$) |
|-----------------|---|---|------------------------|
| Corporation Tax | 438,971,589 | 244,681,000 | 194,290,589 |
| Income Tax | 691,614,804 | 328,514,000 | 363,100,804 |
| Land Tax | 667,477,843 | 415,831,000 | 251,646,843 |
| VAT | 695,399,642 | 1,060,893,000 | (365,493,358) |
| TOTAL | | | 443,544,878 |

2.22 The large variances in these balances is one of the reasons why my Office has not been able to verify the receivables. I am satisfied that the information shown in the accounts as receivable is unreliable and inaccurate. For example, our review of the land tax receivables confirmed an amount of \$415.8 million as opposed to the figure of \$667 million which is being reported by the Treasury. The large variances in these balances and the absence of supporting information for their confirmation has resulted in the Audit Office not being able to verify these amounts. Furthermore, users of the financial statements will not be able to place reliance on this information to make informed decisions.



Accountant General's Response

The differences in tax receivables balances reported by the Barbados Revenue Authority (BRA) and the Treasury as at March 31, 2021, will be investigated and the relevant adjustments will be made during the 2021-2022 financial year.

The tax revenue figures in the Statement of Financial Performance were based on information submitted by BRA.

Dishonoured Cheques

- 2.23** A balance of \$32,786,650.07 was reported in respect of dishonored cheques received. However, the relevant listing of the individuals or entities to whom these amounts referred was not provided for audit inspection; hence, the Auditors could not verify this total.

Provision for Doubtful Debts

- 2.24** Provision for doubtful debts is the estimated amount of bad debts being provided for, based on the total receivables. The Director of Finance has determined that the rate for doubtful debt should be 2%. Notwithstanding this directive, there are a number of receivables that need to be removed completely from the accounts. In addition, the basis for the 2% provision should be provided to the Auditors. It should also be noted that Provisions for doubtful debt were not made for some receivables with balances totaling \$1,135,648,511.60 as at 31st March, 2021.

**Accountant General's Response**

The matter of provision for doubtful accounts will be investigated and the relevant adjustments will be made.

Sinking Fund

- 2.25** The Sinking Fund total in the General Ledger and the financial statements was \$14,910,926. When the Auditor applied the rates of 2% on local debt and 2.5% on foreign debt as per the Notes to the financial statements, an amount of \$266,401,300 was computed as Sinking Fund balance. Based on these computations, the Sinking Fund balance was \$251,490,374 less than what was required.
- 2.26** Monies from the Sinking Fund were transferred to the Consolidated Fund to assist with the Operations of Government. Note 15 to the financial statements states that “these financial assets are restricted in their nature and are only intended to assist with the repayment of public debt”. The action taken in this regard was an inappropriate use of the Sinking Fund.

Accountant General's Response

The queries relating to Sinking Funds will be investigated.

Fixed Assets

- 2.27** The following are the issues relating to fixed assets: -



i. Fixed Asset Register

The Fixed Asset Register of the Government reflected a balance of \$863,386,944, while the General Ledger accounts reflected a balance of \$2,038,017,147. This resulted in variances of \$1,174,630,203. The lack of reconciliation of these balances leads to an increased risk that the General Ledger account balance does not reflect the correct value of fixed assets owned by Government.

Accountant General's Response

Each Ministry/Department is required to maintain its asset register and reconcile the balance to the General Ledger balance. The Treasury Department is currently working on this reconciliation. The variance between the General Ledger and the asset register are due to a number of factors which are listed below:

- Items which were under the \$3,000 asset threshold being included as assets in the asset register;*
- Items such as freight and Insurance costs were not included on the invoices relating to the purchase of assets and should have been included in the General Ledger balances;*
- Ministries/Departments including expense items in the capital asset accounts;*
- Incorrectly processing asset purchases in the financial management system by not using the asset clearing account or attaching the asset templates. Ministries/Departments will be provided with further training during the 2022-2023 financial year in order to address the issues identified in relation to this matter.*



ii. Assets under Construction

- Under Fixed Assets is a sub-item, Assets Under Construction, which had a balance of \$573,252,692.99 as at 31st March 2021. This balance was not supported by a continuity schedule to allow for audit examination. As a general accounting practice, an Assets Under Construction Continuity Schedule which is classified per Ministry and Department should be maintained. This should include the commencement dates, a detailed description of the Assets, the opening balances, additions and transfers during the financial year, and the Net Book Values which cumulatively, should reconcile to the General Ledger & Consolidated financial statement for the financial year under review. The lack of a continuity schedule reduces the entity's ability to determine the accuracy of the value, and classification of the assets recorded.

- There is a balance of \$58,134,053.93 recorded as Assets Under Construction in the general ledger for the Ministry of Education, Technical and Vocational Training for the financial year ended 31st March 2021. Based on the information from the audit of this Ministry, these balances have remained unchanged for a number of years. Some of them relate to work conducted on existing school plants, and the value of funds expended should therefore be transferred to the specific asset account.



Accountant General's Response

As part of the requirements to maintain its asset register and reconcile the balance to the General Ledger balance, each Ministry and Department should be maintaining their Assets Under Construction Continuity Schedule. The information in these schedules should be communicated to the Treasury Department in order to record the transfers from assets under construction to the specific asset account when construction of the asset has been completed.

The reason why assets under construction balances have remained unchanged for a number of years is that the relevant information has not been communicated to the Treasury Department in order to update the relevant asset accounts.

Accounting for Liabilities

- 2.28** The following concerns were observed by the Auditors in respect of the review of the information pertaining to liabilities of the Government of Barbados.

Department and Other Deposits

- 2.29** There were debit balances totaling \$666,484.49 recorded in a liability account as at 31st March, 2021. This account is a liability account which should carry a credit balance. Therefore, debit balances are attention directors that errors are contained in the accounts and need to be investigated and corrected.



Accountant General's Response

Ministries and Departments are responsible for recording transactions relating to their deposit accounts and reconciling these account balances to the General Ledger. It is agreed that these liability accounts should be carrying credit balances. Debit balances in liability accounts would therefore indicate that there are errors in the relevant accounts and these would be investigated.

Temporary Borrowings - Unrecorded Interest Charges

- 2.30** Interest Charges for the Treasury Overdraft Facility Account at the Central Bank of Barbados for August and November 2020, totaling \$840,926.31, were seen on the Central Bank Statements but they were not expensed in the General Ledger. This has resulted in a misstated balance of interest expense.

Liabilities – Loans

- 2.31** The following issues were observed in the audit of the loan accounts.
- i. There were debit balances totaling \$40,128,816 as at 31st March, 2021 in the Loan Account. Liability accounts should carry credit balances; hence the debit balances should be investigated as the financial statement loan balance would be misstated by \$40.1 million. This could mislead the users of the financial statements.
 - ii. A loan balance of \$11,974,825 as at 31st March 2021 could not be verified. This balance represents loans from various local financial



loan agencies. This total is recorded in the General Ledger as a lump sum; however, an accompanying schedule is required for audit inspection. This was not provided; therefore, the accuracy and completeness of this balance could not be verified.

- iii. The loan balance of \$1,062,318,288 for foreign debentures was recorded as an aggregate total in the General Ledger for the financial year ended 31st March 2021. A schedule showing the individual loan transactions and balances with the aggregate totals was not submitted for audit inspection. Therefore, the accuracy and completeness of this balance could not be determined.
- iv. In addition, it was difficult to determine whether all the loan balances were up-to-date. After some detailed testing by the Auditor, the evidence pointed to two foreign debentures which were due in 2019 and 2021 respectively, but were not repaid as required. This resulted in a balance due to the debenture holders of \$1 million and \$4 million respectively.

Accounts Payable - Subsidiary Ledger

- 2.32** An accounts payable subsidiary ledger was not submitted for audit inspection to indicate the individual transactions which contribute to the overall balance of \$26,208,374 as at 31st March 2021. The lack of a subsidiary ledger increases the risk that account balances in the General Ledger may contain errors and misstatements, and are incorrectly classified as current liabilities. This balance could therefore not be substantiated.



Revenue Matters

- 2.33** There were a number of material errors and omissions in relation to the recording of information in respect of Revenue, Deferred Revenue and Prior Year Revenue adjustments. In some instances, there was no clear basis established by the Treasury for the entries made. These errors and omissions were as follows: -

Revenue Figures for Financial Year Ending 31st March 2021

- 2.34** Revenue for the financial year ending 31st March 2021 was reported in the financial statements as \$2,769,710,200; of this amount, \$2,416,673,598 was attributed as revenue from the Barbados Revenue Authority. However, information submitted to the Treasury by the Authority was only in respect of \$2,250,927,473 a difference of \$165,746,125 million for which no reconciliation was provided.

Deferred Revenue

- 2.35** The Treasury reported prepayments of revenue (Deferred Revenue) of \$254 million. There was no however no supporting documentation provided in respect of this amount. There were entries of \$283 million which were attributed to the Revenue Authority by taxpayers. However, information obtained from the records of the Authority showed prepayments of only \$289,000.

Prior Year Revenue Adjustments

- 2.36** There were entries of \$627.7 million in the Ledger with a notation that it represented an adjustment to the revenue for prior financial years. There



was no supporting evidence to confirm the basis for these material adjustments. It should be noted that the \$627.7 million appeared in the financial statement as an adjustment to the Consolidated Fund Balance.

Audit Comment

- 2.37** Such a large adjustment for the prior periods would be unusual and would suggest that previous revenue information was materially misstated. There was no information provided to support any misstatements and hence there was no clear basis for the adjustment to the accounts.

Other Matters

Overpayment of Pensions

- 2.38** A review of the pension payroll revealed that payments totaling \$3.9 million were being made in the names of deceased persons, in some instances these payments were being made for over ten (10) years. These payments were in respect of thirty-four (34) former pensioners. Information from the Registration Department confirmed that these former pensioners were deceased. The controls for the payment of pensions need to be reviewed and a stop order should be placed on any additional payments. Efforts should be made to recover the outstanding amounts.



Accountant General's Response

The matter of overpayment of thirty-four (34) former pensioners is being investigated. The accounts of those former pensioners have been inactivated in the system in order to stop any further payments to them. Stop payment orders have also been issued to the commercial banks for payments that were in transit in relation to the former pensioners. Efforts are being made to recover the amounts deposited to the relevant accounts subsequent to the death of those former pensioners.

Death Register information is very useful in the process of cleaning up the Treasury Department's Pension Payroll Register. Over the years, the Treasury Department was unable to access the Death Register information. After discovering that the information from the Death Register was recently made available to the Auditor General's Office, the Registration Department was requested to provide the Treasury Department with access to information from the Death Register.

Request for Documentation

- 2.39** The Treasury failed to submit required documentation to facilitate the audit examination of various accounts. This is a recurring issue and a greater effort must be made by the Treasury to provide information requested. The absence of this information delays the audit and prevents the Auditor from verifying amounts listed in the financial statements.

General Comments

- 2.40** The accounts of the Government that have been presented by the Treasury do not present fairly, its financial position or its performance. These financial



statements would therefore be misleading to a user. This matter has been a concern for a number of years and appropriate action needs to be taken to rectify the deficiencies that are leading to the current situation.



CHAPTER 3

AUDIT OF REVENUE COLLECTION ACTIVITY OF THE BARBADOS REVENUE AUTHORITY

Introduction

The Barbados Revenue Authority (hereafter referred to as “the Authority”) was established by the Government of Barbados as a central revenue collecting agency on 1st April 2014. The main functions of the Authority are to assess, collect and enforce the payment of taxes, duties, interest, penalties, fees and other sums payable under the specified enactments.

- 3.2** 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.
- 3.4** The onus for the proper discharge of the financial administration and presentation of the financial statements rests on the Authority. It is the Auditor General’s responsibility to form an independent opinion on the accounts, based on the audit carried out on the operations of the



Authority (Agency Activities) and the revenue collection process (Administered Activities).

Audit Scope

- 3.5** An audit of the accounts of the Barbados Revenue Authority was conducted on a sample basis for the period 1st April 2020 to 31st March 2021. The audit was performed in accordance with Section 21 (2) of the Barbados Revenue Authority Act, 2014-1, the Public Finance Management Act, 2019-1 (PFMA), the International Public Sector Accounting Standards IPSAS and the International Standards for Supreme Audit Institutions (INTOSAI).

Audit Findings

Submission of Financial Statements

- 3.6** The Public Finance Management Act, 2019-1 Section 88 (2) (c) stipulates the required statements to be submitted by collectors of Revenue, such as the Authority, to the Auditor General and Accountant General within two (2) months after the close of each financial year. These include statements of receipts, revenue, receivables, refunds, waivers and remittances. The Authority did not comply with this requirement, as the statements were presented on the 31st December 2021, seven (7) months after the specified period. In addition, the statements of waivers and remittances were not submitted. The statements presented should comply with the requirements of the Act and be submitted in a timely manner so that they would be relevant to stakeholders and those who require them for decision making.



Revenue

Revenue Classification

- 3.7 Based on the criteria of the Authority, revenue for such taxes as Corporation, Income and Value-added Tax, is recognized when filings are made and assessed. However, for the financial year reviewed, the revenue reported for these and other tax categories related to the cash collected for the current tax period, reflecting a failure to comply with the established policies. In this regard, revenue reported was substantially understated.

Barbados Revenue Authority's Response

The Authority responded that the Statement of Administered Revenue represented the collections transferred to the Treasury.

Audit Comment

- 3.8 Notwithstanding the above comment, revenue recognition stipulations should be adhered to. The Authority needs to report information in accordance with the statutory requirements.

Wire Transfers Not Applied to Taxpayers Accounts

- 3.9 Wire transfers are one of the means by which taxpayers are afforded the opportunity to pay their taxes. The Authority recorded \$12,033,487 in wire transfers which related to taxes paid by the taxpayers. However, these wire transfers were not applied to the appropriate taxpayers' accounts for the financial year ended 31st March 2021.

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

The Authority indicated that the information received for some of the wire transfers received is insufficient to facilitate applying the funds to the taxpayers' accounts. Efforts are ongoing to identify the taxpayers accounts to which these funds should be applied.

Receivables

- 3.10** An amount of \$2,130,554,000 was reported as the overall tax receivable balance as at 31st March 2021. Material errors and discrepancies were found which affected the accuracy of the balances recorded in the schedule presented and in turn the receivable balance reported for the financial year. In addition, some schedules did not include information to support some tax types. Hence the Auditors could place little reliance on the receivable balance provided.
- 3.11** Major discrepancies, errors and omissions relating to tax receivables were as follows: -
- (a) The VAT Receivable balance of \$1,082,544,000 in the financial statements differed from the figure of \$1,167,406,440 recorded in the Receivables Schedule. This resulted in a difference of \$84,862,440. As a result, the VAT receivable could not be verified.
 - (b) The Corporation Tax Receivables balance of \$249,675,000 in the financial statements differed from the Receivables Schedule which recorded \$296,666,044. This resulted in a difference of \$46,991,044. As a result of the lack of reconciliation between the schedule and the financial statement, the Corporation Tax Receivables could not be verified.

**Barbados Revenue Authority's Response**

This matter will be investigated.

- (c) The Authority indicated in Note 7.1 of the financial statements that \$316 million for Income Tax and \$419 million for Corporation Tax, representing receivables prior to 2013, were not included in the opening balance. At the time of the audit, no evidence was presented to substantiate the basis on which the amounts were excluded. The omission of these amounts has therefore understated the receivable balance reported for the financial year ended 31st March 2021. This issue, previously brought to the attention of management, should be addressed.

Barbados Revenue Authority's Response

The Authority has written to the Ministry of Finance to request the write off of penalties and interest within the legacy and current systems so as to facilitate and cleanup balances on taxpayers' accounts.

- (d) Examination of a sample of taxpayers' accounts, extracted from the computerised systems for Income and Corporation Taxes (TAMIS and ETAX), revealed differences with some of the account balances recorded in the schedule and that seen in the systems. These differences affected the accuracy and reliability of the information contained in the receivable schedule and in turn the overall receivable balance reported for the financial year. Details are noted below:
- The TAMIS receivable schedule presented captured balances as at 1st March 2021 instead of as at 31st March 2021. In addition, other anomalies existed such as



reassessments and payments received which were not reflected in the balances in the schedule provided; incorrect interest amounts recorded; and omitted interest and penalties. Hence, they could not be verified.

- Our examination also revealed that the balances for Personal Income Tax accounts did not include interest and penalties for the tax period 2018 and for ninety-six percent (96%) of the sample examined for 2019. At a meeting held on 31st August 2021, the Authority stated that the interest calculation feature in TAMIS was switched off. Evidently, this action has resulted in the interest and penalties not being recorded, which has led to the receivables being understated.

Barbados Revenue Authority' Response

The Authority is in the process of addressing this issue

- The Audit found inconsistencies in the ETAX system such as: -
 - i) amounts recorded as outstanding even though payments were made;
 - ii) errors which were not corrected;
 - iii) errors which were corrected but not reflected in the outstanding balance; and
 - iv) incorrect interest amounts.



The errors and discrepancies noted with this system were reoccurring in nature; and hence reduced the level of reliance placed on the balances extracted. They also suggest that there are deficiencies in the recording and verification of information contained in these systems which should be addressed.

Barbados Revenue Authority's Response

The legacy systems including ETAX and VETAS were plagued with technological challenges.

- (e) The Dishonoured Cheques Register captured cheques totaling \$1,559,763. Audit sample of cheques totaling \$1,090,391 could not be verified as having been adjusted in the taxpayer's account. This stemmed from the absence of sufficient information. Audit verification was therefore not possible for the dishonoured cheques as per the sample. The receivables balance would therefore be affected by these omissions.

Barbados Revenue Authority's Response

The dishonoured cheque listing will be updated to include the details as outlined to facilitate the tracing of the dishonoured cheques to the respective accounts.

Audit Comment

- 3.12** The discrepancies noted are based on the sample tested and suggest that there could be additional errors in the systems. These errors affect the accuracy of the overall receivable balance reported. As a result, reasonable assurance could not be provided that the overall receivable balance reported was fairly stated.



Tax Refunds

3.13 The Tax Refunds payable was reported as \$611,882,671. The following discrepancies were noted: -

- i) The Tax Refunds total included an amount of \$4,585,876.82 listed as Unallocated Refunds (VAT) for which no supporting documentation was presented. This amount could therefore not be verified.
- ii) An amount of \$831,881.66 which related to Consolidation Tax Refunds was incorrectly recorded as Corporation Income Tax Refunds. Therefore, Corporation Income Tax Refunds was overstated by this amount while Consolidation Tax Refunds were understated. This error also affected the amount of Tax Refunds Payable for the mentioned tax types.

Audit Comment

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

Barbados Revenue Authority's Response

- (i) The amount of \$4,585,876.82 was a reconciling difference related to VAT refunds paid.
- (ii) Agreed



Other Issues

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

i) Tax Collections not seen in Ledger

It would be expected that the Authority would use the information posted in the Ledger to provide information for the financial statements. A review of the Ledger indicated that there were taxes collected which did not appear therein. A sample of taxes totaling \$8,093,645 could not be traced in the Ledger. The extent of the misstatements could be greater given the audit examination was done on a sample of the population.

ii) Cheque Amounts Recorded in Cashier Report not in Agreement with Central Bank Cheque Listing

On 22nd September 2020, cheques totaling \$10,198,548.08 were recorded on the Cashiers' Reports for the Treasury/Bridge Street Mall location. This amount did not agree to the Central Bank Listing which recorded \$3,536,006.77 resulting in a difference of \$6,662,541.31. No explanation was presented for this significant difference which should be investigated as a matter of urgency.

iii) No Evidence of Surprise Cash Inspections

No documentation was presented to verify that cash inspections were carried out for the financial year ended 31st March 2021 as required by Financial Rule 116. With revenue collections of over \$1.5 billion, the Authority should ensure that this control procedure is carried out, thereby ensuring that the funds collected on behalf of the Government are safeguarded and accurately recorded.

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

- (i) The Authority will ensure that collections are recorded in the General Ledger daily.
- (iii) Restricted movement across locations as a result of COVID-19 impacted this process.

Reconciling Differences between Bank Statement and General Ledger (Cash/Bank Account)

3.16 The March 2021 bank reconciliation statement recorded \$46,000,825 as reconciling differences; some of these amounts have been brought forward from previous periods. These differences reflected in the bank reconciliation statements indicate that prompt action is required in the verification and resolving of any errors or discrepancies. The growth of unresolved and longstanding differences reduces the effectiveness of the bank reconciliation process and suggests that the information reported by the Authority may not be accurate. This reduces the level of reliance that can be placed on the financial information produced by the Authority each financial year.

Barbados Revenue Authority's Response

The Authority is currently undertaking a cleanup exercise to eliminate these balances. Efforts will be made to resolve unreconciled differences in the bank reconciliation statements in a timely manner.



Conclusion

- 3.17** The audit of the Authority was characterized by extremely long delays in the provision of information to the Auditors and this would have impacted negatively on its timely completion. Cash and banking information was not properly reconciled. This matter has been ongoing for several years. It poses risk of errors, omissions or acts of fraud being perpetrated and concealed.
- 3.18** The issues outlined in this report are significant and need to be urgently addressed.



CHAPTER 4

SPECIAL AND FOLLOW-UP AUDITS

This chapter reports on a special audit of the Performance Review and Development System (PRDS) and highlights the status of the issues and recommendations raised in previous audit reports on the new School Meals Centre at Six Roads, St. Philip; matters pertaining to the write-off of \$124.3 million advanced to Clearwater Bay Limited and the operations of the Barbados' Employment Recruitment Programs in Canada and the United States of America.

Special Audit of The Performance Review and Development System

Introduction

- 4.2** The Government of Barbados has introduced a number of reform processes over the years in order to develop a Public Sector that assists in the facilitation of growth and business opportunities, as well as improve the development of the social services provided the State. In this regard, it is recognized that a well-functioning Public Service is critical in achieving these objectives. Therefore, improvements to the Public Sector can facilitate faster delivery of service and efficient use of resources.
- 4.3** One important element of this reform process was the development of the Public Sector's human resource capital. In this regard, an employee review and development system was introduced in order to assist with



the modernization and improvement of the Public Sector's human resource component.

- 4.4** It was posited that the appraisal system being used did not adequately link the goals of individuals with those of the organization, and did not provide rewards for good performances. As a result of a recommendation by the then Ministry of the Civil Service, the Cabinet of Barbados approved the implementation of the Performance Review and Development System (PRDS/the System) in 2001.
- 4.5** PRDS was seen as an instrument for improving planning and communication between Managers and Officers, providing employee feedback, and identifying areas for improvement. It was touted as being developed in line with human resource management best practices. PRDS allows members of organizations to understand their roles, equip them to carry out their duties and share in the success of the organization
- 4.6** The components of the performance appraisal system are outlined in the following diagram which shows how the various parts are integrated and aligned with the organisations' goals.



Audit Objective and Scope

4.7 The objectives of the audit were to evaluate the PRDS implementation process and assess whether, on a broad scale, its implementation has led to the expected outcomes. The audit covered the period 1stApril 2001 to 31st December 2021.



Methodology

- 4.8 The Audit team examined the implementation of the PRDS system, the challenges encountered, and its usage to date in the Public Service. The Auditors reviewed various files pertaining to the introduction and implementation of PRDS. In addition, interviews were held with a number of Permanent Secretaries and their staff pertaining to issues and challenges faced in the roll-out process. The Office also conducted a survey across the Public Service to solicit the views of the Public Officers on the PRDS system. Officers from sixty-two (62) Ministries and Departments responded. Information from these sources formed the basis of the content for this report.

Audit Mandate

- 4.9 This audit was conducted by the Auditor General in accordance with the mandate set out under Section 113 of the Constitution of Barbados. Sub-section 2A states that the Auditor General “may on his own initiative 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 the efficiency and effectiveness of the use of those resources”.



IMPLEMENTATION OF PRDS

- 4.10** For the successful implementation of PRDS, the prerequisites such as training (materials and instruction), strategic plans, operation manuals, job descriptions, individual work plans with performance measures as well as the relevant skills, plans, and resources needed to be in place. Also necessary was a monitoring and evaluation mechanism to ensure that the implementation was executed in a timely and effective manner. In this regard, a team (Project/PRDS Unit) was selected to drive the process and a Steering Committee was established to provide the oversight.

Pilot Phase

- 4.11** It was determined that PRDS would be piloted in selected Ministries and Departments in order to establish the necessary systems required to support its implementation. This was to ensure that teething issues were identified and remediated before extending the rollout to the remainder of the Public Sector. However, PRDS was not fully utilized in these Ministries and Departments, due to various challenges including tardiness in completing the necessary prerequisites and the time lag between training and the usage of PRDS.

Implementation throughout the Public Service

- 4.12** When PRDS was introduced in 2001 in the pilot Agencies, it was expected that this process would have been completed by 31st March 2005 and in the entire Public Service by financial year 2009 – 2010. This was subsequently revised to 2011/2012; then 2014/2015; 2015/2016 and 2018. No new date has been established. The myriad of challenges experienced made it difficult for the full implementation of the system to be realized as the proposed. Issues encountered are highlighted below:



i. Training of Officers

- 4.13** The training of Officers in the use of PRDS has been a significant undertaking given the size of the Public Sector. In 2001, the estimated number of Officers to be trained was twenty-six thousand (26,000) across eighteen (18) Ministries and approximately ninety-six (96) Departments. However, neither the timelines established to train this volume of employees nor the personnel assigned to the PRDS Unit to conduct the training were adequate. The information reviewed indicated that approximately seven thousand, three hundred and sixty-five (7,365) Officers have been trained as at 18th February 2022.
- 4.14** Recognising the limitations of the Unit, additional resources were requested. However, no additional personnel were provided and in 2010, the training aspects of PRDS were assigned to the Training Administration Division (currently Learning and Development Directorate) while the PRDS Unit concentrated on providing technical assistance to participants.
- 4.15** Online training in PRDS was introduced in April 2021. As at the 18th February 2022, eight hundred and twelve persons (812) have been trained using this facility, which was an improvement in the number of persons trained in the past for a similar period (approximately nine and half (9½) months).

Audit Comment

- 4.16** The introduction of online training has resulted in opportunities for a more extensive training campaign to take place. Online training can be structured in such a manner to facilitate larger groups. Remote sessions can also be incorporated into the work hours, thereby minimising the impact of training on productivity. Also, training should be sequenced in



such a fashion that implementation should occur soon after the event so as to immediately reinforce what is learned.

ii. **Prerequisites Not in Place for Implementation**

4.17

Prior to the implementation of PRDS, Ministries and Departments were required to have in place a number of prerequisites which included strategic plans, operation manuals, organisation charts, job descriptions and work plans with performance indicators. There were instances in which some of the prerequisites for implementation were not in place in Agencies. A review of the documentation provided for seventy-three (73) Agencies¹, revealed that: -

- seventy-three percent (73%) or fifty-three (53) of them did not have operational manuals;
- sixty-eight percent (68%) or fifty (50) did not have strategic plans;
- forty-two percent (42%) or thirty-one (31) did not have organisation charts; and
- thirty-three percent (33%) or twenty-four (24) did not have job descriptions.

In the cases where some Ministries and Departments did not have all the prerequisites in place, significant challenges would have been faced in the implementation of PRDS.

¹ Information relates to 2001 to 2019



Ministry of Public Service's Response

*The comments in relation to the inadequacy or absence of Job descriptions in 33% of agencies is of concern. Job descriptions, according to the Society for Human Resource Management (SHRM) are **living documents and are the mother of all HR processes.***

Research reveals that in an ideal world, JD's are usually compiled by the Manager and the Employee, and should be regularly updated.

The burden for crafting of JD's therefore rests with MDA's. The Ministry has a guide to completing/designing of Job Descriptions. This issue can be therefore resolved, if data is shared on those Agencies requiring assistance.

iii. Lack of Support by Some Senior Staff

4.18 Senior Staff² were required to play a significant role in the successful implementation of PRDS including the responsibility for ensuring that the prerequisites were in place to facilitate the System. The Project Coordinators however considered some Senior Staff to be a significant contributor to the issue of limited staff attendance at training sessions, as they would often restrict staff from attending some sessions. Hence, there is a need for full management support going forward.

iv. Time Lag Between Training and Implementation

4.19 Another issue identified during the implementation process included the time lag between training and the usage of the System which resulted in a loss of momentum. It also created a perception of inaction and lack of timely follow-up by management. Hence, refresher courses had to be provided for the Agencies who encountered this issue.

² Permanent Secretaries, Deputy Permanent Secretaries, Heads of Departments and officers of similar grades



PRDS in Operation

- 4.20** A number of goals were set when PRDS was introduced which, if achieved, would assist Government in improving HR process, and developing its human capital in alignment with meeting organisational goals while improving productivity. This section consists of the results of a review of the operationalization of PRDS, its impact on employee performance, improvement in work processes and linkage between individual and organisational goals.

Organisational Goal Setting

- 4.21** As a requirement for performance appraisal, Ministries and Departments are required to have in place a number of prerequisites and these include clear organisational goals and targets. Individual goals would then be linked to these organisational goals. However, based on our review, not enough attention has been paid to the development of individual goals that are measurable and can be directly linked to the overall performance of unit/organisation.

Inadequacies of Job Descriptions and Work Plans

- 4.22** Job descriptions outline the specifics of a particular job, ensure that the expectations are established and provide a tool to measure performance. Currently, there are some Agencies in which the duties outlined in the job descriptions are not set out in a manner that has all the components of being SMART, that is, duties which are specific, measurable, achievable, result focused or time bound. These factors therefore present challenges in conducting assessments of Officers. Often there are numerous tasks and many are not weighted thus providing further challenges in determining what was measured and its significance.



4.23 The individual work plan outlines what the Officer is expected to achieve during a given period in line with the Unit's work plan and Officer's job description and is agreed with the Supervisor and the Officer. Respondents to the survey conducted by the Barbados Audit Office indicated that there were issues in developing the work plan. Forty-nine percent (49%) of the Managers and Supervisors using PRDS indicated that they had challenges developing work plans to the standard required. Twenty-four percent (24%) of them indicated that assistance was required in developing performance measures which were SMART³. This was confirmed when the Auditors reviewed thirty-seven (37) work plans submitted by fifteen (15) Ministries/Departments. The review indicated that the performance measures in the work plan were not always time bound or measurable and were recorded as objectives (duties) and vice versa.

Audit Comment

4.24 While the PRDS Unit provided general training in the development of job descriptions and work plans, there was a need for this to be matched with expertise at the departmental level to develop the SMART objectives and work plans and collectively link these to organisational goals. Based on information obtained from a survey of Public Officers which was conducted by the Barbados Audit Office, there is a practical challenge faced by Officers in establishing the linkages between the job description and the work plan. A number of Permanent Secretaries have also indicated that there is a need for greater technical assistance in this area. In short, this matter needs to be addressed in order for Officers to have greater confidence in the system and for reliable results that can be used by decision makers.

³ SMART – Specific, measurable, achievable/attainable, realistic and time-bound



Clarity of Authority, Responsibility and Reporting Relationships

- 4.25** One aspect of PRDS was to ensure that Officers were aware of the reporting relationships and their respective authority and responsibility. The authority, responsibility and reporting relationships were clearly outlined in seventy-one percent (71%) or forty-eight (48) of the sixty-eight (68) job descriptions received. As a result, the objective of clarifying the authority, responsibility and reporting relationships in order to ensure accountability and transparency was largely achieved.

Diagnosing Training Needs

- 4.26** One of the benefits touted for the introduction of PRDS was its ability to identify areas of weakness that required some sort of training intervention which may be in the form of refresher courses. Available evidence suggested that many courses provided did not relate specifically to observed deficiencies. In addition, the deficiencies mentioned in respect of objective setting and reporting on performance would have indicated challenges that required further intervention including training.

Rewards and Recognition

- 4.27** At the inception of PRDS, there was the view that for it to be successful Public Officers needed to be rewarded for good performance. In this regard, a Committee was established to look into the matter and make necessary recommendations to the Steering Committee for its consideration. A number of meetings were held and suggestions were submitted for consideration by the Steering Committee which included letters of commendation, paid vacations, and other incentives. As at February 2022, no reward system had been implemented.



Promotion of Officers

- 4.28** As part of the reward and incentive scheme, good performance by Officers is seen as a prerequisite for promotion. The PRDS system indicates the grades that an Officer should obtain to be deemed promotable and this includes Grade 3 which is labeled satisfactory. An Officer with a satisfactory grade is therefore deemed promotable.
- 4.29** Factors such as leadership ability and having the competencies required for the senior position must be taken into consideration when determining if an Officer should be promoted. In this regard, the suggestion by the Consultant⁴, who did a review of the Performance Review and Development System in 2015, that the word “*promotable*” on the assessment form should be replaced with “*may be considered for promotion*”, should be considered.

Ministry of Public Service’s Response

The comments in the Audit Report regarding the rating scales and the corresponding implications of those scales require clarification.

A rating of 3 implies that the officer has achieved 70% - 89% of the objectives outlined in the Workplan. Such an achievement is therefore commendable. Conversely, ratings of 2 and 1 both suggest very mediocre or poor performance, indicating that an urgent intervention is required to bring the officer’s performance back to an acceptable level.

Auditor’s Comments

- 4.30** It should be noted that the individual and his/her Supervisor set the performance targets. The achievement of these targets simply means that the Officer has met the particular expectations for that level of an

⁴ Report on Performance Management – November 2015 by Richard D Kingston, Consultant



officer. Grades need to be properly spaced, with those officers who exceeded the performance targets being labeled as outstanding.

Provision of Feedback

- 4.31** It is key in successful project implementation to incorporate a feedback mechanism. Decision-makers require feedback to provide useful information on issues and challenges resulting from implementation. Part of the PRDS objectives involves providing continuous feedback to workers. To a large extent, this has been built into the Appraisal System which involves at least four (4) meetings a year in which the appropriate feedback mechanism is available. According to the results of the survey conducted by the Audit Office, forty-six (46) Supervisors and Non-Supervisors indicated that using PRDS provided relevant feedback on their performance while fifty-two (52) of them stated that communication with Supervisors and Managers improved. Respondents to the survey also indicated that they have seen improvement in the performance of their duties.

Improved Work Planning

- 4.32** PRDS sought to ensure that the tasks in the work plan of each Officer is linked to the organisational goals. Hence, Senior Staff has been expected to align the work plans of the Officers with the goals of the organisation resulting in an improvement in the overall performance of the organisation and the Officers. In relation to whether PRDS has helped to improve work planning, the majority of respondents to the survey were not of the view that PRDS had resulted in any improvements in this area. Only seventeen percent (17%) of the Supervisors and Non-Supervisors responding to the Survey indicated that using PRDS improved their productivity while twenty-two percent (22%) of Managers and Supervisors indicated that the overall performance of the Agency had improved.



Evaluation of Senior Public Officers

- 4.33** As part of its reform process pertaining to Senior Public Officers, it was decided that Heads of Departments, Permanent Secretaries, Deputy Permanent Secretaries and Officers in a related grade would be given feedback on their performance on a separate system to other Public Officers. Under this system, Senior Managers would receive structured feedback on how they were seen to demonstrate certain behaviors from a panel of appraisers they selected. The feedback was to be used as a catalyst for continued growth and development of the Senior Manager's skills, competencies, and behaviors.
- 4.34** It has taken quite a while before any appraisal of Permanent Secretaries was attempted and one of the main reasons was in determining the method to be used. In 2008, a Sub-Committee developed an implementation framework which was subsequently modified and a pilot project initiated in 2016. Based on the Consultant's report⁵, the process was plagued with a number of challenges and these included obtaining responses from those persons appraising the Senior Managers and communicating with the Managers. It is however unclear what or how the Officers will use the feedback obtained. The use of the information for developmental purposes is the main benefit that is required from this process. Another attempt is scheduled for 2022.

Ministry of Public Service's Response

The 360 degree feedback for executive managers is not an assessment tool for the purpose of measuring their performance.

⁵ Report on the Consultancy for the Implementation and Automation of the 360 Degree Feedback System by Clinton Norgrove dated 14th November 2016



Comments/Survey on Issues pertaining to PRDS by Permanent Secretaries

4.35 In 2021, the Head of the Public Service undertook a survey of Permanent Secretaries on the implementation status of PRDS in Ministries/Departments and the associated problems that have been encountered in the implementation process. Based on the results of the survey, eighteen percent (18%) or eleven (11) of the sixty-two (62) Ministries and Departments were yet to implement the system. In addition, there have been challenges in adequately maintaining the system once it has been introduced.

4.36 The Administrative, General and Professional Commission (formerly the Public Service Commission) has sought to force the pace of implementation by requesting that a completed PRDS Report accompany recommendations for appointments and acting in higher posts. While this push is welcomed, it should follow Ministries having the prerequisites in place and PRDS functioning properly; otherwise, it would not be a useful appraisal tool and this can have a negative impact on decision making. The risk here is that a PRDS Report could be produced that skews the decision-making process. The end goal is not simply the use of PRDS but its' effective and accurate usage as an evaluation and development tool.

Survey on the Effectiveness of PRDS

4.37 An effective performance appraisal system should be objective, efficient, and fair. It should evaluate performance, and provide feedback to employees. The Barbados Audit Office conducted a survey of Public Officers and seventy-two percent (72%) of the Managers and Supervisors who responded, indicated that PRDS was not functioning effectively compared to twenty-eight percent (28%) of them who indicated that it was (refer to **Table 1**). To ensure that PRDS functions



effectively, the Managers and Supervisors indicated that staff needed to be made aware of the benefits of PRDS; provided with assistance in developing the performance measures; the PRDS form needs to be digitised; and Officers need to be trained or retrained.

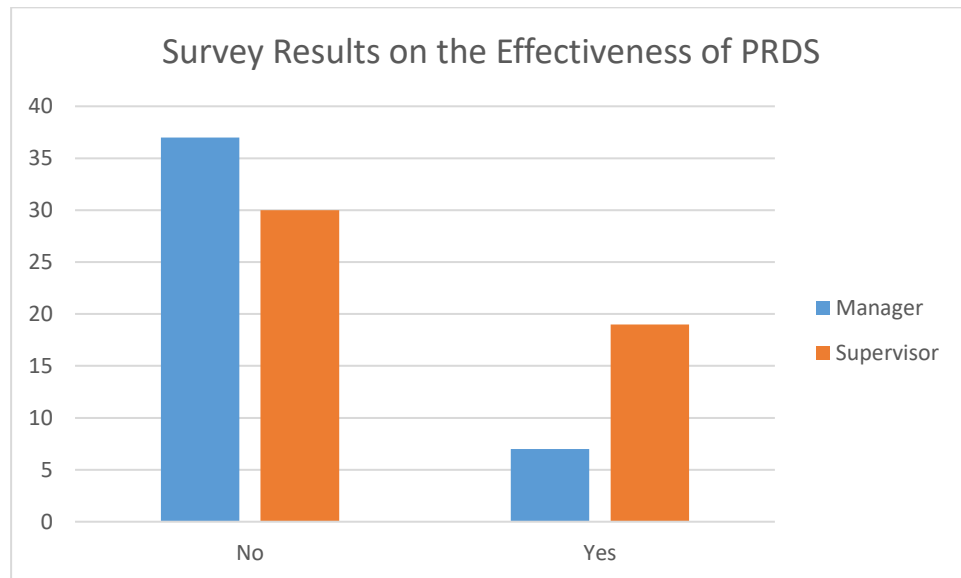


Table 1: Survey Results on the Effectiveness of PRDS

Summary and Overall Conclusion

4.38 The introduction of the Performance Review and Development System (PRDS) was seen to be a critical element of the Public Sector Reform process. Its' objectives included: -

- linking the tasks of each department to the tasks of employees;
- providing a set of behaviours aimed at developing employee skills;
- clarifying authority, responsibility and reporting relationships in order to ensure accountability and transparency;
- furnishing opportunities for improved dialogue between managers, supervisors and employees;



- encouraging the early identification and turnaround of unsatisfactory performance through the provision of training and development; and
- rewarding good performance through appreciation and incentive awards, all in an open, objective, fair and consistent manner.

Three (3) of these objectives were achieved in those Agencies who were consistently using PRDS. Hence, the benefits of PRDS have not been realised throughout the Public Service.

4.39 At February 2022, approximately forty-five percent (45%) of the Ministries and Departments were not fully using the system. Factors such as deficiencies in the preparation of prerequisites and the concerns of Managers had resulted in uncertainty as to when full implementation would occur across the entire Public Service.

4.40 In those Agencies which have implemented PRDS, there were still a variety of issues that need to be resolved. These included the need for training and re-training of various groups. In addition, there was a need for the creation of job descriptions with measurable goals and key performance indicators which allowed work performance to be linked to organisation goals. There also needs to be a further gathering of information on the results of PRDS in order to assist decision makers.

4.41 PRDS was to assist with a merit-based process for promotions, acting and appointments to posts. However, the Audit found no evidence that PRDS had assisted decision makers in these areas.

4.42 The PRDS process has however resulted in benefits in some Agencies. This has been mainly in the awareness of performance management and how it could benefit individuals and the organisation. Improvement was also seen in the quality of job descriptions and the



communication/dialogue between workers and their supervisors about work performance.

- 4.43** There is a general agreement of the benefits that can be obtained from a properly functioning appraisal system such as improved workflow and productivity. It is now important to take stock of the progress to date and the challenges faced, and devise a plan of action to achieve the desired results. For the system to be more effective, there must be some rewards or recognition for good results, and training and development linked to identified deficiencies.

Recommendations

- 4.44** The following are recommended:

- a) There needs to be an up-to-date report on the status of PRDS in the individual Ministries and Departments clearly identifying usage and challenges being experienced. Agencies not utilising the System should be given a deadline to comply.
- b) A sense of ownership of the system is required by all Public Officers and this can be achieved through mechanisms such as reward and recognition schemes and adequate sensitisation.
- c) There needs to be a cadre of persons at the various Ministries and Departments to ensure the continuity of PRDS.
- d) Greater focus needs to be placed on the development of strategic plans, work plans and the establishment of linkages between employee performance and the organisational goals.
- e) A mechanism needs to be put in place where greater and more regular feedback regarding PRDS is received from Managers,



Supervisors and Subordinates. This feedback is essential for improving various aspects of this system.

- f) There needs to be a clear demonstration of the usefulness and relevance of PRDS to the Officers thus ensuring the necessary buy-in.

Ministry of Public Service's Response

It is to be noted that the Service Commissions, have enforced the use of the PRDS reporting format and continue to enforce that requirement for HR decision making.

It is noteworthy that Agencies who submit (the former) Special Report formats, are provided with deadlines to submit the PRDS documentation. In addition, cogent evidence must be provided to the Commission that the MDA is in the process of training officers in the use of the PRDS system.

The HR processing Officers assigned to the PRC (People, Resource and Compliance) Directorate, The Secretariat for the Commissions, request PRDS reports, as a feature of the due diligence activities undertaken when processing submissions from MDA's.

It is to be noted that the MPS (Ministry of the Public Service) stands willing to assist MDA's with the full implementation of PRDS. The LDD (Learning and Development Directorate), has ongoing learning interventions that target Employees and Supervisors in the use of PRDS. Some of these products include PRDS and You, and PRDS for Managers, Supervisors.



In the final analysis Performance Management is driven by Line Management, with the support, commitment and buy-in from Executive/Senior Management. The MPS therefore supports the recommendations of the Special Audit document.

Follow-Up Audits

- 4.45** This section of the report provides an update on the status of issues and recommendations made in respect of a number of special audits previously conducted and reported on by my Office. These include Special Audits on the Construction of a School Meals Centre at Six Roads, St. Philip and the Operation of the Barbados Employment and Recruitment Programs in Canada and the United States of America. A review of matters pertaining to a loan guarantee by the Government owned company, Clearwater Bay Limited, in respect of the Four Seasons Hotel Project is also included.

School Meals Centre

- 4.46** Included in my 2018 Report were some concerns relating to the Construction of a School Meal Centre (the Centre) at Six Roads, St. Philip. This Centre was to provide meals to twenty (20) schools and cater to emergency situations in the event of a national disaster. The Project involved the construction of a two (2) storey building and included the procurement and installation of equipment for its kitchen. A contract was awarded to a Firm for the sum of \$19.90 million and was to be constructed during the period August 2012 to January 2014.
- 4.47** The slow progress of the construction of the Centre has been a concern and at June 2022, some ten (10) years after construction commenced,



it still remains incomplete. Major hurdles to its construction included late payments to the Contractor, disputes between the Contractor and Contract Administrator over the installation of certain pipes, removal of a boat from the land earmarked for the car park, timely procurement and installation of the kitchen equipment and disputes between the Contractor and the Ministry resulting in a cessation of construction activities in January 2019 (revised construction period). It was then projected that the final cost of construction would be \$25.36 million which was \$5.46 million more than had been contracted.

Audit Update

- 4.48** The Ministry of Education, Technological and Vocational Training has provided the following update on this project: -

Ministry of Education's Response

An independent Quantity Surveyor, engaged by the Ministry, estimated that the budget required to complete the School Meals Centre for occupation will be approximately BDS \$6.5 million excluding VAT and professional fees. Cabinet approved the proposal in August 2021. Subsequently, an agreement was reached with the Contractor and the project is due to restart shortly.

The Ministry of Housing by email dated August 5, 2020, confirmed the removal of the boat from Lot 8, BIDC Estate.



Clearwater Bay Limited

- 4.49** In my 2018 and 2020 Reports, I indicated that there were some concerns surrounding the accounting treatment of a loan guarantee made by the Government of Barbados through its' company, Clearwater Bay Limited in the sum of \$120 million. This guarantee was in relation to the construction of the proposed Four Seasons managed hotels and villas. The sum of \$120 million had appeared in the books of the Government as a receivable for a number of years but was completely written off in 2018. I had previously indicated that enough information was not provided to my Office as to the nature of the arrangement between Clearwater Bay Limited and the developers. I also stated that, in any event, the entire \$120 million should not be written off since the lands on which the project was being built were valuable; instead the value in the accounts should be written down rather than to be completely written off.
- 4.50** Based on information made available to my Office, Clearwater Bay held a mortgage over the real property and after the loan was called, Government was required to honor its guarantee and a payment of \$124.3 million was paid to the bank. Action was then taken by the Government company to recover the monies expended through a sale of the property.

Audit Update

- 4.51** In respect of the sale of the property, a review of the records at the Land Registry Department indicates that the property has been conveyed to a private company. However, there is no evidence of consideration being paid. Matters surrounding the sale and ownership of this property are complicated and is currently the subject of litigation which is ongoing.



Barbados' Employment Recruitment Programs In Canada And The United States Of America

4.52 In my 2020 report I reported that the Government of Barbados had sought to provide opportunities for Barbadian workers to be employed in a number of sectors in the United States of America (USA) and Canada. In order to facilitate the recruitment of workers, the Government of Barbados established Liaison Service Offices in these jurisdictions. The Liaison Service Offices are funded by the Government of Barbados through the Ministry of Labour and Social Partnerships (the Ministry).

4.53 The Liaison Service Offices' main function is to recruit workers under various programs established by these countries. These programs facilitate recruitment of foreign workers to supplement employment in the agricultural sector in Canada and the hospitality sector in both countries. These services are supported by the Barbados Employment and Career Counselling Services (BECCS) which is the local employment arm of the Ministry. In this regard, BECCS is responsible for securing a pool of Barbadians for selection by the Liaison Service Office for employment in the USA and Canada.

Seasonal Agriculture Workers' Program (SAWP) in Canada

4.54 The Barbados Liaison Service Office has been facilitating work opportunities for Barbadian workers in Canada for over fifty (50) years under the Seasonal Agriculture Worker Program (SAWP). The number of Barbadian workers in this program has steadily declined since the high point of one thousand and thirty-two (1,032) in 1989. Based on the information provided, an average of one hundred and sixty-two (162) workers participated in the program annually during the period 1st April 2014 to 31st March 2020.



- 4.55** A review of various files and information provided by the Liaison Service Office indicated that several methods were employed to increase the number of workers in the program which included attendance at agricultural trade shows and direct contact with farmers. However, the Liaison Office had not provided any evidence to indicate that the above-mentioned methods resulted in additional workers being recruited. It is important for this information to be provided since it would assist in determining the effectiveness of these efforts.

H2B Program – Non-skilled Workers in the USA

- 4.56** The Barbados Liaison Service Office (the Office) in the United States of America (USA) started operations in 2001. The Office has responsibility for facilitating recruitment of Barbadian workers in a number of visa programs in the USA. One of the programs for which workers are sought is the H2B program which is for non-skilled workers. The high point for the recruitment of workers in this program was in 2007 when employment was found for one hundred and ninety (191) workers. However, during the six (6) year period from 2014 to 2020, no workers were employed through the Liaison Service Office in the USA. This was in spite of efforts made by the Office to jump-start the program.
- 4.57** The Liaison Office had indicated that it made efforts to improve the situation which included attendance at trade shows throughout the United States and joining various business organizations/agencies within the Miami area for networking purposes and to obtain a better understanding of the business culture within the United States. These interventions, however, had no impact on any additional recruitment of workers into the program.
- 4.58** I had recommended that “the Ministry needs to review the operations of the Liaison Service Offices in Canada and the USA with a view to



determine how they can best be restructured to better serve the interest of the country”.

Audit Update

- 4.59** The Ministry of Labour, Social Security and the Third Sector has provided the following update on this project: -

Ministry of Labour’s Response - Canada

During 2020, the COVID-19 pandemic had a severe impact on the number of persons employed on the Seasonal Agricultural Workers’ Program (SAWP) in Canada and the number of workers requested fell to one hundred and twenty-three (123).

In 2021, one hundred and eight (108) workers were employed in the SAWP which included requests from two new employers to the program. There was much uncertainty and upheaval in the Canadian labour market surrounding the rapidly changing protocols and regulations, again due to the pandemic.

So far for 2022, one hundred and twenty-six (126) requests have been received from Canadian employers for Barbadian Workers. Of these requested workers, sixty-seven (67) have travelled to Canada to date and the other workers are being processed according to the expected commencement dates for their contracts. The Liaison Service has been engaging employers and their representatives by way of calls, emails and visits where possible, in order to raise the number of requests for Barbadian workers in this program.

**Ministry of Labour's Response - USA**

*After a drought in this programme for a number of years, Barbados through the efforts of the Consul Liaison Office in Miami, was able to capitalise on the interest of H2B recruiters from Florida in the hospitality sector. Barbados was able to place one hundred and six (106) workers in the US Hospitality Sector for the winter season of **2021**.*

*To date for the **2022** summer season, there are one hundred and six (106) new requests of which sixty-three (63) have already travelled.*



CHAPTER 5

Audit of Statutory Boards, Government Companies and Controlled Entities

The Office of the Auditor General is responsible for reporting to Parliament on the audit of the accounts of all Government Agencies, including Statutory Bodies, Funds and other controlled entities. It should however be noted that while the accounts of some of these entities are audited by my Office, the majority are audited by private sector auditors.

- 5.2** This chapter outlines the status of the audits of Boards, other State Agencies and Funds at 31st December, 2021. The chapter is divided into two 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 1st April 2014 to 31st March 2017 were submitted. Financial statements for the period 1st April 2017 to 31st March 2021 are outstanding.

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 31st December 2015 to 2019 have not been completed as the Office is awaiting supporting documentation and the relevant schedules to the financial statement prior to proceeding with the audits. The financial statements for the year ended 31st December 2020 have not been submitted for auditing.

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 audit of the financial statements for the year ended 31st March 2020 commenced in 2021. The audit of accounts for that year and for the year ended 31st March 2021 are in the final stages.

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 audits of the accounts for the financial years ended 31st March 2019 and 2020 have been completed. The audit for the financial year ended



31st March 2021 is in progress.

Barbados Defence Force

- 5.8** The financial statements of the Barbados Defence Force for the years ended 31st March 2015 to 2018 were audited by my staff during 2020. However, revised financial statements were not submitted during 2021 as was expected to allow for the issuance of the audit reports. The audits of the accounts for the financial years ending 31st March 2019 to 2021 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 31st March 2020 to 2021 are in progress.

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 31st March 2015 to 2018 was conducted. However, the signed financial statements were not submitted to allow for the issuance of the audit reports. Financial statements for the years ended 31st March 2019 to 2021 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 audits of the accounts for the financial years ended 31st December 2011 and 2012 were completed. The audits of the accounts for the financial years ended 31st December 2013 to 2016 are in progress while the financial statements for 2017 to 2020 are outstanding.

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 reports for the financial years ended 31st March 2011 and 2012 were issued. The Audit Office is awaiting the resubmission of the financial statements for 1st April 2013 to 31st March 2020, prior to completing the audit. The financial statements as at 31st March 2021 were not 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 Education (Erdiston Teachers Training College Board of Management) Order, 1983. The College has again indicated that the accounts for the financial years ended 31st March 2013 to 2016 are being audited by auditors from the private sector. The audits of the accounts for the period 1st April 2012 to 31st March 2021 are therefore outstanding.



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 for the year ended 31st March 2020 was completed in 2021. The audit of the accounts for the financial year ended 31st March 2021 is in progress.

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 31st March 2021 is in progress.

National Insurance Fund

- 5.16** The National Insurance Fund has been established to allow for eligible Barbadians to benefit from programmes established to provide monetary benefits to seniors and others who meet the qualifying criteria. An audit report was issued for the financial year 2011 while the audits for financial years 2012, 2013 and 2014 are in progress. The financial statements for the year ended 31st December 2015 to 2020 are outstanding.

Retraining Account

- 5.17** 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 audits of the accounts for the financial years ended 31st December 2016 to 2020 were completed. The audits of these accounts are therefore up to date.



Samuel Jackman Prescod Institute of Technology

- 5.18** 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 audits of the financial statements for the years ended 31st March 2017 to 2019 are in progress. Statements for the financial years ending 31st March 2020 and 2021 are outstanding.

Sanitation Service Authority

- 5.19** 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 audits of the financial statements for the financial years ended 31st March 2019 and 2020 are in progress. The financial statements for the year ended 31st March 2021 were submitted and will be audited during 2022.

Severance Payment Fund

- 5.20** The Severance Payment Fund was established by the Severance Payment Act, Cap. 355A. The audits of the accounts of the Severance Fund for the financial years ended 31st December 2010, 2011 and 2012 were completed. The audits of the accounts for the financial year ended 31st December 2013 and 2014 are in progress. Financial statements for the years ended 31st December 2015 to 2020 have not been submitted for audit and remains outstanding.



Sugar Workers' Provident Fund

- 5.21** 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 financial statements for the years ended 31st December 2016 to 2020 were audited and reports issued during 2021. The audits of the Fund's accounts are therefore up to date.

Unemployment Fund

- 5.22** 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 31st December 2010, 2011 and 2012 have been completed. The audits of the accounts for the financial years ended 31st December 2013 to 2016 are in progress while those for the years 2017 to 2020 have not been submitted for audit.

Audits of State Agencies Conducted by Private Sector Auditors

- 5.23** Section 113 of the Constitution requires the Auditor General to be the auditor of Ministries/Departments and Government controlled entities. However, private sector auditors conduct a number of these audits. 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.

- 5.24** 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 audits of the accounts for the financial years ended 31st March 2014 to 2018 have started. Therefore, the audits of financial statements for the years ended 31st March 2014 to 2021 are outstanding.

Barbados Agricultural Development and Marketing Corporation

- 5.25** 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 31st March 2021 has been completed.

Barbados Agricultural Management Co. Ltd

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



June 2018. The audits of the accounts for the financial years ended 30th June 2019, 2020 and 2021 are outstanding.

Barbados Cane Industry Corporation

- 5.27** The Barbados Cane Industry Corporation (the Corporation) was established under the Companies Act of Barbados to restructure the sugar cane industry. The Corporation's operations were discontinued in the financial year ended 31st March 2019. The Board and selected personnel have been retained to address the finalizing of the Corporation. The audits of the financial statements remain outstanding for the years ended 31st March 2015 to 2021.

Barbados Conference Services Ltd.

- 5.28** 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 31st March 2021 is completed. The audit of the accounts is therefore up to date.

Barbados Investment and Development Corporation

- 5.29** 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 of its accounts has been completed up to the financial year ended 31st March 2020. The audit of the accounts for the financial year ended 31st March 2021 is currently outstanding.

**Barbados National Oil Company Ltd.**

- 5.30** 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 31st March 2021 has been completed and is therefore up to date.

Barbados National Terminal Company Limited

- 5.31** 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 31st March 2021.

Barbados Port Inc.

- 5.32** 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 31st March 2021 has been completed.

Barbados Tourism Authority

- 5.33** The principal activities of the Barbados Tourism Authority (BTA) were to promote, assist and facilitate the efficient development of tourism, and to design and implement suitable marketing strategies for the effective promotion of the tourism industry. This entity has been replaced by the



Barbados Tourism Marketing Inc. and the Barbados Tourism Product Authority, which are reported on in succeeding paragraphs. The audit of the accounts for the period 1st April 2013 to 31st August 2014 has now been completed.

Barbados Tourism Marketing Inc.

- 5.34** The Barbados Tourism Marketing Inc. reported that the audits of the accounts for the financial years ended 31st March 2014 to 2020 have been completed. The audit of the accounts for the financial year ending 31st March 2021 is currently outstanding.

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 31st March 2015 to 2020 have been completed. The audit of the accounts for the financial year ending 31st 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 audit of the accounts for the financial year ended 31st March 2019 has been completed. It also indicated that the financial statements for the year ended 31st March 2020 has been submitted to the auditors. Hence, the audits of the accounts for the financial years ended 31st March 2020 and 2021 are 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 the audits of the accounts for the financial years up to 31st March 2018 and 2019 have been completed. The audits of the accounts for the period 1st April 2019 to 31st March 2021 are currently outstanding.

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 1st April 1981. The BWA reported that the audits of the accounts for the financial years ended 31st March 2018 to 2019 are at an advanced stage of completion. The audits of the accounts for the financial years ended 31st March 2020 and 2021 have not commenced.

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 31st March 2021 is in progress

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 31st March 2020 and 2021 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 audit of the financial statements for the year ended 31st March 2020 was completed while that for 2021 is outstanding.

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 31st December 2020 was completed and up to date.

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 31st March 2021 has been completed.



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 31st March 2021 has been completed.

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 31st March 2021 has been completed.

Financial Services Commission

- 5.46** The Financial Services Commission (FSC) commenced operations on 1st April 2011 under the Financial Services Commission Act, 2010. The functions of the Financial Services Commission (FSC) include the supervision and regulation of the operations of financial institutions and the establishment of standards for the protection of customers of financial institutions as well as creditors and the public. The audit of the accounts for the financial year ended 31st March 2021 has been completed.

**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 audit of the financial statements for the year ended 31st March 2021 is in progress.

Hotels and Resorts Ltd.

- 5.48** Hotels and Resorts Ltd. was incorporated under the Laws of Barbados on 27th December, 1995. The principal activity of Hotels and Resorts Ltd. is the investment in, and development of hotel premises. The audit of the financial statements for the year ended 31st March 2021 was completed and is up to date.

Island crafts (Barbados) Inc.

- 5.49** The principal activity of Islandcrafts Inc. is the sale and marketing of indigenous handcraft items. It was reported that Islandcrafts Inc. ceased operations during 2015. The audit of the financial statements for 2014 has been completed and presented to the Office. The audit of accounts for 2015 however remains outstanding.

National Conservation Commission

- 5.50** 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 31st 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 31st March 2014 to 2021 are outstanding.

National Cultural Foundation

- 5.51** 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 Foundation has reported that the audit of the accounts for the financial year ended 31st March 2020 was completed. The audit of the financials for 2021 is in progress.

National Housing Corporation

- 5.52** 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 persons. The Corporation has 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 31st March 2013 and 2014 were completed. The Corporation has indicated that the financial years 2015 to 2019 will not be audited. The audit of the accounts for the financial years ended 31st March 2020 was said to be in progress while the financials for the year ended 31st March 2021 had not started.

National Petroleum Corporation

- 5.53** 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 31st March 2021 has been completed.



National Sports Council

- 5.54** 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 31st March 2013 to 2017 are completed while those audits of the accounts for the financial years ended 31st March 2018 to 2020 are in progress. The audit of accounts for 2021 has not yet commenced.

Needham's Point Holdings Limited

- 5.55** Needham's Point Development Inc. was incorporated under the Companies Act of Barbados on 13th January 1999, its sole shareholder being the Government of Barbados. The principal activities of the company are the ownership and operations of the Hilton Hotel. The audit of the accounts for the financial year ended 31st March 2021 has been completed.

Needham's Point Development Inc.

- 5.56** Needham's Point Development Inc. was incorporated under the Companies Act of Barbados on 22nd August 1996, its sole shareholder being the Government of Barbados. The principal activity of the company is to oversee the development of the lands at Needham's Point. The audit of the accounts for the financial year ended 31st March 2021 has been completed.

Queen Elizabeth Hospital

- 5.57** The Queen Elizabeth Hospital (the Hospital) has as its principal activity the provision of medical care for patients. The Hospital has reported that the audits of the accounts for the financial years ended 31st March 2012



to 2016 were completed while 2017 to 2019 are at various stages of completion. The audits of the accounts for 2020 and 2021 are yet to commence.

Rural Development Commission

- 5.58** The Rural Development Commission (the Commission) was incorporated on 21st August 1995 under the Rural Development Commission Act, 1995 - 12. Its principal activity is to improve the quality of life of persons living in rural communities in Barbados. The Commission has once again reported that the audit of the accounts for the financial year ended 31st March 2009 is being finalized. In this regard, it should be noted that the audits of the accounts for the financial years ended 31st March 2010 to 2021 are outstanding.

Student Revolving Loan Fund

- 5.59** 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 31st March 2021 has been completed.

Technical and Vocational Education and Training (TVET) Council

- 5.60** 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 31st March 2020 and 2021 are outstanding.



Transport Authority

- 5.61** The Transport Authority was set up on 1st August 2008 to regulate, monitor and plan for public transportation in Barbados. The audits of the financial statements for the years ended 31st March 2015 to 2021 are completed.

Transport Board

- 5.62** The Transport Board's principal activity is the provision of transportation to the general public. The audits of the accounts for the financial years ended 31st March 2020 and 2021 are outstanding.

Urban Development Commission

- 5.63** 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 audits of the accounts for the financial years ended 31st March 2018 to 2021 have been completed. There was however some uncertainty on what action the Commission has taken on the audit of the accounts which were outstanding for the period 31st March 2008 to 31st March 2017.



Audits of Secondary Schools

5.64 Section 20 (1) (b) of the Education Act requires that the audited accounts of secondary schools be submitted to the Minister not later than six months after the close of the financial year which ends on 31st March. A number of the schools indicated 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 31st March 2021 was as follows:

Alexandra School

5.65 The Alexandra School has reported that the audits for the periods ending 31st March 2016 to 2018 were completed. Audits for the financial years ended 31st March 2019 to 2021 are outstanding.

Alleyne School

5.66 The Alleyne School reported that the audits of its accounts for the financial years ended 31st March 2016 to 2021 are outstanding.

Alma Parris Secondary School

5.67 The Alma Parris School was closed in August 2017. The audits of the accounts for the period 1st April 2016 to the closure of the School are outstanding.

Christ Church Foundation School

5.68 The Christ Church Foundation School reported that the audits of the accounts for the financial years ended 31st March 2013 to 2018 were



waived as per instructions given in the Memorandum Ref. 5043/17/5 dated 8th July 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31st March 2019 to 2021 are outstanding.

Coleridge and Parry School

- 5.69** The Coleridge and Parry School has reported that the audits of the accounts for the financial years ended 31st March 2013 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 22nd February 2022 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31st March 2019 to 2021 are outstanding.

Combermere School

- 5.70** The audits of the accounts of the Combermere School for the financial years ended 31st March 2011 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol. 1 dated 08th 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 31st March 2019 to 2021 have not been completed.

Daryll Jordan School

- 5.71** The Daryll Jordan School reported that the audit of its accounts for the financial year ended 31st March 2021 is in progress.

Deighton Griffith School

- 5.72** The Deighton Griffith School reported that the audit of its accounts for the financial year ended 31st March 2021 had not commenced and is therefore outstanding.

**Ellerslie Secondary School**

- 5.73 The Ellerslie Secondary School has reported that the audits of its accounts for the financial years ended 31st March 2019 to 2021 are currently outstanding.

Frederick Smith Secondary School

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

Grantley Adams Memorial School

- 5.75 The audits of the accounts of the Grantley Adams Memorial Secondary School for the financial years ended 31st March 2013 to 2021 are outstanding.

Graydon Sealy Secondary School

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

Harrison College

- 5.77 Harrison College has indicated that the audits of the accounts for the



financial years ended 31st March 2019 to 2021 are outstanding. The audit for 2018 was said to be in progress.

Lester Vaughan School

- 5.78** The Lester Vaughan School reported that the audit of the accounts for the financial year ended 31st March 2015 was in progress. The audits of the accounts for the financial years ended 31st March 2016 to 2021 had not yet commenced.

The Lodge School

- 5.79** The audits of the accounts of the Lodge School for the financial years ended 31st March 2017 to 2020 were waived as per the instructions given in Memorandum Ref. 5043/175 vol 1 dated 28th October 2021 issued by the Director of Finance and Economic Affairs. The School indicated that the audit for the financial year ended 31st March 2021 is in progress.

Parkinson Memorial School

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

Princess Margaret Secondary School

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



Economic Affairs. The audits of the accounts for the financial years ended 31st March 2019 to 2021 are outstanding.

Queen's College

- 5.82** The audit of the accounts of Queen's College for the financial year ended 31st March 2013 is in progress. The audits of the accounts for the financial years ended 31st March 2014 to 2021 are outstanding.

Springer Memorial Secondary School

- 5.83** The audits of the accounts of the Springer Memorial Secondary School for the financial years ended 31st March 2013 and 2014 are completed. The audits of the accounts for the financial years ended 31st March 2015 to 2021 are outstanding.

St. George Secondary School

- 5.84** The audits of the accounts of the St. George Secondary School for the financial years ended 31st March 2013 to 2021 are outstanding.

St. Leonard's Boys' Secondary School

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

St. Michael School

- 5.86** The St. Michael School has reported that the audits of the accounts for



the financial years ended 31st March 2012 to 2018 were waived as per instructions given in the Memorandum Ref. 5043/17/5 Vol.1 dated 03rd November 2021 issued by the Director of Finance and Economic Affairs. The audits of the accounts for the financial years ended 31st March 2019 to 2021 are outstanding.

General Observations

- 5.87** The auditing of the accounts of state enterprises on an annual basis is an important aspect of good governance and accountability. Some agencies have found it challenging to bring their accounts up to date in order for them to be annually audited. 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.
- 5.88** The agencies reported on in this chapter have responsibilities for providing services to the public and are responsible for the spending of hundreds of millions of public funds annually. The auditing of their accounts 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 those 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

This chapter reports on two information systems' audits conducted by the Barbados Audit Office. These were examinations of the computer systems used by the National Insurance Department (NIS) and the Barbados Revenue Authority (the Authority).

- 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.

Reason for Audit

- 6.3** The Audit Office therefore undertook audits of these computer systems based on their significance to the operations of the National Insurance Department and Barbados Revenue Authority. NIS uses the computer system, SAP, for the management of the social security and pension benefits; the computer system being used by the Authority for tax collection and management is referred to as TAMIS.

Audit Objective and Scope

- 6.4** The objective of the Information Technology (IT) audits was to determine the effectiveness and efficiency of the controls within the SAP and TAMIS applications as they related to information processing and the application security. The audited period was 1st January 2020 to 31st



August 2021. With respect to TAMIS the interface used by taxpayers was not reviewed.

IT Standards

- 6.5** 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 National Insurance Computer System, SAP

Background

- 6.6** The National Insurance Department (the Department/NIS) is responsible for the administration of the national social security scheme for Barbados. NIS computer system, SAP is core to the operations of the Department as it is used to facilitate the management of various funds within the National Insurance portfolio valued at over \$4 billion. These funds include the main National Insurance fund as well as the Unemployment, Severance, Catastrophe, Sugar Workers and Retraining funds.

Application Security Controls

- 6.7** Application security controls are implemented to reduce the risk of data breaches. The audit of the application security controls in SAP revealed the following: -



Employees in SAP Not on Staff List

- 6.8** Access to SAP by former employees was not deactivated. This contravened cybersecurity best practices and potentially exposed the entity to security breaches.

Inconsistent Enforcement of Password Rules

- 6.9** Regular password changes were not enforced for all users. Changing passwords regularly would limit access gained by any unauthorised users and lessens the vulnerability to data leaks.

Input Controls

- 6.10** Input controls are applied within applications to assist in reducing the number of data entry errors. The deficiencies in SAP input controls were identified as follows: -

Deficiencies in Internal Controls within SAP

- 6.11** Segregation of duties was not consistently enforced in the application for some processes such as benefits processing. For example, instances were identified where benefits transactions were processed and approved by the same individual. After Officers process transactions, senior personnel should review and authorise them to provide oversight and identify errors. Security should therefore be configured to support separation of functions and reduce the probability of error or fraud.

***National Insurance Department's Response***

This issue was identified and communicated to the IT section and the necessary changes were made. The section will continue to monitor this internal control.

Inefficiencies in Identification of Input Errors

- 6.12** SAP was not configured to flag the omission or the inaccurate entry of data in some key fields. For example, when processing payments, credit card expiry dates that fall prior to the date of the transaction can be accepted and key banking information related to cheques can be omitted. The application should be configured to ensure that the input of necessary information is mandatory.

National Insurance Department's Response

The comment is noted. The claim approvers should be checking all such data prior to approval.

Processing Controls

- 6.13** Processing controls ensure that the system is performing calculations and executing processes accurately and efficiently. The following discrepancies were identified: -

Errors in Benefit Processing

- 6.14** SAP did not consistently calculate benefits accurately for consecutive claims, also referred to as linked claims, which resulted in NIS personnel manually re-computing and correcting discrepancies. Full efficiency of a computerised application is not achieved if human intervention is



required to re-calculate data processing done by the system. These system errors should be addressed to ensure accuracy and reduce the need for manual intervention.

National Insurance Department's Response

It is agreed that there are some inaccuracies with linked claims. Training is one of the recommendations being used to enhance processing. There is a need to have a computerized mechanism to ensure reduced human errors.

Payment of Duplicate Benefits

- 6.15** The National Insurance policy stipulates the benefits that cannot be paid at the same time for the same period. However, during the year 2020 three persons were paid two benefits, which should not have been paid together. These included instances of survivor's pension paid alongside contributory or non-contributory pension. They resulted in erroneous overpayment and constituted a breach of policy. SAP is designed to prevent these occurrences and should be better configured to flag or prevent all instances.

National Insurance Department's Response

The system was configured to ensure that the higher of the two benefits should be paid; however, in some cases errors occur and any issues identified are referred to the IT section for resolution.

Payments Made in Respect of Deceased Persons

- 6.16** During the audit it was observed that payments were generated for persons who were recorded as deceased within the national death register. Payments were generated on behalf of ten persons for over



five months after their recorded date of death. This is a concern as overpayment results in loss of funds that may be difficult to recoup. The national death register should be referenced regularly using computerised methods in order to prevent this.

National Insurance Department's Response

The Benefits Sections receives information on deaths from the Newspapers daily and members of the public. On receipt of this information, the account of the deceased is locked pending the receipt of the death certificate. The NIS previously received information from the Registration Department but due to IT issues the NIS has not received death dates in three years.

It is agreed that a steady stream of information from a reliable source can reduce overpayments.

Conclusion

- 6.17** These issues identified by the Audit Office should be addressed by the Department to ensure accurate processing of claims and reduce risk to the integrity of the system by unauthorised breaches.
- 6.18** The implementation of suitable system configurations in SAP could serve to improve the operability of the application. Information recoded within SAP could be used to identify discrepancies and improve decision-making. Improvements such as these would ensure that the use of SAP achieves optimum return on investment.



Review of the TAMIS System

Background

- 6.19** The Tax Administration Management Information System (TAMIS) was implemented by Barbados Revenue Authority (the Authority) in 2018 to facilitate improved tax management and processing facilities for over twenty-five distinct taxes including Personal Income Tax, Corporation Tax and Value Added Tax. It therefore replaced public use of the Electronic Tax (ETAX) and Value Added Tax and Excise Tax Administration (VETAS) Systems, which were previously used. As a result, approximately 80% of the over \$1.8 billion of revenue collected by the Authority for the 2020 financial year was processed through the TAMIS application.

Application Security Controls

- 6.20** A review of application security controls in TAMIS revealed the below concerns: -

Inconsistent Removal of Users no longer attached to the Authority

- 6.21** Some persons no longer employed by the Authority were identified as having active credentials in the TAMIS application. TAMIS access for individuals who have left the organisation should be revoked immediately and periodic reviews of user security should be conducted to ensure that access is disabled for any person not on staff or without permission to access the system.



Input Controls

6.22 A review of application input controls in TAMIS revealed the below concerns: -

Taxpayers with Multiple TINs

6.23 Some taxpayers were identified with more than one active TAMIS number (TIN). This diminishes data integrity as each taxpayer should be uniquely identified within the application. Additionally, incorrect calculations may occur if the information for taxpayers with more than one TIN is not consolidated. The system should be refined to prevent duplication since a comprehensive view of each taxpayer is key to effective tax management.

Barbados Revenue Authority's Response

The Taxpayer Registration and Identification section of Tax Operations has identified the duplicate TINs and is working... to consolidate the taxpayer information.

It should be noted that the majority of cases involve pensioners who were assigned TINs by the Treasury and NIS for the purpose of uploading pension data. The taxpayers then sought to register individually, hence the duplication. This project should be completed by 30th April 2022.

Inefficiencies in Approval Processes

6.24 Cash balances entered into the system by cashiers must be reviewed and certified as correct by senior accounts personnel. The certification is currently done manually since the TAMIS application does not have



the functionality for computerised certification. This functionality should be built into the system to allow an electronic audit trail of the approval process thus supporting accounting controls.

Processing Controls

6.25 The audit of TAMIS revealed the below weaknesses in processing controls: -

Inconsistent Sequential Numbering of Cheques

6.26 Unique numbers are assigned to each cheque generated by TAMIS in sequential number. However, during the financial year 2020, there were thirty-seven (37) instances observed where the cheque numbers were not sequential and number/s were omitted. Sequential numbering supports effective accounting controls as it allows for easy referencing, aids in identifying discrepancies and clearly organises transactions.

6.27 Non-sequential numbering can result from ineffective system configurations, processing deficiencies or deliberate tampering. Therefore, TAMIS should be configured to ensure that sequential document numbering is maintained, to allow for any occurrence of tampering or errors to be readily identified. Additionally, missing identifiers should be noted and investigated.

**Barbados Revenue Authority's Response**

The Authority investigated the matter to determine the reason(s) for the missing cheque identifying numbers. The Authority was able to account for all of the missing cheque numbers and is satisfied that there were no instances of fraud or significant risks associated with the missing cheque numbers.

Additional Observations**Authority not informed of Deceased Taxpayers**

- 6.28** There were instances found in relation to VAT where the Authority was not informed that the taxpayer, a sole trader, was deceased and activity continued under the TAMIS account. The Authority, being unaware of deceased taxpayers, may allow for unauthorised persons to conduct business with the entity. It may also allow for tax evasion in relation to income tax if the taxpayer who has taken over the business does not declare any additional income from the business.
- 6.29** It is recommended that regular, automated, comparative checks be carried out of active taxpayers against the death register prepared by the Registration Department.

Barbados Revenue Authority's Response

Management accepts this comment and recommendation. Commencing 1st February, 2022, the Authority will initiate a cross-check of death records to taxpayer registration data.



Audit Constraints

Delayed and Non-Submission of Information

- 6.30** Relevant testing of certain key areas such as refund payment processing was prevented due to the non-submission of some information requested. Additionally, the late submission of requested information impacted on the timely completion of the TAMIS application audit.

Barbados Revenue Authority's Response

The Authority apologizes for its tardiness and actions and will endeavour to make a concerted effort to ensure this will not occur again.

Conclusion

- 6.31** The TAMIS application audit revealed that weaknesses existed for some controls. A number of these weaknesses such as single taxpayers with multiple identifiers and filings under the TINs of deceased individuals have the potential to increase the risk of fraud. Modifications should be implemented to address the issues identified and to optimize the use of the application for greater accuracy and efficiency.



OFFICE OF THE AUDITOR GENERAL
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021



OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITORS' REPORT

To the Public Accounts Committee

Opinion

We have audited the financial statements of the **Office of the Auditor General (the "Office")**, which comprise the Statement of Financial Position as at March 31, 2021, 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, 2021, 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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**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.

Tepax Consulting Inc.

Chartered Accountants
July 23, 2021
Bridgetown, Barbados



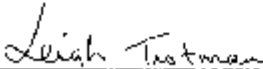
OFFICE OF THE AUDITOR GENERAL
Statement of Financial Position
As at March 31, 2021

(Expressed in Barbados Dollars)

| | Notes | 2021 \$ | 2020 \$ |
|---|-------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | | 150 | 150 |
| Total Current Assets | | <u>150</u> | <u>150</u> |
| Other Assets | | | |
| Plant, Furniture and Equipment | (4) | 78,853 | 48,955 |
| Total Other Assets | | <u>78,853</u> | <u>48,955</u> |
| Total Assets | | <u>79,003</u> | <u>49,105</u> |
| Liabilities and General Fund | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Cash due to Treasury | | 150 | 150 |
| Total Current Liabilities | | <u>150</u> | <u>150</u> |
| Capital Contribution | | | |
| Capital Contribution | (6) | 78,853 | 48,955 |
| Total Capital Contribution | | <u>78,853</u> | <u>48,955</u> |
| Total Liabilities and Capital Contribution | | <u>79,003</u> | <u>49,105</u> |
| Net Assets | | <u>-</u> | <u>-</u> |
| General Fund | | <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, 2021

(Expressed in Barbados Dollars)

| | Notes | Approved Revised Budget 2021 \$ | 2021 \$ | 2020 \$ |
|--|-------|---|------------------|------------------|
| Income | | | | |
| Government Contribution | | 3,922,155 | 2,936,007 | 3,037,949 |
| Total Income | | 3,922,155 | 2,936,007 | 3,037,949 |
| Operating Expenses | | | | |
| Statutory Personal Emoluments | | 2,561,945 | 2,387,304 | 2,504,053 |
| Other Personal Emoluments | | 270,110 | 57,572 | 35,255 |
| Employers Contributions | | 268,229 | 239,697 | 247,634 |
| Travel | | 6,800 | 3,223 | 6,874 |
| Utilities | | 63,800 | 56,610 | 28,664 |
| Library Books & Publications | | 3,150 | 1,839 | 1,894 |
| Supplies and Materials | | 39,855 | 19,229 | 22,518 |
| Maintenance of Property | | 48,200 | 26,872 | 40,364 |
| Operating Expenses | | 115,208 | 65,851 | 98,822 |
| Contingencies | | 5,000 | 4,861 | 4,005 |
| Subscriptions | | 6,850 | 6,850 | 2,040 |
| Professional Services - General | | 50,000 | 34,926 | 45,825 |
| Professional Services - Statutory | | 80,000 | 29,375 | - |
| Total Operating Expenses | | 3,622,155 | 2,936,007 | 3,037,949 |
| Operating Surplus/(Deficit) before the following items: | | - | - | - |
| Other Items | | | | |
| Depreciation | (4) | - | (27,552) | (19,902) |
| Capital Grant - Amortisation | (6) | - | 27,552 | 19,902 |
| Excess Expenditure/Income over Income/Expenditure | | - | - | - |

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



OFFICE OF THE AUDITOR GENERAL
Statement of Cash Flows
For the year ended March 31, 2021

(Expressed in Barbados Dollars)

| | Notes | 2021 \$ | 2020 \$ |
|---|-------|------------|------------|
| Cash Flows from Operating Activities | | | |
| Surplus (Deficit) for the year | | - | - |
| Adjustments for: | | | |
| Depreciation | (4) | (27,552) | (19,902) |
| Amortisation of capital grants | (6) | 27,552 | 19,902 |
| Operating surplus (deficit) before changes in working capital | | - | - |
| Net cash flows from operating activities | | - | - |
| Cash Flows from Investing Activities | | | |
| Purchase of plant, furniture and equipment | (4) | (57,449) | (12,996) |
| Net cash flows used in investing activities | | (57,449) | (12,996) |
| Cash Flows from Financing Activities | | | |
| Capital contribution | (6) | 57,449 | 12,996 |
| Net cash from financing activities | | 57,449 | 12,996 |
| Increase in Cash during the year | | | |
| Cash at the beginning of year | | 150 | 150 |
| Cash at end of year | | 150 | 150 |

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, 2021

(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, 2018-1, the International Public Sector Accounting Standards (IPSAS) promulgated by the International Public Sector Accounting Standards Board and on the historic cost basis.

The financial statements were approved by the Auditor General on July 23, 2021.

(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, 2020 to March 31, 2021.

(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, 2021

(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 Fixings | 5-10 |
| Moto: 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, 2021

(Expressed in Barbados Dollars)

4. Plant and Equipment and Furniture

| | Property & Plant | Machinery & Equipment | Furniture & Fittings | Computer Software | Vehicles | Total |
|--|---------------------|--------------------------|-------------------------|----------------------|---------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| <u>Cost</u> | | | | | | |
| At April 1, 2020 | 7,999 | 262,371 | 26,944 | 6,211 | 60,434 | 353,959 |
| Additions | - | 57,449 | - | - | - | 57,449 |
| Disposals | - | - | - | - | - | - |
| As at March 31, 2021 | 7,999 | 309,820 | 26,944 | 6,211 | 60,434 | 411,408 |
| <u>Accumulated Depreciation</u> | | | | | | |
| At April 1, 2020 | 4,928 | 237,876 | 25,771 | 6,211 | 30,216 | 305,002 |
| Charge for the year | 1,228 | 16,518 | 1,173 | - | 6,893 | 27,552 |
| Disposals | - | - | - | - | - | - |
| As at March 31, 2021 | 6,156 | 254,394 | 26,944 | 6,211 | 38,849 | 332,554 |
| <u>Net Book Value</u> | | | | | | |
| As at March 31 2020 | 3,071 | 14,496 | 1,173 | - | 30,217 | 48,955 |
| As at March 31 2021 | 1,842 | 55,426 | - | - | 21,584 | 78,851 |

5. Crown Payables

Crown payables as at March 31, 2021 was nil (2020 - nil)



OFFICE OF THE AUDITOR GENERAL
Notes to the Financial Statements
For the year ended March 31, 2021

(Expressed in Belizean Dollars)

6. Capital Contribution

Capital contribution at March 31 2021 is as follows:

| | 2021 \$ | 2020 \$ |
|--|---------------|---------------|
| Total capital contributions | 353,959 | 340,963 |
| Amount amortised | (305,002) | (285,100) |
| Amount unamortised at beginning of year | 48,957 | 58,863 |
| Contribution for the year | 57,449 | 12,996 |
| Amortisation for the year | (27,552) | (19,902) |
| Amount unamortised at end of year | 78,854 | 48,957 |
| Total capital contributions | 411,408 | 353,959 |
| Amount amortised | (332,555) | (305,002) |
| Amount unamortised at end of year | 78,853 | 48,957 |

| | Approved Budget 2021 | Actual 2021 |
|-----------------------------------|-------------------------|----------------|
| 751 Property and Plant | - | - |
| 752 Machinery & Equipment | 64,039 | 57,449 |
| 753 Furniture & Fixings | - | - |
| 755 Computer Software | - | - |
| 758 Vehicles | - | - |
| Total Capital Contribution | 64,039 | 57,449 |

