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**REPORT OF THE AUDITOR GENERAL**

**ON THE**

**AUDIT OF THE PUBLIC ACCOUNTS OF  
MONTSERRAT, WEST INDIES  
and other selected activities**

**FOR THE**

**FISCAL PERIODS ENDED 31 MARCH 2010 AND 31 MARCH 2011**



## **VISION STATEMENT**

The Office of the Auditor General (OAG) plays a crucial role in ensuring that public monies are spent wisely. Our vision is therefore “to be a proactive Supreme Audit Institution (SAI) that helps the nation make good use of its resources”.

## **MISSION STATEMENT**

“The OAG is the national authority on public sector auditing issues and is focused on assessing performance and promoting accountability, transparency and improved stewardship in managing public resources by conducting independent and objective reviews of the accounts and operations of central government and statutory agencies; providing advice; and submitting timely Reports to Accounting Officers and the Legislative Council”.

## **THE GOAL**

Our goal is “to promote staff development, enhance productivity, and maintain a high standard of auditing and accounting in the public sector, thereby contributing to the general efficiency and effectiveness of public finance management”.

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## **ABBREVIATIONS USED**

BOM	Bank of Montserrat
DFID	Department for International Development
CAROSAI	Caribbean Organisation of Supreme Audit Institutions
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
GDP	Gross Domestic Product
GOM	Government of Montserrat
GYFCE	Golden Years Foundation for Care of the Elderly
IDI	INTOSAI Development Initiative
INTOSAI	International Organisation of Supreme Audit Institutions
MCC	Montserrat Community College
MCSA	Montserrat Civil Service Association
MDC	Montserrat Development Corporation
MONLEC	Montserrat Electricity Services
MFSC	Montserrat Financial Services Commission
MLDA	Montserrat Land Development Authority
MPA	Montserrat Port Authority
MPB	Montserrat Philatelic Bureau
MSSF	Montserrat Social Security Fund
MTB	Montserrat Tourist Board
MWA	Montserrat Water Authority
MUL	Montserrat Utilities Limited
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PAI	Public Administration International
PFM	Public Finance Management
UKNAO	United Kingdom National Audit Office
XCD	Eastern Caribbean Dollars

**REPORT OF THE AUDITOR GENERAL  
ON THE PUBLIC ACCOUNTS OF MONTSERRAT AND ON THE  
MINISTRIES, DEPARTMENTS AND STATUTORY AGENCIES  
FOR THE PERIOD 31 MARCH 2010 AND FISCAL YEAR ENDING 31 MARCH 2011**

**EXECUTIVE SUMMARY**

**Scope of the Audit Report to the Legislative Council**

Section 42(1) of the Public Finance (Management and Accountability) Act 2008 requires the Auditor General to examine the Public Accounts and to submit a Report on them to the Legislative Council (now renamed Legislative Assembly). This Report outlines significant matters arising from the examination and audit of the Public Accounts, Ministries/Departments and Statutory Agencies for the period ending 31 March 2010 and year ending 31 March 2011.

**Financial Administration and Management**

2. Section 42(1) of the Finance (Administration) Act 2001 requires the Public Accounts to be submitted for audit within a period of 4 months after the year end to which they relate. This requirement was not met and we therefore could not meet our statutory obligation of tabling the report within 6 months - Section 42(2) - after the end of the fiscal year being reviewed.

3. I am required to certify the Statement of Assets and Liabilities and the abstract accounts of Revenue and Expenditure. These Statements are included in this Report as Appendices 1 and 2. The Audit Certificate is also attached.

**Financial Performance**

4. The Government of Montserrat took a decision to change the financial year from 31 December to 31 March. To accommodate this change, budgets and accounts were prepared for three months to cover the period 1 January – 31 March 2010. Thereafter the accounts are being prepared on a twelve-month basis ending 31 March each year.

5. For the period ending 31 March 2010 a surplus of \$568,572 was realized when comparing recurrent revenue with recurrent expenditure. For the financial year 2010/11 a surplus of \$2,658,715 was realized.

6. Estimated Recurrent Revenue for financial year 2010/11 was \$98,015,100. Actual Revenue realized was \$97,816,955 being 99.8% of projected receipts for the year.

7. Authorized Special Budgetary Aid for the fiscal year 2010/11 was \$52,920,000. Actual revenue received amounted to \$57,316,866 being \$4,396,866 more than budgeted.

8. For fiscal year 2010/11 Actual Recurrent Expenditure amounted to \$95,158,240. Forty-five percent of this amount was spent on Personal Emoluments, fifteen percent on Pensions and Gratuities, thirteen percent on Goods and Services, eighteen percent on Transfers and Subsidies with the rest being spent on Social Services, Other Expenditure and Debt.

9. Actual capital expenditure for 2010/11 amounted to EC\$31,167,382 being 73% of authorized expenditure for the year.

### **Cash Position of Government**

10. At the end of the reporting period the government bank accounts reflected positive balances, broken down as follows:

<b>Description</b>	<b>Balances (EC\$ 31 March 2010</b>	<b>Balances (EC\$) 31 March 2011</b>
Consolidated Fund	11,727,448	14,693,804
Development Capital Fund	7,116,683	12,914,7
<b>TOTAL</b>	<b>18,844,131</b>	<b>27,608,508</b>

### **Fixed Deposits and Investments**

11. In my last Report I drew your attention to uncertainty with respect to recovering portions of Fixed Deposits, Investments and associated accrued interest from companies that were experiencing financial difficulties. I now report that, at the end fiscal year 2010/11, GOM was still seeking to recoup its investments from these entities.

### **Public Debt**

12. At the end of the reporting period Total Public Debt stood at EC\$20,359,565. This figure includes an outstanding payment to Social Security but excludes interest payments on the Social Security outstanding debt and payments to local and regional institutions. Public Debt per capita stood at \$4,134.76 per person.

13. External Public Debt was recorded at EC\$9,748,422.

14. Principal repayments on external debt remained constant at \$501,664 being 1.24% of actual local recurrent revenue for the 2010/11 fiscal year. Interest on External Debt amounted to \$183,840. This represents 0.45% of total local recurrent revenue generated for the year.

## Key findings relating to Ministries/Departments/Statutory Agencies

15. At the end of March 2011 Arrears of Revenue stood at \$24,366,360 and are itemized as follows:-

Executing Agency	Arrears as at 31 December
Ministry of Agriculture, Lands, Housing & the Environment	923,632
Ministry of Communications and Works	9,574
Inland Revenue:-	0
Income Tax	16,351,770
Company Tax	3,368,153
Property Tax	2,893,022
Broadcasting Services (Radio Montserrat)	29,947
Customs	13,250
Treasury	591,859
Ministry of Health and Community Services	121,322
Development Unit	63,831
<b>TOTAL</b>	<b>24,366,360</b>

16. A number of the arrear lines have not been updated as the relevant agencies have not submitted the arrears list as required by Section 43 of the Finance Regulations 2002.

17. As regards tax arrears, GOM made a policy decision, in 2010, to increase its efforts to reduce the tax arrears. Taxpayers were thus given an opportunity to discuss outstanding amounts and agree that to be paid, both in terms of quantum and timing, with a Territorial Negotiating Officer. At the end of the fiscal year the programme was still ongoing but preliminary review reveals that most of the persons/entities who participated in this exercise were honouring their commitments. However, the full impact of this exercise is still unknown at this time.

18. Again, some Statutory Agencies have not completed the audits of their financial statements for the year being reviewed.

## Special Audit

19. **Special Audit – Licencing Department.** The increasing number of vehicles on Montserrat roads renders the role of the licensing and testing department more critical. The licensing department (LD) is responsible for vehicle and driver licensing, testing of vehicles and maintaining national databases of all records. This department partners with the Royal Montserrat Police Force (RMPF) on traffic related matters.

20. The purpose of this study was to assess and report on the effectiveness and efficiency of the operations of the Licensing Department and the Royal Montserrat Police Force.

21. Our review revealed the following:

- That the procedures for processing driver license and vehicle registration at the Licensing Department were generally effective and efficient in proportion to the current resources.
- However, the department does not have specific mission and goals that feed into the Ministry's overall vision nor does it have a procedures manual in place that highlights the processes of the department.
- The office accommodation and testing facility is inadequate.
- There is a computerized system, but this was inadequate to meet the current needs of the department and the monitoring of the increasing number of vehicles on the island.
- There were no control mechanisms in place that ensures that all registered vehicles are licensed and that determines the road worthiness of vehicles prior to licensing.

22. ***Organisation Review of Office of the Auditor General.*** In February 2011, the Government of Montserrat contracted the UK National Audit Office (UKNAO) to review whether the Office of the Auditor General (OAG) current structure and policies are 'fit for purpose' and to make recommendations accordingly.

23. The key findings from this review are summarized and reproduced below:

- Staffing. The OAG has an approved staff compliment of 16 staff. Of these, only 6 were permanently employed auditors. The current problems in recruitment and retention of staff need to be addressed urgently if the OAG is to have any chance of fulfilling the expectations of parliamentarians and the requirements of the new Constitution. In this respect, a key consideration is the low level of salaries in comparison with what might be available in the private sector or abroad.
- Audit. The OAG has insufficient staff to conduct all the audits within its mandate.
- The OAG's current financial audit approach focuses on compliance and a high degree of testing. There is need for the department to adopt a risk assessment approach to its financial, compliance and performance/value for money audits.
- IT. The OAG needs to develop its IT capability. It will have to provide the necessary audit tools to ensure that it can deliver audit work in line with



best practice and international standards. The existing IT infrastructure is inadequate and staff need support for the audit of IT systems. There is need for acquisition of up-to-date IT hardware and software and essential training to go along with it.

- Organisation structure. The current organization structure provides only limited flexibility in the way that individual members of staff are used and this restricts their career development. The review supports the proposed revised structure as outlined in the OAG Strategic Plan 2011-14.
- Accommodation. The OAG office accommodation is cramped with existing staffing levels and is subject to noise pollution from the business premises on the ground floor. Better accommodation is planned but unless additional requisite accommodation is found swiftly, the OAG staff will be unable to work efficiently and effectively.

24. I have begun the process to improve the approach to the various audits. However, the other recommendations are yet to be implemented.

## **CHAPTER 1**

### **1.0 INTRODUCTION**

#### **1.1 Reporting Authority**

1. This Report, for the period 1 January – 31 March 2010 and fiscal year 2010/11, is submitted to the Honourable Minister of Finance, for onward transmission to the Legislative Council. It is pursuant to Section 26 (1) of the Audit Act 2001, No. 7 of 2001 and Section 42(2) of the Public Finance (Management and Accountability) Act, No. 7 of 2008.

#### **1.2 General Comments**

2. This Report outlines the work of my office. It should cover the audits of all central government operations, statutory bodies and corporations and entities where the Government of Montserrat (GOM) injects substantial sums into their operations.

#### **1.3 Audit Mandate**

3. The audits of the Annual Accounts of the Government of Montserrat for the period 1 January – 31 March 2010 and fiscal year 2010/11 were conducted in accordance with the provisions of the Audit Act 2001 and Section 42 (1) of the Public Finance (Management and Accountability) Act 2008. These pieces of legislation provide for the preparation and submission of annual statements by the Accountant General, and for examination and audit of those statements.

4. Section (8) of the Audit Act 2001 specifically requires the Auditor General and, by extension, the Office of the Auditor General, to inquire into, audit and report in an impartial manner, on the Public Accounts, and whether expenditure is achieving value-for-money.

#### **1.4 Scope of Audit**

5. The audit programme of work aims to provide sufficient, appropriate audit evidence to afford a reasonable basis for an opinion to be given on the general accuracy and regularity of the Government's financial and accounting transactions. The audit exercise is carried out by way of **test checks**, designed to capture material errors in the accounts, determine adequacy and reliability of internal controls and safeguards, and evaluate compliance with relevant enabling legislation and other Ministry of Finance directives.

## **1.5 Purpose of Audit Office**

6. The Audit Office functions as a safeguard to maintain financial integrity of Government's operations. The office is therefore independent of the Executive branch of Government for auditing and reporting purposes.

## **1.6 Audit Methodology**

7. Our main function is to assess whether there is effective stewardship and accountability for public funds. This requires us to conduct a variety of audits to include financial audits, compliance audits, evaluation of internal controls and conducting performance reviews.

8. To benchmark our work we have adopted auditing standards provided by the International Organization of Supreme Audit Institutions (INTOSAI). Senior managers prepare annual audit plans for the work to be undertaken during the year. Field work is undertaken to provide us with relevant and reliable evidence that allows us to provide overall assurance as to the accuracy and propriety of financial transactions and accounts.

## **1.7 Reporting Process**

9. This is a two pronged process. Firstly, audit findings on evaluation of internal controls and the economic, effective and efficient use of resources are communicated to management. An exit interview is conducted at which the findings and recommendations are discussed with management. Officials at the entity concerned are then asked to provide a written response to the issues identified in the management letter/report. Secondly, non-compliance with relevant regulations or issues deemed in the public interest is then incorporated in the Auditor General's Report for submission to Parliament.

10. The Auditor General has discretion as to the form and content of her annual report on the public accounts of Montserrat. It is not the duty or responsibility of the Auditor General to disclose each and every error or irregularity in the accounts. As a general rule, she reports on matters that she considers significant and constitute an actual or potential loss of public resources, a lack of financial control, an impairment of accountability, and a breach of, or non-compliance with, legislative or other requirements.

## **1.8 Goals of Audit Report**

11. The general goal of a Public Finance Management (PFM) system is to support the achievement of aggregate fiscal discipline, strategic allocation of funds, value for

money, and probity in the use of public funds.<sup>1</sup> The specific goal of this report is to provide information by which stakeholders can question whether planned budgetary outcomes are achieved and seek to hold the Executive, Central Government agencies and public officials accountable for their actions and for the management of public funds entrusted to their care.

12. Our mandate provides the authority for us to scrutinize the operation of the Executive and its agents. We are also required to report our findings to the Legislative Council, the body that holds the Executive to account for the delivery of public policy. Our Audit Report is therefore intended to provide the Legislative Council and the public in general with an independent and objective assessment of the operations of Central Government.

### **1.9 Change in Accounting Year**

13. The Government of Montserrat made a decision to change its fiscal year end from 31 December to 31 March. This took effect from March 2010. It means that the accounting statements were generated for the three-month period, 1 January – 31 March 2010. Thereafter, the statements resumed their twelve-month reporting format.

### **1.10 Submission of Annual Accounts**

14. Section 42(1) of the Public Finance (Management and Accountability) Act 2008, state that the Government's Annual Accounts shall be submitted, by the Accountant General, to the Auditor General [for audit] within a period of four months after the close of each year, unless permission is obtained by a Resolution of the Legislative Council for them to be submitted at a later date.

15. The 2010 Accounts (January – March) was presented for audit in August 2011 well after the mandated deadline<sup>2</sup>. As a result, we could not present the audited financial statements for tabling within the legal statutory deadline. In addition, we took a decision to merge the Report on this 3-month period with that of the 2010/11 accounts. These Accounts (2010/11) were initially presented for audit in January 2012. Final adjustments were not completed until March 2013.

### **1.11 Compliance with Financial Orders**

16. There is general compliance with Financial Orders. Although we continue to see some instances of non-compliance, they are considered to be immaterial and do not affect the status of the financial statements.

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<sup>1</sup> Revised Consultative Draft, October 21, 2004: PFM Performance Measurement Framework

<sup>2</sup> The mandated deadline is six (6) months after the end of the fiscal year.

## CHAPTER 2

### 2.0 FINANCIAL STATEMENTS FOR PERIOD JANUARY – MARCH 2010

#### 2.1 Audit Mandate and Objective

17. In accordance with the provisions of Section 8 of the Audit Act 2001 and Section 42(1) of the Public Finance (Management and Accountability) Act 2001, an audit was conducted on the Public Accounts of Montserrat for the period ended 31 March 2010.

18. The objective of the audit was to express an opinion as to whether:

- a) The financial statements presented by the Accountant General fairly represent, in all material respects, the financial position of the Government of Montserrat.
- b) Appropriate internal controls systems existed and were adhered to, and
- c) Funds were expended in accordance with Legislative directives.

#### 2.2 Methodology

19. Examination of the public accounts consisted mainly of analytical review of documentary evidence supporting the financial statements, and interviews with the Accountant General and staff, personnel in the Ministry of Finance, and Accounting Officers.

#### 2.3 Statement of Assets and Liabilities of the Consolidated Fund

20. The following is a statement of the assets and liabilities as at 31 March 2010 grouped according to the nature of the item. A detailed statement, as presented by the Accountant General, is attached at Appendix 2. The statement records cash assets and liabilities only.

**TABLE 1**  
**CONSOLIDATED FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**

	2010	2009	Increase/ (Decrease)
<b>Assets</b>			
Cash	11,727,448	12,912,278	(1,184,830)
Development Capital Fund	7,116,683	2,726,583	4,390,100
Fixed Deposits	3,641,583	3,641,583	0
Investments	2,604,032	2,604,032	0
Advances	(888,068)	3,028,844	(3,919,912)
<b>Total</b>	<b>24,201,678</b>	<b>24,913,320</b>	<b>(711,642)</b>
<b>Taxpayer's Equity</b>			
Deposits	6,053,761	6,679,836	(626,075)
Consolidated Fund	18,147,916	18,233,484	(85,567)
<b>Total</b>	<b>24,201,678</b>	<b>24,913,320</b>	<b>(711,642)</b>

21. The material uncertainty regarding \$3,569,230 of Fixed Deposits and \$435,632 of Investments and their associated accrued interest still remains. However, GOM is making efforts to recover same.

22. There has been no movement on the issue of clearing the \$60,000 of investments in Montserrat Mills, regarded as irrecoverable, from the accounts.

#### **2.4. Movements on the Consolidated Fund**

23. The movements on the Consolidated Fund for the fiscal year under review can be summarized as follows:

<b><u>Expenditure</u></b>	<b><u>Authorized</u></b>	<b><u>Actual</u></b>
Consolidated Fund Services	2,929,916	2,929,024
Supply Services	<u>19,616,200</u>	<u>17,312,833</u>
Sub-Total	22,545,416	20,241,157
Less: <b>Revenue</b>	<u>22,706,800</u>	<u>20,809,729</u>
Surplus/(Deficit*)	<u>161,384</u>	<u>568,572</u>
<i>Consolidated Fund</i>		
Balance b/f 1 January 2010		18,232,514
Surplus for the year		568,572
Suspense		979
Funding of Local Projects		<u>(654,139)</u>
Balance c/f March 2010		<u>18,147,916</u>

\* Value of Contingencies Warrants raised during fiscal year.

##### **2.4.1 Recurrent Revenue**

24. Budgeted Recurrent Revenue stood to \$22,706,800. Actual collections amounted \$20,809,729, a shortfall of \$1,897,071.

##### **2.4.2 Revenue Surpluses and Shortfalls**

25. Revenue surpluses and shortfalls are detailed in Table 2 below.

**TABLE 2**  
**REVENUE SURPLUSES AND SHORTFALLS**

<b><i>Recurrent Revenue Head</i></b>	<b><u>Budgeted</u></b>	<b><u>Actual</u></b>	<b><u>Surplus</u></b>	<b><u>Shortfalls</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Taxes on Income, Profits & Gains	4,278,200	3,755,768	0	522,432
Taxes on Property	309,500	147,100	0	162,400
Taxes on Domestic Goods & Service	317,200	545,802	228,602	0
Licences	1,067,800	1,058,044	0	9,756
Taxes on Int'l Trade & Transactions	4,145,000	2,892,233	0	1,252,767
Fees, Fines and Permits	227,300	402,507	175,207	0
Rents, Interest & Dividends	183,800	183,992	192	0

ECCB Profits	62,500	0	0	62,500
Reimbursements	11,300	124,877	113,577	0
Budget and Grants	11,050,100	10,849,000	0	201,100
Other Revenue	1,054,100	850,406	0	203,694
<b>TOTAL</b>	<b>22,706,800</b>	<b>20,809,729</b>	<b>517,578</b>	<b>2,414,649</b>
Net surplus/(deficit)			<b>1,897,071</b>	

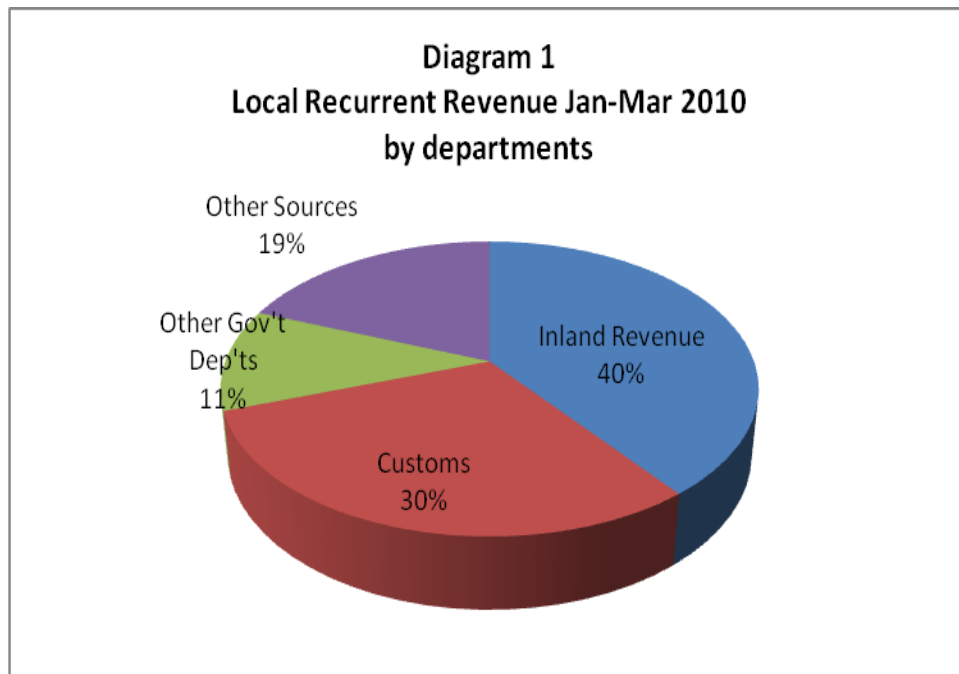
### 2.4.3 Total Recurrent Local Revenue

26. Estimated Recurrent Local Revenue was \$11,656,700. Actual Revenue realized was \$9,960,728, a shortfall of \$1,897,072.

27. Seventy percent of the revenue categories realized shortfalls ranging from a low of \$9,756 to a high of \$1,252,767.

28. Actual Tax Revenue collected amounted to \$8,398,947 whilst Non-Tax Revenue amounted to \$1,561,781.

29. Diagram 1 below illustrates the apportionment (by percentage) of revenue generated by various government departments.



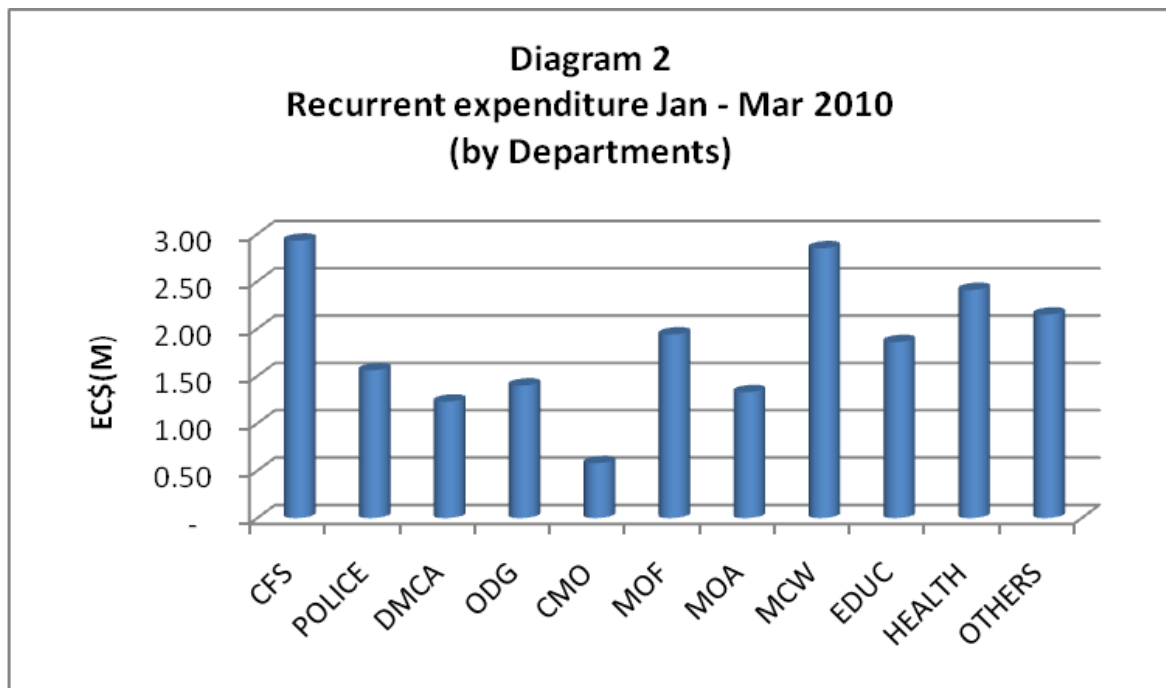
### 2.4.4 Special Budgetary Assistance

30. Authorised Budgetary Assistance for fiscal year being reviewed was \$11,050,000. Actual revenue received amounted to \$10,849,000 being \$201,000 less than budgeted. This money was transferred to the Bank of Montserrat on 11 January 2010 and was the tranche for the quarter.

## 2.4.5 Recurrent Expenditure

31. The Appropriations Act 2009, Ordinance #8 of 2009, authorized expenditure amounting to \$22,706,700. Actual expenditure for the year amounted to \$20,241,147.

32. Major areas of actual Recurrent Expenditure incurred by the various Ministries and Departments for the year under review are highlighted in the chart below. All Departments falling under the purview of the Ministry of Finance are grouped together, while other Departments not specifically listed are grouped under Others.

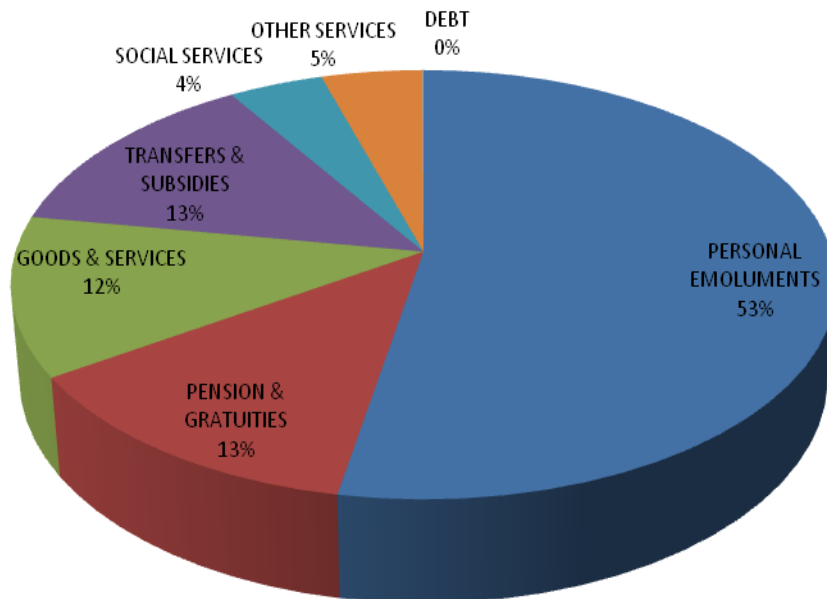


33. Expenditure categories which incurred more than 10% of total amount spent include Personal Emoluments, Pensions and Gratuities, Goods and Services, and Transfers and Subsidies.

34. The graph below highlights expenditure by cost categories and gives relative percentages used per cost category.



**Diagram 3**  
**Recurrent Expenditure Jan - Mar 2010**  
**(by type)**



#### **2.4.6 Expenditure Control**

35. **Warrants.** For the period being reviewed one general warrant was issued. Three Virement Warrants were also approved to allow ministries and departments to transfer funds from one subhead to another.

36. **Over-expenditure.** We have noted significant improvement in the incidences of over-expenditure. During this accounting period we have noted only two such incidences being Personal Emoluments at Customs Department and Maintenance Services at Ministry of Education.

#### **2.5 Arrears of Revenue**

37. At the end of the fiscal year being reviewed Arrears of Revenue stood at \$25,220,995 and are itemized as follows: -

**TABLE 4**  
**ARREARS OF REVENUE**

Executing Agency	Arrears at 31 March 2010
Ministry of Agriculture, Lands, Housing & the Environment:	0
Government Housing Stock	703,763
Loans to Peasant Farmers	39,387
Ministry of Communications and Works:	0
Revenue Plant & Workshop	5,000
Aircraft Landing Fees	4,574
Inland Revenue:-	0
Income Tax	16,138,665
Company Tax	4,381,799
Property Tax	3,165,294
Broadcasting Services (Radio M/rat)	29,947
Customs	13,250
Treasury:	0
Trade Licence	48,600
Emergency Fuel Supply	543,259
Ministry of Health and Community Service	83,586
Development Unit	63,831
<b>Total</b>	<b>25,220,955</b>

38. A portion of these arrears especially that relating to tax revenues and loans to peasant farmers are deemed uncollectible and should therefore be removed from the accounts.

## 2.6 Development Fund

### 2.6.1 Statement of Assets and Liabilities

ASSETS		31 Mar 2010		31 Dec 2009
British Development Aid Claims Outstanding		(4,528,338)		1,082,633
Donor Agencies Expenditure Outstanding		6,456,277		5,038,246
Local Funds				(699,952)
<b>Total Assets</b>		<b>1,927,939</b>		<b>5,420,927</b>
LIABILITIES				
Deposits within Development Fund		1,773,915		1,929,692
Consolidated Fund Payable		(3,681,978)		355,185
699,952				
Consolidated Capital Fund	(901,114)		(1,292,391)	
Add Revenue over Expenditure	4,037,163	3,136,049	4,428,440	3,136,050
<b>Total Liabilities</b>		<b>1,927,939</b>		<b>5,420,927</b>

39. We have not seen any evidence that 'dead' accounts were purged from the financial statements.

## 2.6.2 Capital Expenditure

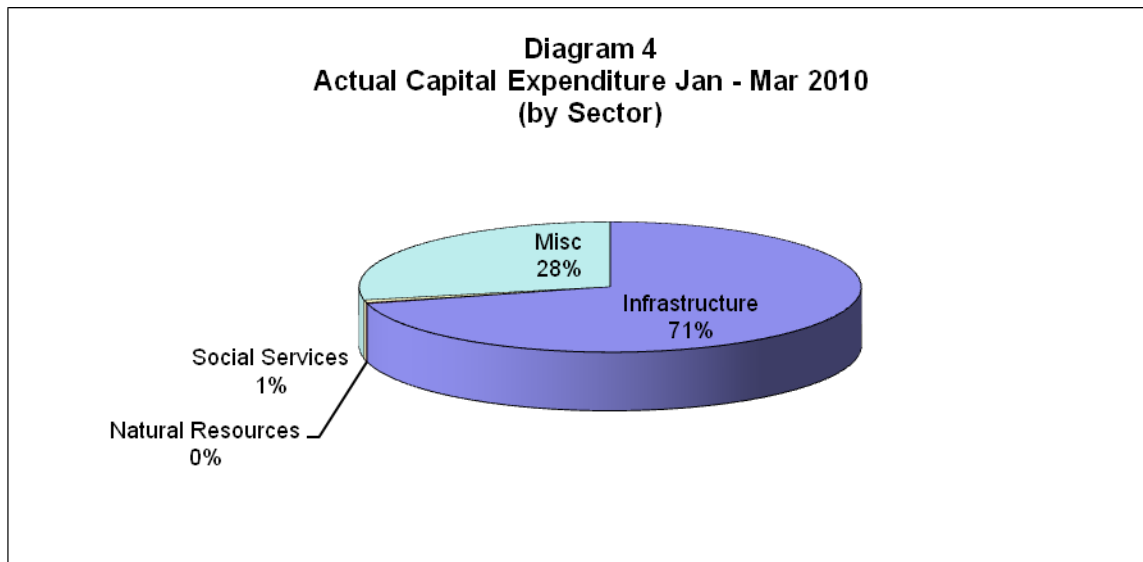
40. Estimates and recorded results for the Development Fund are summarized in the Table 5 below.

**TABLE 5**  
**Comparison of Development Fund Estimates and Record Results 2010**

<b>Development Fund Expenditure</b>	<b>Authorized</b>	<b>Actual</b>	<b>Variance</b>
DFID	13,060,324	4,231,956	8,828,368
LOCAL	1,261,500	654,138	607,362
DARWIN	40,000	16,373	23,627
CIDA	27,285	16,342	10,943
UNICEF	18,453	11,569	6,884
PSF	276,000	145,157	130,843
EU	3,525,000	1,424,662	2,100,338
OTEP	321,000	3,253	317,747
CDB	850,000	253	849,747
<b>TOTAL</b>	<b>19,379,562</b>	<b>6,503,703</b>	<b>12,875,859</b>

41. Authorized capital expenditures totaled \$19,379,562. Actual expenditure for the period amounted to \$6,503,703 being 33.6% of authorized expenditure for the period.

42. Diagram 4 below presents a pictorial view of how the capital expenditures were incurred during the year being reviewed. The expenditures have been classified by sectors.



## **2.7 Other Statements**

### **2.7.1 Statement of Contingent Liabilities**

Date	Debtor	Creditor	Liability
31 March 2010	GSB	SUNDRY	\$36,351,734

### **2.7.2 Statement of Special Funds**

43. This revealed a marginal increase of \$1,396.

### **2.7.3 Statement of Public Debt**

44. At the end of the reporting period Total Public Debt remained at EC\$22,910,210 with External Public Debt at \$10,250,060.

### **2.7.4 Statement of Loans Outstanding**

45. There has been no movement on these loans.

## **2.8 Losses/Overpayments**

46. There has been no movement on the outstanding balance on an overpayment of gratuity to a legislator.

## CHAPTER 3

### 3.0 FINANCIAL STATEMENTS FOR YEAR APRIL 2010 – MARCH 2011

#### 3.1 Statement of Assets and Liabilities of the Consolidated Fund

47. The following is a statement of the assets and liabilities as at 31 March 2010 grouped according to the nature of the item. A detailed statement, as presented by the Accountant General, is attached at Appendix 2. The statement records cash assets and liabilities only.

**TABLE 6**  
**CONSOLIDATED FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**

	2010	2011	Increase/ (Decrease)
<b>Assets</b>			
Cash	11,727,448	14,693,804	2,966,356
Development Capital Fund	7,116,683	12,914,704	5,798,021
Fixed Deposits	3,641,583	3,641,583	0
Investments	2,604,032	2,604,032	0
Advances	(888,068)	(5,049,481)	(4,161,413)
<b>Total</b>	<b>24,201,678</b>	<b>28,804,642</b>	<b>4,602,964</b>
<b>Taxpayer's Equity</b>			
Deposits	6,053,761	8,686,230	2,632,469
Consolidated Fund	18,147,916	20,118,412	1,970,495
<b>Total</b>	<b>24,201,678</b>	<b>28,804,642</b>	<b>4,602,964</b>

48. The Government of Montserrat is still in discussion with agencies holding its Fixed Deposits with a view to recovering portions of their investment.

#### 3.2 Movements on the Consolidated Fund

49. The movements on the Consolidated Fund for the fiscal year under review can be summarized as follows:

<u>Expenditure</u>	<u>Authorized</u>	<u>Actual</u>
Consolidated Fund Services	16,634,369	16,633,422
Supply Services	<u>86,847,267</u>	<u>78,524,818</u>
Sub-Total	103,481,635	95,158,240
Less: <b>Revenue</b>	<u>98,015,100</u>	<u>97,816,955</u>
Surplus/(Deficit*)	<u>(5,466,535)</u>	<u>2,658,715</u>
<i>Consolidated Fund</i>		
Balance b/f 1 April 2010		18,146,147
Surplus for the year		2,658,715
Suspense		268,382
Funding of Local Projects		<u>(955,632)</u>

Balance c/f March 2011

20,117,612

\* Value of Supplementary Estimates and Statutory Payments requisitions raised during fiscal year.

### 3.2.1 Recurrent Revenue

50. Budgeted Recurrent Revenue stood to \$98,015,100. Actual collections amounted \$97,816,955, a shortfall of \$198,145.

### 3.2.2 Revenue Surpluses and Shortfalls

51. Revenue surpluses and shortfalls are detailed in Table 7 below.

**TABLE 7**  
**REVENUE SURPLUSES AND SHORTFALLS**

<b><i>Recurrent Revenue Head</i></b>	<b><i><u>Budgeted</u></i></b> \$	<b><i><u>Actual</u></i></b> \$	<b><i><u>Surplus</u></i></b> \$	<b><i><u>Shortfalls</u></i></b> \$
Taxes on Income, Profits & Gains	18,061,500	17,360,617	0	700,883
Taxes on Property	1,223,600	881,097	0	342,503
Taxes on Domestic Goods & Service	1,299,100	1,164,141	0	134,959
Licences	2,547,700	1,683,279	0	864,421
Taxes on Int'l Trade & Transactions	15,330,000	14,600,650	0	729,350
Fees, Fines and Permits	1,202,500	1,525,981	323,481	0
Rents, Interest & Dividends	967,500	398,950	0	568,550
ECCB Profits	260,000	0	0	260,000
Reimbursements	45,000	116,953	71,953	0
Budget and Grants	52,920,000	57,316,866	4,396,866	0
Other Revenue	4,158,200	2,768,421	0	1,389,779
<b>TOTAL</b>	<b>98,015,100</b>	<b>97,816,955</b>	<b>4,792,300</b>	<b>4,990,445</b>
Net surplus/(deficit)			<b>(198,145)</b>	

### 3.2.3 Total Recurrent Local Revenue

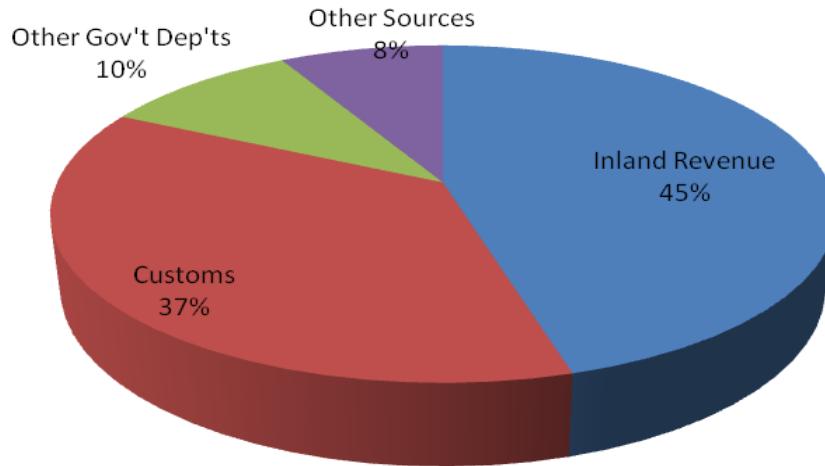
52. Estimated Recurrent Local Revenue was \$45,095,100. Actual Revenue realized was \$40,500,089, a shortfall of \$4,595,011.

53. Two revenue categories realized surpluses greater than \$300,000 whilst six categories showed shortfalls greater than \$300,000.

54. Actual Tax Revenue collected amounted to \$35,689,784 whilst Non-Tax Revenue amounted to \$4,810,305.

55. Diagram 5 below illustrates the apportionment (by percentage) of revenue generated by various government departments.

**Diagram 5**  
**Local Recurrent Revenue 2010/11**  
**(by departments)**



### 3.2.4 Special Budgetary Assistance

56. Authorised Budgetary Assistance for fiscal year was \$52,920,000. Actual revenue received amounted to \$57,316,866 being \$4,396,866 more than budgeted.

57. A further analysis of all budgetary aid received during the fiscal year revealed the following:

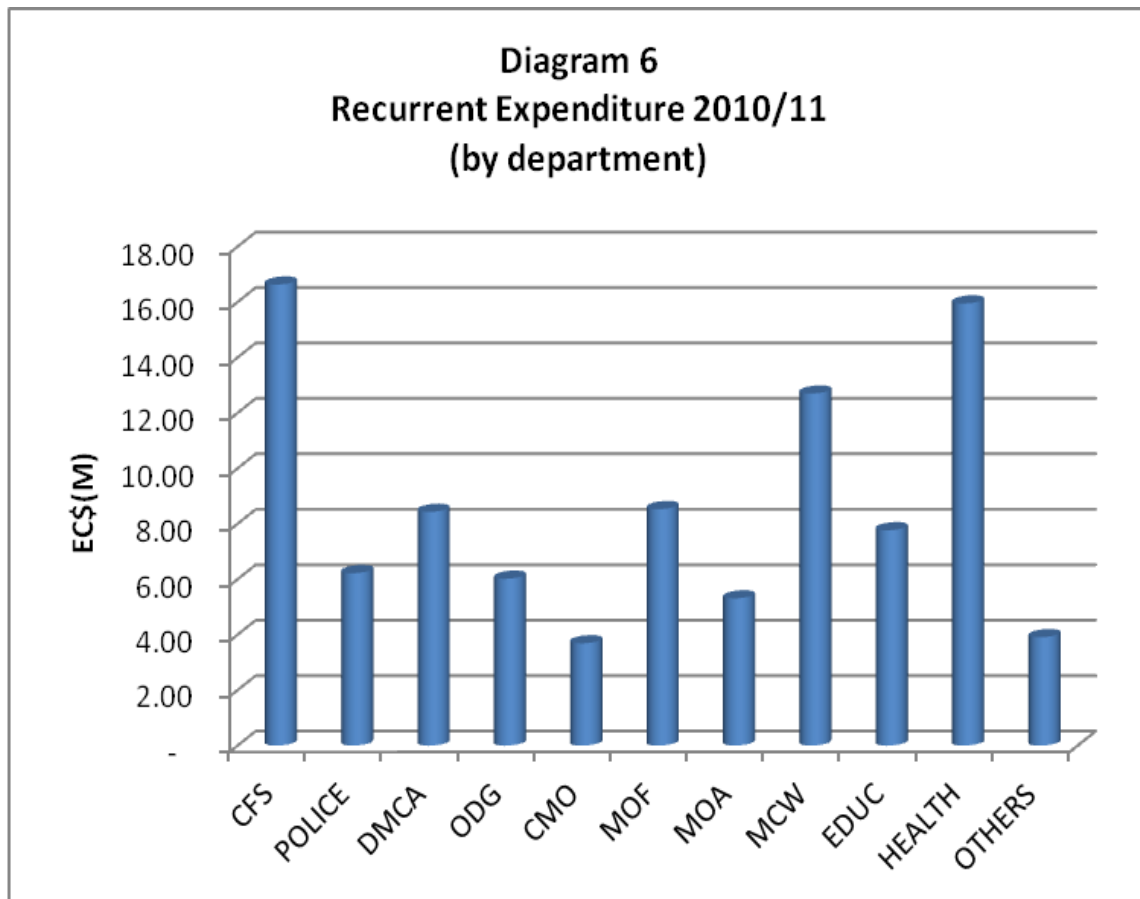
Date	Receipt #	Tranche	£	EC\$
5/26/2010	109877	1 <sup>st</sup> quarter	3,000,000	11,619,300
7/23/2010	112035	2 <sup>nd</sup> quarter	3,000,000	12,289,200
10/29/2010	117697	3 <sup>rd</sup> quarter	3,000,000	12,763,800
1/12/2011	120690	4 <sup>th</sup> quarter	3,868,500	16,158,338
3/31/2011	123594	Additional aid*	1,040,000	4,486,228
<b>Total</b>			<b>13,908,500</b>	<b>57,316,866</b>

\*At the time of preparing this report none of the agencies involved in budgetary aid discussions could provide any documentary evidence to allow me to further breakdown this sum.

### 3.2.5 Recurrent Expenditure

58. The Appropriations Act 2010, Ordinance #10 of 2010, authorized expenditure amounting to \$98,015,100. Supplementary Appropriations and Requisition for Statutory Payments increased this amount to \$103,481,635. Actual expenditure for the year amounted to \$95,158,240.

59. Major areas of actual Recurrent Expenditure incurred by the various Ministries and Departments for the year under review are highlighted in the chart below. All Departments falling under the purview of the Ministry of Finance are grouped together, while other Departments not specifically listed are grouped under Others.

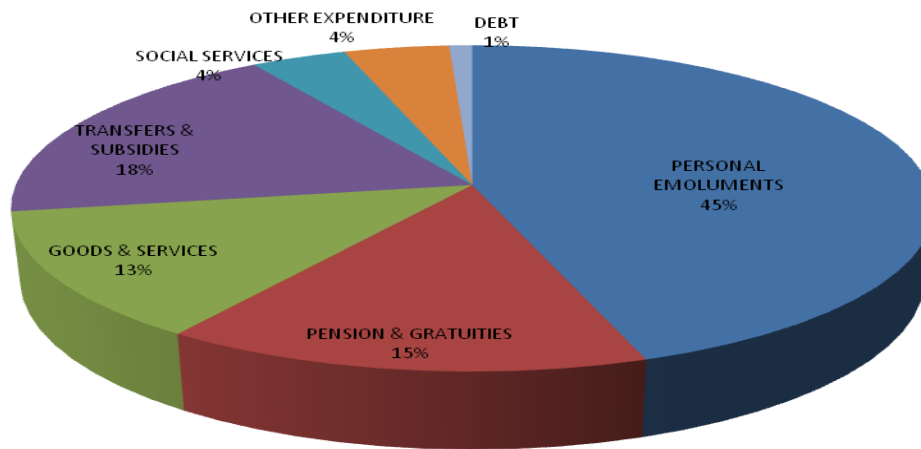


60. Expenditure categories which incurred more than 10% of total amount spent include Personal Emoluments, Pensions and Gratuities, Goods and Services, and Transfers and Subsidies.

61. The graph below highlights expenditure by cost categories and gives relative percentages used per cost category.



**Diagram 7**  
**Recurrent Expenditure 2010/11**  
**(by type)**



### 3.2.6 Expenditure Control

62. **Warrants.** As a means of exerting greater control over expenditure GOM decided to issue monies to Ministries and Departments in tranches. Additionally, it was decided that no funding would be provided for vacancies that had remained unfilled for awhile. Where Accounting Officers wanted to fill the vacancies justification had to be given directly to Cabinet. As a result of the foregoing policies three General Warrants were issued. Two Supplementary Appropriation Acts and a Requisition for Statutory payments were also issued. Seventeen Virement Warrants were also approved to allow ministries and departments to transfer funds from one subhead to another.

63. **Over-expenditure.** We are happy to inform that we have found no over expenditure during this reporting period.

### 3.3 Arrears of Revenue

64. At the end of the fiscal year being reviewed Arrears of Revenue stood at \$24,318,360 and are itemized as follows: -

**TABLE 7**  
**ARREARS OF REVENUE**

Executing Agency	Arrears at 31 March 2010	Arrears at 31 March 2011
Ministry of Agriculture, Lands, Housing & the Environment:	0	
Government Housing Stock	703,763	884,245
Loans to Peasant Farmers	39,387	39,387
Ministry of Communications and Works:	0	0
Revenue Plant & Workshop	5,000	5000
Aircraft Landing Fees	4,574	4574
Inland Revenue:-	0	0
Income Tax	16,138,665	16,351,770
Company Tax	4,381,799	3,368,153
Property Tax	3,165,294	2,893,022
Broadcasting Services (Radio M/rat)	29,947	29947
Customs	13,250	13250
Treasury:	0	0
Trade Licence	48,600	48,600
Emergency Fuel Supply	543,259	543,259
Ministry of Health and Community Service	83,586	121,322
Development Unit	63,831	63,831
<b>Total</b>	<b>25,220,955</b>	<b>24,366,360</b>

65. A number of the arrear lines have not been updated as the relevant agencies have not submitted the arrears list as required by Section 43 of the Finance Regulations 2002.

66. As regards tax arrears, GOM made a policy decision, in 2010, to increase its efforts to reduce the tax arrears. Taxpayers were thus given an opportunity to discuss outstanding amounts and agree that to be paid, both in terms of quantum and timing, with a Territorial Negotiating Officer. At the end of the fiscal year the programme was still ongoing but preliminary review reveals that most of the persons/entities who participated in this exercise were honouring their commitments. Moreover, the full impact of this exercise is still unknown at this time.

### 3.4 Development Fund

#### 3.4.1 Statement of Assets and Liabilities

<b>ASSETS</b>		<b>31 Mar 2010</b>		<b>31 Mar 2010</b>
British Development Aid Claims Outstanding		(4,528,338)		3,275,073
Donor Agencies Expenditure Outstanding		6,456,277		2,460,360
Local Funds				
<b>Total Assets</b>		<b>1,927,939</b>		<b>5,785,433</b>
<b>LIABILITIES</b>				
Deposits within Development Fund		1,773,915		9,698,700
Consolidated Fund Payable		(3,681,978)		(7,799,270)
Local Funds		699,952		699,952
Consolidated Capital Fund	(901,114)		(901,114)	
Add Revenue over Expenditure	4,037,163	3,136,049	4,037,163	3,136,049
<b>Total Liabilities</b>		<b>1,927,939</b>		<b>5,735,433</b>

#### 3.4.2 Capital Expenditure

67. Estimates and recorded results for the Development Fund are summarized in the Table 8 below.

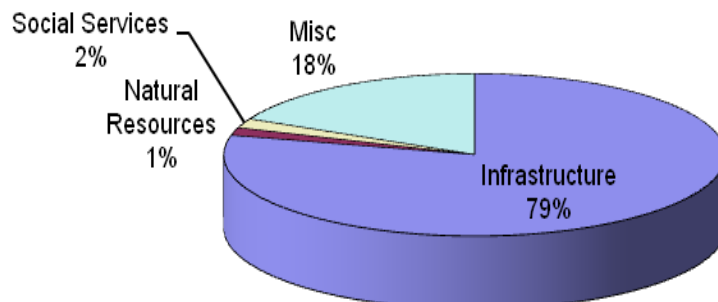
**TABLE 8**  
**Comparison of Development Fund Estimates and Record Results March 2011**

<b>Development Fund Expenditure</b>	<b>Authorized</b>	<b>Actual</b>	<b>Variance</b>
DFID	29,191,120	19,554,429	9,636,691
LOCAL	1,060,933	955,632	105,301
DARWIN	388,245	309,242	79,003
CIDA	16,342	10,913	5,429
UNICEF	17,440	2,212	15,228
PSF	798,700	764,846	33,854
EU	10,987,054	9,528,381	1,458,673
OTEP	85,997	29,566	56,431
CDB	330,200	6,533	323,667
JNCC	42,775	5,628	37,147
<b>TOTAL</b>	<b>42,918,806</b>	<b>31,167,382</b>	<b>11,751,424</b>

68. Authorized capital expenditures totaled \$42,918,806. Actual expenditure for the period amounted to \$31,167,382 being 73% of authorized expenditure for the period.

69. Diagram 8 below presents a pictorial view of how the capital expenditures were incurred during the year being reviewed. The expenditures have been classified by sectors.

**Diagram 8**  
**Actual Capital Expenditure 2010/11**  
**(by Sector)**



### **3.5 DFID funded Capital Expenditure**

70. As requested a further breakdown of moneys utilized on DFID sponsored projects is provided at Appendix 3.

### **3.6 Other Statements**

#### **3.6.1 Statement of Contingent Liabilities**

Date	Debtor	Creditor	Liability
31 March 2011	GSB	SUNDRY	\$33,346,106.29

#### **3.6.2 Statement of Special Funds**

71. This revealed a marginal increase of \$508.

#### **3.6.3 Statement of Public Debt**

72. At the end of the reporting period Total Public Debt stood at EC\$20,359,565. This amount includes payments to Social Security<sup>3</sup> but excludes unpaid contributions to local and regional institutions. Public Debt per capita<sup>4</sup>, an indicator highlighting each person's expected contribution toward repayment of debt, was \$4,134.76 per person<sup>5</sup>.

<sup>3</sup> Interest payments excluded from this amount.

<sup>4</sup> The Montserrat Statistics Department 2011 mid-year population estimate was 4924

<sup>5</sup> Calculation based on total population as working population unknown.

73. External Public Debt was recorded at \$9,748,422.

74. Principal repayments on external debt remained constant at \$501,664 being 1.24% of actual local recurrent revenue for the fiscal year being reviewed. When compared against GDP (in current prices for the year)<sup>6</sup> it amounts to 0.31%.

75. Interest paid on External Debt amounted to \$183,840. This represents 0.45% of total local recurrent revenue generated for the year.

#### **3.6.4 Statement of Loans Outstanding**

76. There has been no movement on these loans.

#### **3.7 Losses/Overpayments**

77. There has been no movement on the outstanding balance on an overpayment of gratuity to a legislator.

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<sup>6</sup> GDP 2011 was measured at \$160.39 M. Source: Montserrat Statistics Unit

## **CHAPTER 4**

### **4.0 OTHER FINANCIAL AUDITS**

#### **4.1 Montserrat Water Authority (MWA)**

78. This entity has now being merged with Monlec Electricity Services Limited to form a new company under the name Montserrat Utilities Limited (MUL). Its operating results will therefore be published as part of the MUL financial report.

79. As regards the financial statements for MWA for the years 2005 – July 2008, I have been informed that these were completed, audited and accepted by the Board.

#### **4.2 Montserrat Land Development Authority (MLDA)**

80. The 2008 - 2010 Financial Statements for MLDA's Corporate accounts were audited and submitted to the Minister of Agriculture, Lands, Housing and the Environment for onward submission to the Legislative Council. We have not however seen any evidence that these accounts were tabled. The 2011 Financial Statements were submitted to our offices and are currently being audited.

81. The 2008 – 2010 Financial Statements for Property Management - Government Housing Stock were submitted to our offices and are currently being audited. We have not however seen any evidence that these accounts were tabled. I have been informed that the 2011 Financial Statements are currently being prepared.

#### **4.3 Montserrat Social Security Fund (MSSF)**

82. The 2010 Financial Statements were tabled in the Legislative Assembly on 22 March 2012. I have also been informed that the 2011 Financial Statements were audited and presented to the Board. Final amendments are being made before submission to Ministry of Finance for onward submission to the Legislative Assembly.

#### **4.4 Montserrat Philatelic Bureau (MPB)**

83. The Financial Statements for years 2009-2011 were submitted to our offices for audit. These accounts were returned to the entity for amendments.

#### **4.5 Montserrat Port Authority (MPA)**

84. The 2010 Financial Statements were tabled in the Legislative Assembly on 31 October 2012. The Accountant has informed that the 2011 account are being audited.

#### **4.6 Montserrat Electricity Services Limited (MONLEC)**

85. As per paragraph 77 this entity was merged with MWA to form the Montserrat Utilities Limited. Its operating results will form part of MUL's report.

86. With respect to the financial statements for the years 2005- July 2008, I was informed that these were audited and accepted by the Board.

#### **4.7 Montserrat Tourist Board (MTB)**

87. The Financial Statements for the period 2008 – 2010 were tabled on 14 November 2011.

#### **4.8 Annual Government Accounts**

88. The 2008 Auditor General's Report and Annual Accounts of the Government of Montserrat was tabled in the Legislative Assembly on 5<sup>th</sup> August 2011. The 2009 Report and Annual Accounts were tabled on 14<sup>th</sup> November 2011.

#### **4.9 Montserrat Civil Service Association (MCSA)**

89. The 2008 - 2010 Accounts were submitted to our offices and are currently being audited.

#### **4.10 Golden Years Foundation for Care of Elderly (GYFCE)**

90. The 2010 Financial Statements were laid before the Legislative Assembly at its sitting of 29 June 2011.

#### **4.11 Montserrat Financial Services Commission (MFSC)**

91. The 2010 Financial Statements were tabled in the Legislative Assembly on 28 September 2011. The Financial Statements for fiscal year 2011 were tabled on 18 December 2012.

#### **4.12 St Augustine Primary School**

92. The 2008-2010 accounts were submitted to our offices and are currently being audited.

#### **4.13 Montserrat Utilities Limited (MUL)**

93. The Financial Manager has informed that the Financial Statements for 1 July – 31 December 2009 have been finalized and are awaiting audit.

#### **4.14 Montserrat Development Corporation (MDC)**

94. I have been informed that the Financial Statements for the years 2010 and 2011 have been audited and accepted by the Board. They are currently awaiting submission for tabling.

#### **4.15 Montserrat Community College (MCC)**

95. The Acting Chairman of the Board informed that a professional accounting firm had been hired and is in the process of preparing the accounts.



## **CHAPTER**

### **5.0 PERFORMANCE/SPECIAL AUDITS**

#### **5.1 Special Audit – Licencing Department**

96. The increasing number of vehicles on Montserrat roads renders the role of the licensing and testing department more critical. The licensing department (LD) is responsible for vehicle and driver licensing, testing and maintaining national databases of all records. This department partners with the Royal Montserrat Police Force (RMPF) on traffic related matters.

97. The purpose of this study was to assess and report on the effectiveness and efficiency of the operations of the Licensing Department and the Royal Montserrat Police Force.

##### **5.1.1 Findings**

98. Our review revealed the following:

- That the procedures for processing driver license and vehicle registration at the Licensing Department were generally effective and efficient in proportion to the current resources.
- However, the department does not have specific mission and goals that feed into the Ministry's overall vision nor does it have a procedures manual in place that highlights the processes of the department.
- The office accommodation and testing facility is inadequate.
- There is a computerized system, but this is inadequate to meet the current needs of the department and the monitoring of the increasing number of vehicles on the island.
- There are no control mechanisms in place that ensures that all registered vehicles are licensed and that determines the road worthiness of vehicles prior to licensing.
- Issuing of temporary licensing by the RMPF is very effective. Additionally, the audit revealed the ineffectiveness of current measures in ensuring that all vehicles using the public roads on Montserrat are licensed and insured.

##### **5.1.2 Recommendations**

99. We recommended that:

- a fully computerized vehicle registration system be implemented to modernize the vehicle system. Additionally, a sound driver license system needs to be established to assist with ensuring that only qualified drivers receive licenses and to have a system that informs staff and the RMPF that drivers license have expired.
- a Licencing Department operational/procedures manual that provides an overview of the various operational processes currently in place within the department be developed.
- proper office and testing accommodation be provided for the LD to fulfill its obligation in delivering quality service to the Montserrat public. This was also highlighted as a major problem in a customer service survey initiated by the auditors.
- there be greater collaboration between the LD and the RMPF to ensure that only qualified drivers are driving and that all vehicles are licensed and insured.

## **CHAPTER 6**

### **6.0 THE OFFICE OF THE AUDITOR GENERAL**

#### **6.1 Legislative mandate**

100. The Audit's mandate detailed in the Audit Act 2001 makes me responsible for the audit of the Public Accounts, accounts of government Ministries/Departments, statutory agencies (except where their legislation provides for appointment of another auditor), and entities who are receiving or seeking grants from the public purse.

#### **6.2 Mission**

101. Our mission is "to promote accountability, transparency and improved stewardship in managing public resources by conducting independent and objective reviews of the accounts and operations of central government and statutory agencies; providing advice; and submitting timely Reports to Accounting Officers and the Legislative Council".

#### **6.3 Auditing Standards**

102. The Caribbean Organisation of Supreme Audit Institutions (CAROSAI) has formally adopted the International Organisation of Supreme Audit Institutions (INTOSAI) standards. Montserrat is a member of CAROSAI and hence follows the INTOSAI standards.

#### **6.4 Reporting Criteria, Process and Practice**

103. The main reporting criteria are the Audit Act and the Finance (Administration) Act. These mandate the Statements in the Public Accounts that are to be audited. We report on these. Additionally, we use our professional judgment to report on issues that should be made known to the Parliament and the public in the interest of accountability or which serve as useful learning points to the public sector. These include

- material non-compliance issues,
- actual or potential loss of public funds,
- significant breaches of or non-application of internal controls,
- whether value-for-money was obtained for monies spent, and
- whether services are being performed economically, efficiently and effectively.

104. A draft report or management letter is prepared which contains the findings arising from the audit and recommendations for improvement. This is discussed with senior management who is then asked to prepare and submit a written management response. Important matters are then selected from the draft report or management letter for inclusion in the Annual Audit Report.

## 6.5 Organisation Review

105. In February 2011, the Government of Montserrat contracted the UK National Audit Office to review whether the Office of the Auditor General current structure and policies are 'fit for purpose' and to make recommendations accordingly.

106. The key findings from this review are summarized and reproduced below:

- Staffing. The OAG has an approved staff complement of 16 staff. Of these, only 6 were permanently employed auditors. The current problems in recruitment and retention of staff need to be addressed urgently if the OAG is to have any chance of fulfilling the expectations of parliamentarians and the requirements of the new Constitution. In this respect, a key consideration is the low level of salaries in comparison with what might be available in the private sector or abroad.
- Audit. The OAG has insufficient staff to conduct all the audits within its mandate. The OAG's current financial audit approach focuses on compliance and a high degree of testing. There is need for the department to adopt a risk assessment approach to its financial, compliance and performance/value for money audits.
- IT. The OAG needs to develop its IT capability. It will have to provide the necessary audit tools to ensure that it can deliver audit work in line with best practice and international standards. The existing IT infrastructure is inadequate and staff need support for the audit of IT systems. There is need for acquisition of up-to-date IT hardware and software and essential training to go along with it.
- Organisation structure. The current organization structure provides only limited flexibility in the way that individual members of staff are used and this restricts their career development. The review supports the proposed revised structure as outlined in the OAG Strategic Plan 2011-14.
- Accommodation. The OAG office accommodation is cramped with existing staffing levels and is subject to noise pollution from the business premises on the ground floor. Better accommodation is planned but unless additional requisite accommodation is found swiftly, the OAG staff will be unable to work efficiently and effectively.

## 6.6 Budget Outturn

107. The statement of operations for the Office of the Auditor General for fiscal years 2011 is detailed below.

<b>EXPENDITURE 2011</b>			
<b>Description</b>	<b>Authorized (EC\$)</b>	<b>Actual (EC\$)</b>	<b>Variance</b>
Personal Emoluments	558,140	556,093	2,047
Goods and Services	144,110	129,893	14,217
Transfers and Subsidies	39,080	3,068	36,012
Other Expenditure	3,070	2,449	621
<b>Total</b>	<b>744,400</b>	<b>691,503</b>	<b>52,897</b>
<b>REVENUE</b>			
Audit Fees	<b>25,000</b>	<b>6,000</b>	<b>19,000</b>

### Expenditure

108. We set a target of utilizing a minimum of 95% of budgeted allocation. This was not achieved in this fiscal year as actual expenditure amounted to 93% of that budgeted. One subhead recorded significant savings of over \$5,000. This was Fees and Rewards.

### Revenue

109. Invoices are raised on the completion of the audit. For some audits, the accounts were returned to the relevant entity for adjustment. These were not completed and re-submitted for auditing by the end of the fiscal year. The late re-submission affected our ability to raise the projected revenue for the year.

## **6.7 Outputs Report**

110. For the financial year ending 31 December 2011, we audited:
- An aggregate of over \$142M in government revenues and expenditures.
  - Twenty-two statements included in the Public Accounts per year. These audits focused on examinations of revenue and expenditure, and verification of assets and liabilities.
  - Ten Ministries and Departments of Central Government with twenty-two accounting units per year.
  - Four other financial statements per year.
  - The pre-audit of pension and gratuity calculations. This activity included the audit of pension and gratuity calculations for mainstream Civil Servants, nurses, teachers, police and members of Parliament.

## **6.8 Staffing**

111. As noted earlier recruiting and retaining staff is proving to be quite challenging. At the end of the year, three (3) vacancies remained. This impacted our ability to complete some audits in a timely manner and hence our ability to meet targeted goals, deadlines, and benchmarks.

## 6.9 Capacity Development Initiatives

112. Being an effective Audit Office requires us to keep abreast of changes in the audit environment and to introduce policies and procedures to them. This requires us to constantly up-date our knowledge and skills through use of internet, attachments, workshops, seminars and on-the-job training activities.

113. We were able to acquire knowledge and skills in specific areas of performance management, risk management and internal audit. This course was facilitated by Public Administration International (PAI), United Kingdom. We were also able to participate in a Riskbased approach to Financial Audit and a Quality Assurance for Financial Audit course. These were facilitated by CAROSAI and sponsored by INTOSAI Development Initiative (IDI).

114. We also participated in several in-service training courses facilitated by the Training Division, now renamed the Learning and Development Unit.

## 6.10 Attendance at Conferences and Workshops

115. The Auditor General attended the V111 Congress of the Caribbean Association of Supreme Audit Institutions (CAROSAI). The Congress was held in Belize during the period 14 – 19 February 2010. The theme of the congress was ***“The Role of SAls in Fiscal Management Strategies of Government in Time of Global Economic Crisis”***. At that Congress I presented a Country Paper on the topic.

116. The Auditor General attended the workshop *“International Public Sector Accounting Standards: Cash Basis”* over the period 24-25 February 2011.

117. The Auditor General attended the 21<sup>st</sup> Commonwealth Auditor General’s Conference held at Windhoek, Namibia during the period 10-13 April, 2011. The theme of the conference was ***“Pioneering Excellence in Public Sector Auditing”***. I was asked to prepare and present a Country Paper on the sub-theme 2 *“Strengthening Financial Management in the Public Sector”*.

118. The Auditor General also attended the workshop *“Building Pyramids in the Valley: A Brainstorming Workshop on Collaborating and Coordinating with the Caribbean Public Sector Internal Audit Profession and CAROSAI Planning Meeting”* in Barbados over the period 18 – 19 April 2011.

## 6.11 Advocacy

119. We continue to provide guidance on public finance management issues raised by our clients.

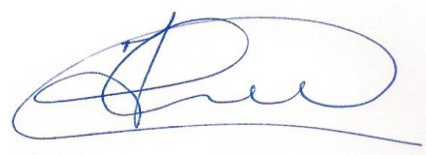
120. We continue to actively participate in meetings for Accountants General/Budget Directors/Auditor Generals for the respective officials within the Eastern Caribbean Currency Union (ECCU). For the period being reviewed we attended semi-annual meetings of the grouping via teleconference.

## ACKNOWLEDGEMENT AND APPRECIATION

Sincere thanks is being expressed to the Treasury Department, all Accounting Officers and the staff of their Ministries/Departments, the staff of Statutory bodies and other organizations, for any assistance given to my staff during the performance of the various audit assignments.

Our knowledge and skills were improved through the guidance of various entities who share our passion for the strengthening of the public sector audit function. We therefore extend our thanks to GOM, its Learning and Development Unit, DFID, the UKNAO, IDI, CAROSAI and its member organizations, Commonwealth Secretariat, Crown Agents and other private sector auditors for their invaluable assistance.

My work could not have been completed without the assistance of staff. Your hard work and dedication to improving your skills was commendable. I therefore wish to express my gratitude to you for your continued support even as we grapple with our uncertainties surrounding the move to the Montserrat National Audit Office.



Brades, Montserrat  
14 March 2013

Florence A Lee, MSc, BSc, CPA  
Auditor General



**GOVERNMENT OF MONTSERRAT  
ANNUAL ACCOUNTS FOR PERIOD 1 JANUARY 2010 – 31 MARCH 2011**

**AUDIT CERTIFICATE**

I have examined the Annual Accounts prepared from the Consolidated Fund of the Government of Montserrat as at 31 March 2010 and 31 March 2011, together with relevant subsidiary Statements, as required by Section 17 of the Public Finance (Management and Accountability) Act 2008.

**RESPONSIBILITIES**

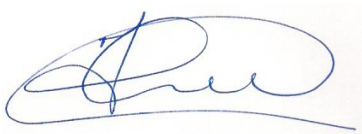
The Accountant General is responsible under Sections 5(1) and 17(1&2) of the Public Finance (Management and Accountability) Act 2008 for the preparation and presentation of the Financial Statements and the information contained therein. My responsibility under Section 8 of the Audit Act 2001 is to express an independent opinion on those statements based on my audit and to report my opinion to you.

**SCOPE**

My audit was conducted in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit also includes examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies.

**OPINION**

Except as otherwise stated in my Report dated 14 March 2013, attached hereto, and subject to the observations and comments contained therein, in my opinion, the Annual Accounts for the period ending 31 March 2010 and Fiscal Year 2010/11 presents fairly the financial operations of the Consolidated Fund of the Government of Montserrat, and the sums expended have been generally applied for the purposes authorized by the Legislative Assembly.

A handwritten signature in blue ink, appearing to read 'F. Lee', is written over a light blue rectangular background.

FLORENCE A LEE, CPA, BSc, MSc  
AUDITOR GENERAL  
OFFICE OF THE AUDITOR GENERAL  
MONTSERRAT, WEST INDIES  
14 March 2013

## **APPENDICES**

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**APPENDIX 1**  
**GOVERNMENT OF MONTSERRAT**  
**CONSOLIDATED REVENUE FUND**  
**Statement Of Assets And Liabilities As At 31 March 2010**  
**(with comparative figures for December 31, 2009)**

		Mar
<b>ASSETS</b>	<b>2009</b>	<b>2010</b>
CASH LOCAL	4,299,396	3,116,788
OPERATING ACCOUNT - ECCB	48,808	50,573
DEVELOPMENT CAPITAL FUND	2,726,583	7,116,683
CROWN AGENTS # 2 ACCOUNT	3,477,245	3473,071
FISCAL RESERVE – A/C # 1 TRANCHE ECCB	5,086,829	5,087,016
FIXED DEPOSIT - BARCLAYS BANK	712,514	712,514
FIXED DEPOSIT – BRITISH AMERICAN	2,856,716	2,856,716
INDUSTRIAL DEPOSIT - BANK OF MONTSERRAT	72,353	72,353
INVESTMENT MONTSERRAT MILLS	60,000	60,000
EQUITY BOM - # 2/SFR-OR-M	2,108,400	2,108,400
INVESTMENT CLICO	435,632	435,632
<b>SUB TOTAL</b>	21,884,476	25,089,746
 <b>ADVANCES</b>		
PERSONAL	738,187	744,674
IMPERSONAL	77,622	77,621
OUTSTANDING IMPREST	423,662	435,978
OTHER GOVERNMENTS & ADMINISTRATIONS	857,186	949,648
CDB STUDENT LOANS	1,003,363	1,003,364
SALARY CLEARING A/C	(766)	(766)
POSTMASTER CLEARANCE	(425,595)	(417,609)
DEVELOPMENT FUND RECEIVABLE	355,185	-3,681,978
<b>SUB TOTAL</b>	3,028,844	-888,068
<b>TOTAL ASSETS</b>	<b>24,913,320</b>	<b>24,201,678</b>

Government of Montserrat Annual Accounts for the period ended March 31, 2010

**GOVERNMENT OF MONTSERRAT**

**CONSOLIDATED REVENUE FUND**

**Statements of Assets and Liabilities as at March 31, 2010**

(with comparative figures for December 31, 2009)

<b>LIABILITIES AND THE CONSOLIDATED FUND</b>		Mar
	<b>2009</b>	<b>2010</b>
MISCELLANEOUS DEPOSITS	6,065,202	5,437,730
INDUSTRIAL INVESTMENTS DEPOSITS	50,543	50,543
SPECIAL FUNDS	<u>564,092</u>	<u>565,488</u>
<b>SUB – TOTAL</b>	<u>6,679,837</u>	<u>6,053,761</u>
 <b>CONSOLIDATED FUND</b>		
<b>BALANCE AT START OF YEAR</b>	16,905,151	18,232,514
REVENUE FOR THE YEAR	101,002,038	20,809,729
EXPENDITURE FOR THE YEAR	<u>98,149,665</u>	<u>20,241,157</u>
SURPLUS	2,852,373	568,572
TRANSFER OF LOCAL COSTS	<u>(1,525,010)</u>	<u>(654,139)</u>
<b>TOTAL CONSOLIDATED FUND</b>	<u><b>18,232,514</b></u>	<u><b>18,147,947</b></u>
SUSPENSE	<u>969</u>	<u>969</u>
<b>TOTALS</b>	<u><b>24,913,320</b></u>	<u><b>24,201,678</b></u>

*Accountant General, Montserrat*

**CONSOLIDATED REVENUE FUND – 2010**  
Annual Abstract of Receipts and Payments

	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL REVENUE</b>	<b>SURPLUS (SHORT FALL)</b>
<b>CONSOLIDATED FUND REVENUE:-</b>				
<b>1A. TAX REVENUE</b>				
Taxes on Income, Profits and Capital Gains	4,278,200	4,278,200	3,755,768	522,432
Taxes on Property	309,500	309,500	147,100	162,400
Taxes on Domestic Goods and Services	317,200	317,200	545,802	-228,602
Licences	1,067,800	1,067,800	1,058,044	9,756
Taxes on International Trade & Transactions	4,145,000	4,145,000	2,892,233	1,252,767
<b>TOTAL TAX REVENUE</b>	<b>10,117,700</b>	<b>10,117,700</b>	<b>8,398,947</b>	<b>1,718,753</b>
<b>1B – NON-TAX REVENUE</b>				
Fee, Fines & Permits	227,300	227,300	402,507	-175,207
Rents, Interest and Dividends	183,800	183,800	183,992	-192
ECCB Profits	62,500	62,500	0	62,500
Reimbursements	11,300	11,300	124,877	-113,577
Budgets and Grants	11,050,100	11,050,100	10,849,000	201,100
Other Revenue	1,054,100	1,054,100	850,405	203,695
<b>TOTAL NON-TAX REVENUE</b>	<b>12,589,100</b>	<b>12,589,100</b>	<b>12,410,781</b>	<b>178,319</b>
<b>TOTAL REVENUE</b>	<b>22,706,800</b>	<b>22,706,800</b>	<b>20,809,728</b>	<b>1,897,072</b>

**Ag Accountant General**  
**MONTSEERRAT**

Government of Montserrat Annual Accounts for the period ended March 31, 2010

**CONSOLIDATED REVENUE FUND – 2010**  
**Annual Abstract of Receipts and Payments**

<b>CONSOLIDATED FUND EXPENDITURE:-</b>	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>(EXCESS) SAVINGS</b>
01 CONSOLIDATED FUND SERV'S	3,090,500	2,929,216	2,928,324	892
05 POLICE & FIRE	1,666,200	1,666,200	1,564,920	101,280
06 EMERGENCY CENTRE	1,271,800	1,271,800	1,231,787	40,013
07 LEGAL	386,100	386,100	278,941	107,153
08 MAGISTRATES COURT	61,100	61,100	38,137	22,963
09 SUPREME COURT	99,100	99,100	95,270	3,830
10 LEGISLATURE	242,100	242,100	200,233	41,867
11 AUDIT	215,300	215,300	157,359	57,941
12 OFFICE OF THE DEPUTY GOVERNOR	1,802,200	1,802,200	1,395,688	406,512
15 OFFICE OF THE CHIEF MINISTER	670,400	670,400	581,547	88,853
16 MYACTS	1,513,200	1,513,200	1,378,310	134,890
20 MINISTRY OF FINANCE	1,101,800	1,101,800	918,192	183,608
21 DEVELOPMENT UNIT	319,400	319,400	250,115	69,285
22 TREASURY	241,100	241,100	227,167	13,933
23 CUSTOMS & EXCISE	281,000	281,000	280,507	493
24 INLAND REVENUE	246,100	246,100	182,785	63,315
25 GENERAL POST OFFICE	106,000	106,000	85,457	20,543
30 MIN. OF AGRI., LANDS, HSG & ENVIR.	1,587,600	1,587,600	1,334,719	252,881
35 MIN. OF COMMS & WORKS	3,194,300	3,194,300	2,848,393	345,907
40 MIN. OF EDUCATION	2,148,800	2,148,800	1,857,014	291,786
45 MIN. OF HEALTH & COMM. SERVIC	2,462,600	2,462,600	2,406,289	56,311
<b>TOTAL</b>	<b>22,706,700</b>	<b>22,545,416</b>	<b>20,241,157</b>	<b>2,304,259</b>

Government of Montserrat Annual Accounts for period ended March 31, 2010

**CONSOLIDATED REVENUE FUND – 2010**  
**ABSTRACT OF EXPENDITURE BY TYPE**

<b>CONSOLIDATED FUND EXPENDITURE:-</b>	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>(EXCESS) SAVINGS</b>
2A Personal Emoluments	11,900,000	11,998,181	10,707,679	1,290,502
2B Pension, Gratuities & Other Benefits	2,563,700	2,617,894	2,602,062	15,832
2C Goods & Services	3,167,500	2,922,352	2,438,162	486,190
2D Transfers & Subsidies	2,819,900	2,948,850	2,698,195	250,655
2E Social Services	937,300	937,300	868,027	69,273
2F Other Expenditure	991,600	1,120,339	928,842	191,497
2G Debt	326,700	500	189	311
<b>TOTAL</b>	<b>22,706,700</b>	<b>22,545,416</b>	<b>20,243,157</b>	<b>2,304,259</b>

Government of Montserrat Annual Accounts for period ended March 31, 2010

**GOVERNMENT OF MONTSERRAT**  
**DEVELOPMENT FUND**  
**STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2010**  
**(with comparative figures for December 31, 2009)**

<b><u>ASSETS</u></b>		<b>2009</b>	<b>2010</b>
BRITISH DEVELOPMENT AID			
CLAIMS OUTSTANDING	(1)	1,082,633	(4,528,338)
DONOR AGENCIES			
EXPENDITURE OUTSTANDING	(2)	5,038,246	6,456,277
LOCAL FUNDS	(4)	(699,952)	
<b>TOTAL ASSETS</b>		<b><u>5,420,927</u></b>	<b><u>1,927,939</u></b>
<b><u>LIABILITIES</u></b>			
DEPOSITS WITHIN THE			
DEVELOPMENT FUND	(3)	1,929,692	1,773,915
CONSOLIDATED FUND PAYABLE		355,185	(3,681,978)
LOCAL FUNDS (40			699,952
CONSOLIDATED CAPITAL FUND	(1,292,391)		(901,114)
ADD: REVENUE OVER			
EXPENDITURE	4,428,440	<u>3,136,049</u>	<u>4,037,163</u>
<b>TOTAL LIABILITIES</b>		<b><u>5,420,927</u></b>	<b><u>1,927,939</u></b>

**NOTES TO THE BALANCE SHEET**

(1) SUM OF THE BALANCES FOR BDD AND WISTS (STMENT 16)

(2) SUM OF ALL DEBIT BALANCES EXCEPT BDD AND WISTS.

(3) SUM OF THE CREDIT BALANCES EXCEPT BDD, WISTS & LOCAL PROJECTS.

(4) SEE DETAILS RE: STATEMENT 16.

***Ag Accountant General***  
***Montserrat***

Government of Montserrat Annual Account for the period ended March 31, 2010



**DEVELOPMENT EXPENDITURE – 2010**  
**Annual Abstract of Receipts and Payments (Cont'd)**

	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>EXCESS (SAVINGS)</b>
35/350 COMMS & WORKS	1,596,000	4,389,244	1,975,746	2,413,478
35/354 COMMS & WORKS - O D'S	600,000	600,000	0	600,000
21/210 ECONOMIC DEV'T	10,403,900	11,248,200	3,119,810	8,128,390
30/300 AGRI. ,HOUSING, LAND & ENVIRONMENT	1,031,200	1,112,200	245,111	867,089
45/450 HEALTH AND COMM.	1,109,200	1,109,200	836,977	272,223
12/120 OFFICE OF THE DEPUTY GOVERNOR	691,000	691,000	194,199	496,801
40/400 EDUCATION	184,000	229,738	131,865	97,874
05/051 POLICE & FIRE	0	0	0	0
<b>TOTALS</b>	<b>15,615,300</b>	<b>19,379,562</b>	<b>6,503,707</b>	<b>12,875,855</b>

*Acting Accountant General*  
**MONTSERRAT**

Government of Montserrat Annual Accounts for the period ended March 31, 2010



**GOVERNMENT OF MONTSERRAT  
CONSOLIDATED REVENUE FUND  
Notes to the Financial Statements  
March 31, 2010**

**THE ACCOUNTING POLICIES**

The accounting policies are based on the Public Finance (Management and Accountability) Act 2008 and comply with generally accepted accounting practices. As outlined in the Act (2008), the two concepts underlying the Government's accounting system are:-

- (i) The concept of the consolidated Revenue Fund which emanates from the requirement that all revenues received, other than those allocated by law, or received for specific purposes, "shall form one Consolidated Revenue Fund."
- (ii) The concept that the balance of the Fund "shall be appropriated by the Legislative Council."

**1. PUBLIC ACCOUNTS**

The Public Accounts of Montserrat consists of the accounts of all officers and authorities of the [Central] Government. The presentation is in two parts:

- a. Consolidated Revenue Fund
- b. Development Fund

This is in accordance with the requirements of the Schedule to Section 41 "Provision for Submission of Accounts" of the Public Finance (Management and Accountability) Act 2008.

**2. BASIC CONCEPTS**

The basic concepts that guide the Government's Accounting System are embodied in the above mentioned Act.

Budgetary transactions enter into the calculation of the annual surplus<sup>7</sup>, and are disclosed on the Statement of Revenue and Expenditure. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations and are disclosed on a net basis in the Statement of Assets and Liabilities.

**3. BASIS OF ACCOUNTING**

---

<sup>7</sup> The constitutional status of Montserrat disallows the Government to report an annual deficit.

The Government of Montserrat uses the strict cash basis of accounting. Revenue is reported in the year in which it is received and expenditure is recorded when it is actually paid. Commitments by Government departments/ministries are not entered into the accounts.

Revenue is reported after the deduction of refunds but excludes amounts receivable, Savings Bank Deposits, other specified purpose accounts, and other liability accounts.

Expenditure consists of all charges to budgetary appropriations that affect the annual surplus of the Government and payments from accounts established for specific purposes. These include charges for work performed, goods received, services rendered during the year and expenditure internal to Government.

Assets are generally defined as the financial claims acquired by the Government of Montserrat from outside organizations and individuals as a result of events and transactions recorded at March 31, 2010. However, as a direct result of the Government's accounting policies outlined above, certain financial claims are not reported on the Statement of Assets and Liabilities, the most important being the accounts receivables.

Physical Assets of the Government are charged to budgetary expenditure at the time of acquisition or construction. Their existence is not acknowledged on the Statement of Assets and Liabilities since a physical asset disclosure is not a requirement of the current Government Accounting practice. Efforts will be made to establish a record of Government Assets for the purpose of information.

Liabilities are generally defined as the financial obligations of the Government of Montserrat to outside organizations and individuals as a result of events, and transactions recorded as at March 31, 2010. Due to current accounting policies, no provision is made in the Accounts for (a) Terminal Benefit Payments and Pension, (b) Doubtful Debts, and (c) Accrued Interests on Government Liabilities.

#### **4. ADVANCES**

##### **a. Personal**

This category consists of advances to government employees who are designated travelling officers for the purchase of motor vehicles and insurance premiums for the vehicle, salary advances, and medical and any other approved advances.

##### **b. Impersonal Advances**

This represents amounts issued to government departments for executing special projects.

**c. Outstanding Imprests**

This category jointly represents cash float issued at the beginning of the year to departments with a revenue collection function, and travel advances to officers proceeding overseas on official business. These advances should be retired at the end of each financial year in accordance with the financial regulations.

**d. Other Governments and Administrations**

These are the net transactions executed on behalf of Caribbean countries and other Organisations. Reimbursement is intended to be made monthly.

**e. CDB Student Loans**

Total amount outstanding regarding the loans issued as per the line of credit received from the Caribbean Development Bank.

**f. Postmaster Clearance**

Total receipts cleared through account held with Crown Agents Financial Services Ltd. for stamps and postal money orders.

**g. Development Fund Receivable**

Gross amount due by Development Aid Agencies for advance payment from the Consolidated Fund to meet the expenditure needs of approved development projects. In the period January to March 2010 the greater percentage of Development Aid transactions processed by the Treasury Department were funded by the Department for International Development.

**h. Transfer to Local Costs**

The Government of Montserrat contributed the amount of ECD 654,139 to local capital projects during the reported period.

**APPENDIX 2**  
**GOVERNMENT OF MONTSERRAT**  
**CONSOLIDATED REVENUE FUND**  
**Statement Of Assets And Liabilities As At 31 March 2011**  
**(with comparative figures for March 31, 2010)**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
CASH LOCAL	6,106,991	3,116,788
OPERATING ACCOUNT - ECCB	50,433	50,573
DEVELOPMENT CAPITAL FUND	12,914,704	7,116,683
CROWN AGENTS # 2 ACCOUNT	3,449,551	3473,071
FISCAL RESERVE – A/C # 1 TRANCHE ECCB	5,086,829	5,087,016
FIXED DEPOSIT - BARCLAYS BANK	712,514	712,514
FIXED DEPOSIT – BRITISH AMERICAN	2,856,716	2,856,716
INDUSTRIAL DEPOSIT - BANK OF MONTSERRAT	72,353	72,353
INVESTMENT MONTSERRAT MILLS	60,000	60,000
EQUITY BOM - # 2/SFR-OR-M	2,108,400	2,108,400
INVESTMENT CLICO	435,632	435,632
<b>SUB TOTAL</b>	<b>33,854,123</b>	<b>25,089,746</b>
<b>ADVANCES</b>		
PERSONAL	625,769	744,674
IMPERSONAL	78,621	78,621
OUTSTANDING IMPREST	304,175	435,978
OTHER GOVERNMENTS & ADMINISTRATIONS	1,175,688	949,648
CDB STUDENT LOANS	1,003,119	1,003,364
SALARY CLEARING A/C	0	-766
POSTMASTER CLEARANCE	-437,583	-417,609
DEVELOPMENT FUND RECEIVABLE	-7,799,270	-3,681,978
<b>SUB TOTAL</b>	<b>-5,049,481</b>	<b>-888,068</b>
<b>TOTAL ASSETS</b>	<b>28,804,641</b>	<b>24,201,678</b>

Government of Montserrat Annual Accounts for the year ended March 31, 2011

**GOVERNMENT OF MONTSERRAT**  
**CONSOLIDATED REVENUE FUND**

**Statements of Assets and Liabilities as at March 31, 2011**  
(with comparative figures for March 31, 2010)

**LIABILITIES AND THE CONSOLIDATED FUND**

	<b>2011</b>	<b>2010</b>
MISCELLANEOUS DEPOSITS	8,069,691	5,437,730
INDUSTRIAL INVESTMENTS DEPOSITS	50,543	50,543
SPECIAL FUNDS	<u>565,996</u>	<u>565,488</u>
<b>SUB – TOTAL</b>	<u>8,686,230</u>	<u>6,053,761</u>

**CONSOLIDATED FUND**

<b>BALANCE AT START OF YEAR</b>	18,146,947	18,232,514
REVENUE FOR THE YEAR	97,816,955	20,809,729
EXPENDITURE FOR THE YEAR	<u>95,158,241</u>	<u>20,241,157</u>
SURPLUS	2,658,714	568,572
TRANSFER OF LOCAL COSTS	<u>-955,632</u>	<u>(654,139)</u>
<b>TOTAL CONSOLIDATED FUND</b>	<u><b>19,850,030</b></u>	<u><b>18,147,947</b></u>
SUSPENSE	<u>268,282</u>	<u>969</u>
<b>TOTALS</b>	<u><b>28,804,641</b></u>	<u><b>24,201,678</b></u>

*Accountant General, Montserrat*

**CONSOLIDATED REVENUE FUND – 2011**  
Annual Abstract of Receipts and Payments

	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL REVENUE</b>	<b>SURPLUS (SHORT FALL)</b>
<b>CONSOLIDATED FUND REVENUE:-</b>				
<b>1A. TAX REVENUE</b>				
Taxes on Income, Profits and Capital Gains	18,061,500	18,061,500	17,360,617	-700,883
Taxes on Property	1,223,600	1,223,600	881,097	-342,503
Taxes on Domestic Goods and Services	1,299,100	1,299,100	1,164,141	-134,959
Licences	2,547,700	2,547,700	1,683,279	-864,421
Taxes on International Trade & Transactions	15,330,000	15,330,000	14,600,650	-729,350
<b>TOTAL TAX REVENUE</b>	<b>38,461,900</b>	<b>38,461,900</b>	<b>35,689,784</b>	<b>-2,772,116</b>
<b>1B – NON-TAX REVENUE</b>				
Fee, Fines & Permits	1,202,500	1,202,500	1,525,981	323,481
Rents, Interest and Dividends	967,500	967,500	398,950	-568,550
ECCB Profits	260,000	260,000	0	-260,000
Reimbursements	45,000	45,000	116,953	71,953
Budgets and Grants	52,920,000	52,920,000	57,316,866	4,396,866
Other Revenue	4,158,200	4,158,200	2,768,421	-1,389,799
<b>TOTAL NON-TAX REVENUE</b>	<b>59,553,200</b>	<b>59,553,200</b>	<b>62,127,171</b>	<b>2,573,951</b>
<b>TOTAL REVENUE</b>	<b>98,015,100</b>	<b>98,015,100</b>	<b>97,816,955</b>	<b>-198,145</b>

**Ag Accountant General**  
**MONTSERRAT**

Government of Montserrat Annual Accounts for the year ended March 31, 2011



**CONSOLIDATED REVENUE FUND – 2011**  
**Annual Abstract of Receipts and Payments**

<b>CONSOLIDATED FUND EXPENDITURE:-</b>	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>(EXCESS) SAVINGS</b>
01 CONSOLIDATED FUND SERV'S	16,662,200	16,634,368	16,633,422	947
05 POLICE & FIRE	6,802,800	6,854,800	6,216,073	638,727
06 EMERGENCY CENTRE	4,859,500	8,927,792	8,433,566	494,226
07 LEGAL	1,425,400	1,425,400	1,127,394	298,006
08 MAGISTRATES COURT	154,800	154,800	123,333	31,467
09 SUPREME COURT	1,132,300	1,157,896	1,141,520	16,376
10 LEGISLATURE	939,600	939,600	826,982	112,618
11 AUDIT	716,200	744,400	691,503	52,897
12 OFFICE OF THE DEPUTY GOVERNOR	7,198,500	6,953,500	6,015,688	937,812
15 OFFICE OF THE CHIEF MINISTER	3,888,300	4,005,579	3,691,229	314,350
16 MYACTS	0	0	0	0
20 MINISTRY OF FINANCE	5,121,400	5,380,800	3,971,518	1,409,282
21 DEVELOPMENT UNIT	1,309,200	1,459,200	1,320,949	138,251
22 TREASURY	943,600	943,600	874,380	69,220
25 GENERAL POST OFFICE	359,400	402,000	376,969	25,031
26 CUSTOMS & REVENUE SERVICE	1,994,200	2,074,100	1,988,106	85,994
30 MIN. OF AGRI., LANDS, HSG & ENVIR.	5,936,800	5,936,800	5,305,870	630,930
35 MIN. OF COMMS & WORKS	13,663,400	14,363,400	12,698,791	1,664,609
40 MIN. OF EDUCATION	8,269,200	8,345,800	7,772,683	573,117
45 MIN. OF HEALTH & COMM. SERVIC	16,638,300	16,777,800	15,948,265	829,535
<b>TOTAL</b>	<b>98,015,100</b>	<b>103,481,635</b>	<b>95,158,241</b>	<b>8,323,395</b>

Government of Montserrat Annual Accounts for year ended March 31, 2011

**CONSOLIDATED REVENUE FUND – 2011**  
**ABSTRACT OF EXPENDITURE BY TYPE**

<b>CONSOLIDATED FUND EXPENDITURE:-</b>	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>(EXCESS) SAVINGS</b>
2A Personal Emoluments	45,728,500	45,209,143	42,495,155	2,713,988
2B Pension, Gratuities & Other Benefits	13,955,000	14,305,481	14,255,321	50,160
2C Goods & Services	13,041,800	14,004,603	12,164,682	1,839,921
2D Transfers & Subsidies	16,006,200	20,008,772	17,664,519	2,344,253
2E Social Services	3,792,000	3,799,280	3,662,333	136,947
2F Other Expenditure	4,184,600	5,425,956	4,038,097	1,387,859
2G Debt	1,307,000	728,400	878,132	-147,732
<b>TOTAL</b>	<b>98,015,100</b>	<b>103,481,635</b>	<b>95,158,240</b>	<b>8,325,395</b>

Government of Montserrat Annual Accounts for period ended March 31, 2011

**GOVERNMENT OF MONTSERRAT**  
**DEVELOPMENT FUND**  
**STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2011**  
**(with comparative figures for March 31, 2010)**

<b><u>ASSETS</u></b>		<b>2011</b>		<b>2010</b>
BRITISH DEVELOPMENT AID				
CLAIMS OUTSTANDING	(1)	3,275,073		(4,528,338)
DONOR AGENCIES				
EXPENDITURE OUTSTANDING	(2)	<u>2,460,360</u>		<u>6,456,277</u>
<b>TOTAL ASSETS</b>		<b><u>5,735,433</u></b>		<b><u>1,927,939</u></b>
 <b><u>LIABILITIES</u></b>				
DEPOSITS WITHIN THE				
DEVELOPMENT FUND	(3)	9,698,700		1,773,915
CONSOLIDATED FUND PAYABLE		(7,799,270)		(3,681,978)
LOCAL FUNDS (40		699,952		699,952
CONSOLIDATED CAPITAL FUND	(981,243)		(901,114)	
ADD: REVENUE OVER				
EXPENDITURE	4,117,292	<u>3,136,049</u>	4,037,163	<u>3,136,049</u>
<b>TOTAL LIABILITIES</b>		<b><u>5,735,433</u></b>		<b><u>1,927,939</u></b>

**NOTES TO THE BALANCE SHEET**

- (1) SUM OF THE BALANCES FOR BDD AND WISTS (STMENT 16)  
(2) SUM OF ALL DEBIT BALANCES EXCEPT BDD AND WISTS.  
(3) SUM OF THE CREDIT BALANCES EXCEPT BDD, WISTS & LOCAL PROJECTS.  
(4) SEE DETAILS RE: STATEMENT 16.

***Ag Accountant General***  
***Montserrat***

Government of Montserrat Annual Account for the period ended March 31, 2011

**DEVELOPMENT EXPENDITURE – 2011**  
**Annual Abstract of Receipts and Payments (Cont'd)**

	<b>ESTIMATE</b>	<b>TOTAL AUTHORISED</b>	<b>ACTUAL EXPENDITURE</b>	<b>EXCESS (SAVINGS)</b>
35/350 COMMS & WORKS	3,350,000	10,955,872	1,975,746	2,413,478
35/354 COMMS & WORKS - O D'S	2,500,000	2,500,000	0	600,000
21/210 ECONOMIC DEV'T	11,081,400	19,417,658	3,119,810	8,128,390
30/300 AGRI. ,HOUSING, LAND & ENVIRONMENT	1,831,900	2,696,717	245,111	867,089
45/450 HEALTH AND COMM.	3,499,500	3,569,639	2,938,416	931,223
12/120 OFFICE OF THE DEPUTY GOVERNOR	2,934,000	2,989,802	2,067,036	922,766
40/400 EDUCATION	225,000	416,256	285,272	130,983
05/051 POLICE & FIRE	0	0	0	0
03/030 - ADMINISTRATION	0	372,862	318,250	54,612
<b>TOTALS</b>	<b>25,421,800</b>	<b>42,918,806</b>	<b>31,167,379</b>	<b>12,051,427</b>

*Acting Accountant General*  
**MONTSERRAT**

Government of Montserrat Annual Accounts for the period ended March 31, 2011

## CASHFLOW STATEMENT 2011

(with comparative figures for 2010)

(with comparative figures for 2010)		
Cash Flows from Operating Activities	2011	2010
Tax Revenues	35,689,784	8,398,948
Non Tax Revenues	5,077,719	1,561,781
Budget and Grants	57,316,866	10,849,000
Recurrent Expenditure	-95,158,241	-20,241,157
Local Project Expenditure	-955,632	-654,139
<i>Net Cash Flows from Operating Activities</i>	<b>1,970,495</b>	<b>-85,567</b>
<b>Cash Flows from Investing Activities</b>		
<i>Net Cash Flows from Investing Activities</i>	<b>0</b>	<b>0</b>
<b>Cash Flows from Financing Activities</b>		
Decrease in Advances	4,161,412	3,916,914
Increase in Deposits	2,632,469	-626,076
<i>Net Cash Flows from Financing</i>	<b>6,793,881</b>	<b>3,290,838</b>
<b>Net Cash Flows</b>	<b>8,764,376</b>	<b>3,205,272</b>
<b>Cash and cash equivalents at start of period</b>	<b>18,844,131</b>	<b>15,638,859</b>
<b>Cash and cash equivalents at end of period</b>	<b>27,608,508</b>	<b>18,844,131</b>
	<i>Acting Accountant General</i>	
	<i>Montserrat</i>	

Government of Montserrat Annual Accounts for year ended 31 March 2011

**GOVERNMENT OF MONTSERRAT  
CONSOLIDATED REVENUE FUND  
Notes to the Financial Statements  
March 31, 2011**

**THE ACCOUNTING POLICIES**

The accounting policies are based on the Public Finance (Management and Accountability) Act 2008 and comply with generally accepted accounting practices. As outlined in the Act (2008), the two concepts underlying the Government's accounting system are:-

- i) The concept of the consolidated Revenue Fund which emanates from the requirement that all revenues received, other than those allocated by law, or received for specific purposes, "shall form one Consolidated Revenue Fund."
- ii) The concept that the balance of the Fund "shall be appropriated by the Legislative Council."

**1. PUBLIC ACCOUNTS**

The Public Accounts of Montserrat consists of the accounts of all officers and authorities of the [Central] Government. The presentation is in two parts:

- 1. Consolidated Revenue Fund
- 2. Development Fund

This is in accordance with the requirements of the Schedule to Section 41 "Provision for Submission of Accounts" of the Public Finance (Management and Accountability) Act 2008.

**2. BASIC CONCEPTS**

The basic concepts that guide the Government's Accounting System are embodied in the above mentioned Act.

Budgetary transactions enter into the calculation of the annual surplus<sup>8</sup>, and are disclosed on the Statement of Revenue and Expenditure. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations and are disclosed on a net basis in the Statement of Assets and Liabilities.

**3. BASIS OF ACCOUNTING**

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<sup>8</sup> The constitutional status of Montserrat disallows the Government to report an annual deficit.

The Government of Montserrat uses the strict cash basis of accounting. Revenue is reported in the year in which it is received and expenditure is recorded when it is actually paid. Commitments by Government departments/ministries are not entered into the accounts.

Revenue is reported after the deduction of refunds but excludes amounts receivable, Savings Bank Deposits, other specified purpose accounts, and other liability accounts.

Expenditure consists of all charges to budgetary appropriations that affect the annual surplus of the Government and payments from accounts established for specific purposes. These include charges for work performed, goods received, services rendered during the year and expenditure internal to Government.

Assets are generally defined as the financial claims acquired by the Government of Montserrat from outside organizations and individuals as a result of events and transactions recorded at March 31, 2011. However, as a direct result of the Government's accounting policies outlined above, certain financial claims are not reported on the Statement of Assets and Liabilities, the most important being the accounts receivables.

Physical Assets of the Government are charged to budgetary expenditure at the time of acquisition or construction. Their existence is not acknowledged on the Statement of Assets and Liabilities since a physical asset disclosure is not a requirement of the current Government Accounting practice. Efforts will be made to establish a record of Government Assets for the purpose of information.

Liabilities are generally defined as the financial obligations of the Government of Montserrat to outside organizations and individuals as a result of events, and transactions recorded as at March 31, 2011. Due to current accounting policies, no provision is made in the Accounts for (a) Terminal Benefit Payments and Pension, (b) Doubtful Debts, and (c) Accrued Interests on Government Liabilities.

#### **4. ADVANCES**

##### **a. Personal**

This category consists of advances to government employees who are designated travelling officers for the purchase of motor vehicles and insurance premiums for the vehicle, salary advances, and medical and any other approved advances.

##### **b. Impersonal Advances**

This represents amounts issued to government departments for executing special projects.

**c. Outstanding Imprests**

This category jointly represents cash float issued at the beginning of the year to departments with a revenue collection function, and travel advances to officers proceeding overseas on official business. These advances should be retired at the end of each financial year in accordance with the financial regulations.

**d. Other Governments and Administrations**

These are the net transactions executed on behalf of Caribbean countries and other Organisations. Reimbursement is intended to be made monthly.

**e. CDB Student Loans**

Total amount outstanding regarding the loans issued as per the line of credit received from the Caribbean Development Bank.

**f. Postmaster Clearance**

Total receipts cleared through account held with Crown Agents Financial Services Ltd. for stamps and postal money orders.

**g. Development Fund Receivable**

Gross amount due by Development Aid Agencies for advance payment from the Consolidated Fund to meet the expenditure needs of approved development projects. In the period April 2010 to March 2011 the greater percentage of Development Aid transactions processed by the Treasury Department were funded by the Department for International Development.

**h. Transfer to Local Costs**

The Government of Montserrat contributed the amount of ECD\$955,632 to local capital projects during the reported period.



## Appendix 3

### DFID PROJECTS IN OPERATION AS AT 31 MARCH 2011

(Funds denominated in EC\$)

Project Name	Project #	Committed Total Project Cost as at 1 April 2010	Commitments during year (2010/11)	Total Committed Project Cost as at 31 March 2011	Cash received as at 1 April 2010	Cash received during year (2010/11)	LifeTime Cash Received!	Cash spent as at 1 April 2010	Cash spent during year (2010/11)	Cash spend over project life time!	Balance carried forward
<b>ADMINISTRATION/ODG</b>											
ACTS (Training)	1211003A			0	0	-1111000	-1111000	0	1054925	1054925	-56075
PSR II*	1210001A	8374500	645000	9019500	-300000	-600000	-900000	194199	828602	1022801	122801
Capacity Development Fund*	1211002A	2800000		2800000	0	-600000	-600000	0	183510	183510	-416490
ACTS - Regional	0304013A			0	-3186466	0	-3186466	3576752	318250	3895002	708536
<b>ECONOMIC DEV'T &amp; TRADE</b>											
Small Capital Projects/ Asset Replacement Scheme*	2109062	1900000		1900000	-1979000		-1979000	833031	786894	1619925	-359075
Gov't accommodation*	2109061A	320000	12262074	12582074	-320000	-1000000	-1320000	174744	2636325	2811069	1491069
Private sector development	2102065A	5453700		5453700	-2738800	0	-2738800	1811802	0	1811802	-926998
Tourism development Project 2	2104067A	5024250	4110800	9135050	-8100000		-8100000	3786000		3786000	-4314000
Tourism development Project 3**	2109069A			0	0	0	0	2934000	500000	3434000	3434000
MDC	2106073A	6883000	1776600	8659600	-4062968	-200000	-4262968	3119009	1077600	4196609	-66359
Development Economist*	2106072A	681500		681500	-729000		-729000	688425		688425	-40575
Asset Replacement Scheme	2107084			0	-5290922		-5290922	6954808	104560	7059368	1768446

Support for Economic Development Planning*	2109095A	460000		460000	-377000		-377000	459142	11018	470160	93160
<b>AGRICULTURE</b>											
Lookout 2:Service Lots/Development of Service Lots - Lookout	3001041A	1719000		1719000	0		0	35022	0	35022	35022
Technical Assistance Housing	3006050A	235600		235600	-100000		-100000	66409	40223	106632	6632
Housing Incentive Scheme*	3009059A	680000		680000	-535000	0	-535000	240000	120000	360000	-175000
Physical Development Plan Update	3010061A	615432		615432	0	-632828	-632828	0	583190	583190	-49638
<b>MCW</b>											
Little Bay Infrastructure Phase 1	3500013A / 3502024A		800000	800000	- 10234300	0	-10234300	12218779	107826	12326605	2092305
Restructuring PWD workshop*	3508072A	236250	6436600	6672850	-236250	-2000000	-2236250	207593	1882677	2090270	-145980
Support for Public Works Strategic Development	3510076A		1764000	1764000	0	-100000	-100000	0	134423	134423	34423
Integration of Renewables into Small	3510077A		200000	200000	0	-207190	-207190	0	22834	22834	-184356
Access Transport Coordinator	3509073A	1079800	260000	1339800	-100000	-200000	-300000	80694	357393	438087	138087
Road Refurbishment Project – A01 Salem to St John's	3509074A	52500	14667600	14720100	-127500	-1500000	-1627500	10500	1652004	1662504	35004
Little Bay Interim Works	3510075A	3000000	800000	3800000	-3000000	-800000	-3800000	1038677	3773101	4811778	1011778
Geothermal exploration		4200000		4200000	-1000000	0	-1000000	426753	168511	595264	-404736
Education Change Manager	4008031A	1132403	0	1132403	-525075	0	-525075	889231	216436	1105667	580592
Education Infrastructure	4008032A	272654	6895000	7167654	-76654	-1300000	-1376654	115223	55711	170934	-1205720

HEALTH											
Health Development Plan	4504040A			0	-1400000	0	-1400000	1117214	574961	1692175	292175
Housing for the Mentally Challenged	4502036A/ 4502036B/ 4502036C	10267520	1060000	11327520	-7177400	-1500000	-8677400	7501200	2363384	9864584	1187184

NB:

Information mainly provided for projects in the Estimates for fiscal year 2010/11

\* No supporting documents seen to independently determined Committed Total Project Cost as at 1 April 2010. Figures obtained from MOF with a conversion rate of EC\$4. being used.

! Cash received and cash spent figures extracted from the Annual Public Accounts

## APPENDIX 2

**NO. 07 OF 2001**

**AUDIT ACT 2001**

**MONTSERRAT**

(Preamble and Enactment Omitted)

Short title and  
commencement

1. This Act may be cited as the Audit Act 2001, and shall come into force on such day as the Governor-in-Council may by Order appoint.

### **PART I**

#### **PRELIMINARY**

Interpretation

2. In this Act unless the context otherwise requires:-

"Auditor General" means the Auditor General of Montserrat appointed under section 3;

"Accountable Officer" means any officer, including an Accounting Officer, concerned in or responsible for the collection, receipt, custody, issue of payment of public moneys, stores, stamps, investments, securities or negotiable instruments whether the same are the property of the Government or on deposit with or entrusted to the Government or to any public officer in his official capacity either alone or jointly with any other public officer or any other person;

"Accountant General" means the Accountant General of Montserrat;

"Accounting Officer" means any public officer appointed under the provisions of this Act and charged with the duty of accounting for any service in respect of which moneys have been appropriated;

"Appropriation Act" means any Act to apply a sum out of Consolidated Fund to the service of a financial year, and includes a Supplementary Appropriation Act;

"Consolidated Fund" means the Consolidated Fund of Montserrat established by section 7 of The Finance (Administration) Act, 2001;

"Development Programme Account" means the development programme account referred to in section 15 of the Finance (Administration) Act, 2001;

"Financial Secretary" means the officer directly responsible to the Minister for the management of the Department of Finance;

"Financial Year" means the twelve months ending on the thirty-first day of December in any year;

"Government Company" for the purpose of this Act includes -

- (a) Companies under the control and supervision of Government;
- (b) Companies in which Government holds stock, shares or bonds; or
- (c) Companies or institutions in which Government has a financial interest.

"Legislative Council" means the Legislative Council of Montserrat;

"Minister" means the member of Executive Council to whom has been assigned for the time being responsibility for matters relating to finance;

"Officer" means an employee of the Government including a public officer and a police officer;

"Public Accounts Committee" means the Standing Committee for the examination of the Public Accounts of Montserrat appointed by the Speaker of the Legislative Council in accordance with Legislative Council Standing Order No. 65;

"Public Body" for the purposes of this Act includes the Government, Government Ministries, Departments, Offices and Units;

"Public Moneys" includes -

- (a) all revenues or other moneys raised or received for the purpose of the Government; and
- (b) any other moneys or funds held, whether temporarily or otherwise, by any public officer in his official capacity, either alone or jointly with any other person,

whether a public officer or not;

(c) any other public property which come within the scope of this Act and those of Public Bodies, Statutory Bodies and Government Companies;

"Public Stores" means all chattels of whatsoever nature the property of, or in possession of, or under the control of the Government;

"Public Service" means the service of the Crown in a civil capacity in respect of Government;

"Receiver of Revenue" means the Accountant General or any officer designated by him for the purpose of receiving moneys, securities or other financial instruments collected by collectors of revenue;

"Speaker" means the Speaker of the Legislative Council and includes the Deputy Speaker;

"Statutory Body" for the purposes of this Act means any Corporation, Company, Board, Commission, Authority or other Body established by or under an Act to provide goods and services to the public; and which meets one or more of the following criteria -

- (a) all or part of its appropriations for operating purposes are provided from public funds; or
- (b) its operations may under the Act establishing the same, or under any Act relating thereto, impose or create a liability upon such public funds;

"Supplementary Appropriation Act" means any Act the purpose of which is the appropriation of moneys in supplementation of the appropriation already made by an Appropriation Act.

## **PART II**

### **THE AUDITOR GENERAL**

Appointment of Auditor General

3. The Governor in his discretion with the prior approval of a Secretary of State shall appoint in writing an officer, to be styled the Auditor General, who shall not be capable while holding the office of Auditor General, of holding any other office of profit under the Crown.

Tenure of  
office

4. (1) The Auditor General shall be deemed to be an officer in the Public Service of the Crown and, save as is otherwise provided in section 5 and section 6 (1), the provisions of the law and regulations in force relating to the Public Service shall apply to him:

Provided that the terms and conditions of office applicable to the Auditor General upon his appointment shall not be made less favourable to him during the currency of his appointment.

(2) The Auditor General shall hold office during good behaviour, and may be removed only by the Governor with the prior approval of a Secretary of State; and in any such case a full statement of the circumstances shall at the first opportunity be made to the Legislative Council.

Vacancy in  
office of  
Auditor General

5. In the event of the office of Auditor General becoming vacant the Governor in his discretion, after consultation with the Public Service Commission, may appoint in writing a public officer to act as Auditor General pending the appointment of an Auditor General in accordance with the provisions of section 3.

Acting Auditor General

6. (1) If, in the opinion of the Governor, the Auditor General is likely to be unable to exercise his powers or perform the duties of his office during any period by reason of absence or inability to act from illness or any other cause, the Governor in his discretion, after consultation with the Public Service Commission, may appoint in writing a public officer to act as Auditor General during such period.

(2) Every person appointed to act as Auditor General pursuant to the provisions of section 5 or subsection (1) of this section shall have and may exercise all the powers and authority and shall perform all the duties by this Act conferred and imposed upon the Auditor General.

(3) Notwithstanding the provisions of section 4 (1), every public officer appointed to act as Auditor General under the provisions of section 5 or of subsection (1) of this section shall, for the period for which such public officer acts as Auditor General, be paid an allowance at an annual rate equal to the difference between the annual salary of his substantive appointment in the Public Service and the annual salary granted to the Auditor General under section 7.

Salary and

7. (1) The annual salary and allowances of the Auditor

Allowance of  
Auditor General

General shall be at a rate not less than the average rate paid to Departmental Permanent Secretaries.

(2) The Legislative Council may by Resolution increase the salary payable under this section, and the person holding the office of Auditor General at the date on which such Resolution is passed shall as from the date or such other date as may be specified in the Resolution be entitled to the salary at the increased rate as if it had been duly granted to him under this section.

(3) The salary and allowances payable to the Auditor General by virtue of this section shall be charged on and issued out of the Consolidated Fund.

### **PART III**

#### **DUTIES AND POWERS OF AUDITOR GENERAL**

Duties of  
Auditor General

8. (1) The Auditor General shall inquire into, audit and report in an impartial manner on the accounts of Public Bodies, Statutory Bodies and Government Companies, and in his audit shall make such examination as he may deem necessary to satisfy himself whether -

- (a) accounts have been faithfully and properly maintained in accordance with generally accepted accounting standards, and that all reasonable precautions have been taken to safeguard the collection and custody of public moneys, and that these have been fully accounted for or paid, where so required by law, into the Consolidated Fund;
- (b) moneys which have been appropriated and disbursed have been applied to the purposes for which they were appropriated, and that expenditure has been made only as authorised;
- (c) moneys other than those which have been appropriated have been dealt with in accordance with proper authority;
- (d) all reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of cash, stamps, securities and public stores, and that the regulations, directions and instructions relating thereto have been duly observed;



- (e) sufficient relevant and reliable audit evidence is obtained to support the issue of a professional audit opinion on the financial statements of the organisations subject to audit;
- (f) expenditure is achieving value for money;
- (g) adequate regulations, directions or instructions exist for the guidance of Accounting Officers and Accountable Officers, and are complied with;
- (h) proper returns have been submitted by Accounting Officers in accordance with the Finance (Administration) Act 2001;
- (i) the accounts are in agreement with the books of accounts and returns.

(2) In the conduct of his duties the Auditor General shall comply with professional Auditing Standards to deliver a high quality audit service operating to best current practice.

Advisory Role  
to Public  
Accounts Committee

9. (1) The Auditor General shall act in an advisory capacity to the Public Accounts Committee in the execution of its duties and powers provided for in section 4 of Order No. 65 of the Standing Order of Montserrat Legislative Council (SRO 6 of 1972).

(2) In accordance with the provision of subsection (1) , the Auditor General shall -

- (a) advice the Chairman of the Public Accounts Committee on the matters selected for examination, and if requested to do so, explain the accounting principles involved to the whole Committee;
- (b) brief the Chairman of the Public Accounts Committee, and if requested, the whole Committee, on the items appearing in the Statements of Expenditure in Excess; and
- (c) brief the Committee on the Treasury minute and on progress made in implementing the Committee's previous recommendations.

(3) In performance of his advisory functions the Auditor General shall not be subject to any directions or instructions given by the Committee.

Access to  
information

10. (1) In the exercise of duties imposed upon him by this Act the Auditor General may upon request -

- (a) have access to all records, registers, books, documents, data, vouchers, cash, stamps, securities, stores or other Government property of any kind whatsoever in the possession of any public officer.
- (b) call upon any officer for any explanations and information which he may require in order to enable him to discharge his duties;
- (c) without the payment of any fee cause search to be made in and extracts taken from any public office;
- (d) authorize any person publicly carrying on the profession of accountant, auditor, or public officer, including members of his staff, to conduct on his behalf any inquiry, examination or audit, including surprise checks of cash and stores, and such person or officer shall report thereon to the Auditor General.

(2) If in the opinion of the Auditor General, a public officer, in response to a request made under subsection (1) denies access or fails to provide any or sufficient information or explanations, he may so advise the Government who shall thereupon direct the officer of the body or company to furnish the Auditor General with such information and explanations, and to give him access to those accounting records and documents which are in the opinion of the Auditor General, necessary for him to fulfill his duties and responsibilities.

Auditor General not to  
be required to  
undertake pre-  
audit or any duties  
incompatible with his  
office

11. (1) The Auditor General shall not be required to undertake any examination of accounts partaking of the nature of a pre-audit which involves the acceptance by him of responsibility which would preclude him from full criticism of any accounting transaction after each transaction has been duly recorded.

(2) The Auditor General shall not be required to undertake any duties outside those pertaining to his office if in his opinion such duties are incompatible with the responsibilities and

duties of that office.

Requests by  
Government

12. The Auditor General may, if in his opinion such an assignment does not interfere with his primary responsibilities, whenever the Government so request, inquire into and report on any matter relating to the financial affairs of Montserrat or to public property, or to inquire into and report on any organisation that has received aid from the Government of Montserrat, or, in respect of which, aid from the Government of Montserrat is sought.

Advisory powers

13. The Auditor General may, if requested to do so by any entity whose accounts he audits render to that entity any technical advice or assistance that he is competent to render by virtue of his professional qualifications and experience.

Notification of  
irregularities to  
Financial Secretary and  
Attorney General

14. If at any time it appears to the Auditor General that substantial irregularities have occurred in the receipt, custody, issue or expenditure of public moneys or in the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property, or in the accounting for the same, he shall immediately bring the matter to the notice of the Financial Secretary.

Auditor Officers not to  
be appointed to Boards

15. Neither the Auditor General nor any member of his staff may be appointed as Chairman or member of any Board of Survey, Tenders Board or Board of Enquiry, and he shall not be required to take part in any actual or apparent investigation into suspected losses, fraud or irregularities. However, subject to the provisions of section 11(2), he or any member of his staff may provide technical advice and services if requested to do so.

Legal advice

16. In the exercise of his duties imposed upon him in this Act the Auditor General may lay before the Attorney General a case in writing as to any question regarding the interpretation of any Act or regulation concerning the powers of the Auditor General or the discharge of his duties, and the Attorney General shall give a written opinion upon the interpretation required.

Powers of Auditor  
General not subject to  
direction

17. In the exercise of his powers of audit of and reporting on accounts the Auditor General shall not be subject to the direction or control of any person or authority.

Staff resources

18 (1) The staff required to assist the Auditor General in the performance of his duties shall be composed of such qualified

officers as the Governor may from time to time appoint.

(2) Anything which, under the authority of this Act, is directed to be done by the Auditor General, other than the certifying of and reporting on accounts, may be done by any officer of his staff so authorised by him.

Use of  
professional services

19. The Auditor General may within the total budget approved for his office in the annual Appropriation Act, contract for professional services at such remuneration and on such terms and conditions as approved by the Minister for Finance.

Accommodation to be  
made  
available for  
outside audits

20. If in order to carry out his duties more effectively, the Auditor General considers it necessary or desirable to station any person employed in or by his office in the premises occupied by any Government Ministry, Department, Office, or Unit, Public Body, Statutory Body, Government Company, or other organisation established by law for public purposes, the auditee shall make every effort to provide the necessary office accommodation for any person so stationed.

Sanctions for  
improper  
disclosure

21. Disciplinary action, as provided for in section 106 of General Orders and, in serious cases, legal action, may be instituted against the Auditor General or, any Auditor in his department, or any person engaged by him in accordance with the provisions of section 10 (1)(d), for improperly disclosing information obtained during the course of an audit.

Other Auditor

22. (1) Notwithstanding section 8 (1), the Auditor General is not required to audit the books and accounts of a Statutory Body or Government Company for which another Auditor is appointed in accordance with the provisions of its constituting Act or of the Act that governs its operations, and may, in order to fulfill his auditing responsibilities, rely on the report of the duly appointed Auditor of the Statutory Body or Government Company.

(2) The Auditor of the books and accounts of a Statutory Body or Government Company, must provide to the Auditor General, a copy of -

(a) the annual financial statements;

(b) his report on these statements; and

(c) any other report he makes to the Board of

Directors, the executive or the management of the Statutory Body or Government Company, as the case may be, on his findings and recommendations.

(3) The Auditor mentioned in subsections (1) and (2) shall make available on request to the Auditor General, the working papers, and other documents and reports in respect of his audit as well as any other information and explanation which the Auditor General may require in respect of that audit and its results.

(4) When the Auditor General is of the opinion that the information, explanation, documents and reports provided by the Auditor mentioned in subsections (1) and (2) are insufficient or that additional audit work should be carried out, he may conduct or cause to be conducted such additional audit or investigation as he considers necessary of the books, accounts and operations of the Statutory Body or Government Company.

Funding of the Audit Office

23. (1) The Auditor General shall annually prepare an estimate of the sums that will be required to be provided by the Legislative Council for the payment of the salaries, allowances and expenses of his office during the next ensuing fiscal year.

(2) The Auditor General shall apprise the Governor in writing in the event that the amounts provided in the Annual Estimates to be submitted by the Ministry of Finance to the Legislative Council are, in his opinion, inadequate to enable him to fulfill the duties and responsibilities of his office.

Audit of office of Auditor General

24. The Auditor General shall prepare accounts in respect of work of his office during each financial year, and those accounts shall be audited by such Auditor appointed by the Minister of Finance after consultation with the Public Accounts Committee.

#### **PART IV**

#### **THE AUDIT AND EXAMINATION OF PUBLIC ACCOUNTS**

Annual Accounts

25. Within a period of six months (or such longer period as the Legislative Council may by Resolution appoint) after the end of each financial year there shall be transmitted to the Auditor General by the Accountant General accounts showing fully the financial position of Montserrat at the end of the year, which shall include the statements listed in section 17 (2), and section 18 of the Finance (Administration) Act 2001. Any delay in submitting these statements to the Auditor General must be authorised by a Resolution of the

Legislative Council.

Report on Annual  
Accounts and Special  
Reports

26 (1) On receipt of the accounts prescribed by section 25 the Auditor General shall cause them to be examined and audited and shall, within a period of nine months (or such longer period as the Legislative Council by Resolution may appoint) after the end of the financial year to which the accounts relate, certify each account, and shall within the aforesaid period prepare, sign and transmit to the Minister a report on the examination and audit of all such accounts, together with copies of the accounts, certified as aforesaid. In this certification of the accounts the Auditor General shall express his opinion as to whether they present fairly, information, in accordance with accounting policies of the Government together with any reservation he may have.

(2) The Auditor General may at any time if it appears to him desirable transmit to the Minister a special report on any matter incidental to his powers and duties under this Act.

Minister to lay  
documents  
transmitted to him by  
Auditor General

27. (1) The Minister shall cause a copy of every document transmitted to him under the provisions of section 26 to be laid before the Legislative Council at its next meeting following the date on which such documents were received by him.

(2) If the Minister fails to lay any document before the Legislative Council as required by subsection (1) the Auditor General shall forthwith transmit a copy thereof to the Speaker to be by him presented to the Legislative Council.

Documents laid in  
accordance with  
section 27 to be dealt

28. Every document laid before the Legislative Council in accordance with the provisions of section 27 shall be dealt with in the manner prescribed by Legislative Council Standing Orders.

**PART V**  
**EXAMINATION AND AUDIT OF THE ACCOUNTS OF**  
**STATUTORY CORPORATIONS, BOARDS, COMMISSIONS AND**  
**BODIES.**

Examination and audit  
of accounts of  
Statutory Corporations  
and similar bodies

29. As provided for in section 8 (1), but subject to the provisions of section 26 (1), the accounts of any Statutory Corporation, Board, Commission or Body shall be examined and audited by the Auditor General.

Duties and  
powers

30. In relation to such Statutory Corporation, Board, Body or Commission and its members, officers and employees, the same or

similar duties powers and discretion as are conferred upon the Auditor General in regard to the audit of Government accounts apply.

Preparation of report

31. Subject to the provisions of the provisions of section 25, the Auditor General shall prepare a report on the examination and audit of the quasi-Government accounts for which he is appointed Auditor, and shall transmit such report to the Minister under whose portfolio a particular entity lies for presentation to the Legislative Council.

Minister to obtain observations on report of Auditor General

32. (1) On receipt of any account and the report by the Auditor General, the Minister shall obtain the observations of the Statutory corporation, Board, Body or Commission concerned on any matter to which attention has been drawn by the Auditor General in such report, and such observations shall be presented to the Legislative Council with the said report.

(2) If the Minister fails within a reasonable time to present such account and report to the Legislative Council, the Auditor General shall transmit a copy of the account and report to the Speaker to be by him presented to the Legislative Council.

Audit Fees to be charged

33. Any Statutory Corporation and any Board, Body or Commission the accounts of which are audited by the Auditor General under the provisions of section 31 shall in respect of such audit pay such fee as may be determined by the Auditor General. Any such fee shall be paid into the Government Treasury as public money:

Provided that the Financial Secretary may, in any case in which it shall appear to him to be in the public interest that some lesser fee shall be paid, instruct the Auditor General to levy such lesser fee.

SPEAKER

Passed the Legislative Council this 12<sup>th</sup> day of October, 2001.

CLERK OF COUNCILS

**APPENDIX 3**  
**OFFICE OF THE AUDITOR GENERAL**  
**ORGANISATION CHART**

