

**OFFICE OF THE AUDITOR GENERAL
COMMONWEALTH OF THE BAHAMAS**



**AUDIT REPORT ON *THE ACCOUNTS OF*
THE POST OFFICE
SAN SALVADOR & RUM CAY**

FOR THE PERIOD
1 JANUARY 2020 – 30 OCTOBER 2021

Reference No.**OAG/C.9/1/046**.....



OFFICE OF THE AUDITOR-GENERAL
P. O. Box N-3027
Nassau, The Bahamas

Postmaster General
Post Office Department
Nassau, Bahamas

27th September, 2022

**AUDIT EXAMINATION OF THE ACCOUNTS OF THE
POST OFFICE – SAN SALVADOR & RUM CAY
FOR THE PERIOD JANUARY 1ST, 2020 TO OCTOBER 30TH, 2021**

We have conducted an audit of the subject accounts for the period January 1st, 2020 to October 30th, 2021.

The purpose of the audit was to determine whether the accounting functions were being performed in accordance with the Financial Administration and Audit Act 2010, and the Financial Regulations 1975, also, to assess the internal control system and to determine whether the accounting records are being maintained in accordance with good accounting practices.

Our audit was carried out on a sample basis. Our audit findings along with the recommendations are set out in the attached report. These audit points arose from our normal audit procedures, designed primarily for the purpose of forming an opinion on the accounts of the Government/Corporation. Consequently, our work did not involve a detailed review of all aspects of the system and cannot be regarded as a comprehensive statement of all weaknesses that exist, or all potential improvements.

Sincerely,

A handwritten signature in blue ink, appearing to read "Terrance Bastian", written over a horizontal line.

Terrance Bastian (Mr.)
Auditor General

CB/tw
Attch.

cc. Financial Secretary, Ministry of Finance
Accountant General, Public Treasury Department

**AUDIT EXAMINATION OF THE ACCOUNTS OF THE
POST OFFICE – SAN SALVADOR & RUM CAY
FOR THE PERIOD JANUARY 1ST, 2020 TO OCTOBER 30TH, 2021**

INTRODUCTION

The Post Office derives its authority from the Post Office Act. Responsibility for the management of the San Salvador and Rum Cay Post offices rests with a District Postmaster stationed in San Salvador, Cockburn Town. Additionally, a temporary worker is tasked with the daily running of the Sub-Station in Rum Cay.

The primary function of the Post Office Department is the conveyance and transfer of mail, which includes letters, and parcels sent, collected or delivered both nationally and internationally, the sale of stamps, commission from postal and money orders, private box rentals and postage meters.

OBJECTIVES

Our primary audit objectives were to determine whether:

- a) The correct fees were collected and properly accounted for in a timely manner;
- b) The accounting functions were performed in compliance with the Financial Administration and Audit Act, 2010, The Financial Regulation, 1975; The Post Office Act, Chapter 300, and all other related directives;
- c) Generally Accepted Accounting Principles were being practiced in the maintenance of the accounting records;
- d) Obtain reasonable assurance on the effectiveness of internal controls ensuring the accuracy and validity of values presented on monthly remittance forms.

SCOPE

Our audit included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as considered necessary:

- 1) Review of Bank of the Bahamas (BOB) bank statements;

- 2) Review of both Telegraph Money Order (TMO) and Domestic Money Order (DMO) day sheets for both Rum Cay & San Salvador;
- 3) Review of BOB Deposits Slips;
- 4) Review of San Salvador and Rum Cay Monthly Remittance Forms and;
- 5) An analysis between balances on BOB bank statements and Deposit Slips with purpose of highlighting unexplained variances.

METHODOLOGY

The audit was conducted by observation and examination of the accounting records.

FINDINGS AND RECOMMENDATIONS

Our audit points arose from our normal audit procedures, designed to form an opinion on the postal accounts. We have detailed our main audit points and related recommendations below:

1.0 *Variance In Bank Deposits and Bank Statements*

- 1.1 An examination of the monthly BOB deposits and the total remittance balances for both San Salvador and Rum Cay for the period January 1st, 2020 through to October 30th, 2021; revealed a difference of **\$101,944.65 BSD** as at October 31st, 2021.

Implication

Substantial long term loss of funds and potential for misappropriation due to ineffective internal controls.

- 1.2 **It is recommended that the amount of \$101,944.65 be investigated and the internal controls relating to deposit of funds be strengthened.**

- ***Bank Reconciliations should be performed to address variances.***

2.0 Unofficial Remittance Forms

- 2.1 We requested records of monthly remittances for both San Salvador and Rum Cay Post Offices and received unofficial forms for thirteen (13) of the twenty-two (22) months examined, which represents a percentage total of 60% of the records.
- 2.2 The unofficial forms were mainly used in the Rum Cay District, we observed at times that documents were incomplete without stamp, date and adequate information i.e. check numbers and amounts were missing, as seen in the photos below:

POST OFFICE DEPARTMENT
BI-MONTHLY REMITTANCE FROM
DISTRICT Rum Cay

PERIOD: January 2020 ACCOUNT NO: 1

CASH RECEIVED	\$	C
Telegraph Money Orders	9062	00
Domestic Money Orders		
United States Money Orders		
Post Office Savings Bank Deposits	1880	00
Private Post Office Box Rental Fees		
Commission	272	70
Stamp Tax		
Overseas Facsimile Services	40	00
Bulk Mail		
TOTAL RECEIPTS	11,254	70

CASH PAID	\$	C
Telegraph Money Orders	460	00
Domestic Money Orders		
United States Money Orders		
Canadian Money Orders		
British Post Orders		
Bahamas Postal (USA) Money Orders Repaid		
Bahamas Domestic Money Orders Repaid		
Bahamas Telegraph Money Orders Repaid		
Post Office Savings Bank Withdrawal		
TOTAL PAYMENTS	460	00

TOTAL AMOUNT REMITTED \$ 10,794 70

CHECK NO. 00000348
PREPARED BY: R. [Signature]
CHECKED BY: [Signature]

BROUGHT TO ACCOUNT
SAVINGS BANK
OCT 13 2021
POSTAL POST OFFICE

Post Office Remittance
Rum Cay January 2021

Receipts

Sale of Telegraph N.O.	7,697.68
Commission	231.60
Fax	37.00
Deposits	210.00
Total	8,276.28

Payments

Payment Telegraph N.O.	1,257.00
Withdrawal POSB	00.00
Total	1,257.00

Balance remitted 7,019.28

Check # 00000370

Brought to Account
Oct 13 2021

Implication

Potential for misappropriation of funds and collusion.

- 2.3 It is recommended that all remittances be recorded on official forms.

- Remittances should be documented on authorized standardized forms to show their legitimacy.

3.0 [Delay in Stamp Date on Remittance Forms](#)

3.1 A review of the remittances revealed on average, delays of 12-15 months between the dates of the remittances to when the forms were stamp. Some examples are as follows:

[San Salvador](#)

#	Date Per Remittance Form	Stamp Date	Time Delay Month(s)
1	Jan. 2020	Dec.2021	24 Mos.
2	Feb.2020	Dec.2021	23 Mos.
3	Mar. 2020	Dec.2021	22 Mos.
4	Apr. 2020	Dec.2021	21 Mos.
5	July 2020	Dec.2021	20 Mos.
6	Aug. 2020	Dec.2021	17 Mos.
7	Sep. 2020	Dec.2021	16 Mos.
8	Oct. 2020	Dec.2021	14 Mos.
9	Nov. 2020	Dec.2021	13 Mos.
10	Jan. 2021	Jan. 2022	13 Mos.
11	Feb.2021	Jan. 2022	23 Mos.
12	Mar. 2021	Jan. 2022	10 Mos.
13	Apr. 2021	Jan. 2022	9 Mos.
14	May 2021	Jan. 2022	8 Mos.
15	Jun. 2021	Jan. 2022	7 Mos.
16	Aug. 2021	Jan. 2022	5 Mos.
17	Sep. 2021	Jan. 2022	4 Mos.
18	Oct. 2021	Jan. 2022	3 Mos.

[Rum Cay](#)

#	Date Per Remittance Form	Stamp Date	Time Delay Month(s)
1	Jan. 2020	Jan. 2022	25 Mos.
2	Feb. 2020	Jan. 2022	24 Mos.
3	Mar. 2020	Jan. 2022	23 Mos.
4	Apr. 2020	Jan. 2022	22 Mos.
5	May 2020	Jan. 2022	21 Mos.
6	Jun. 2020	Jan. 2022	20 Mos.
7	Jul. 2020	Jan. 2022	19 Mos.
8	Aug. 2020	Jan. 2022	18 Mos.
9	Sep. 2020	Jan. 2022	17 Mos.
10	Feb. 2021	Nov. 2021	9 Mos.
11	Mar. 2021	Feb. 2022	10 Mos.
12	Apr. 2021	Feb. 2022	10 Mos.

#	Date Per Remittance Form	Stamp Date	Time Delay Month(s)
13	May 2021	Feb. 2022	9 Mos.
14	Jun. 2021	Feb. 2022	7 Mos.
15	Aug. 2021	Feb. 2022	6 Mos.
16	Sep. 2021	Feb. 2022	5 Mos.
17	Oct. 2021	Feb. 2022	4 Mos.

3.2 We strongly suggest, that as remittance values may be altered, that the stamps approval date should be closer to the date of the original remittance documentation, in order to limit the opportunity for potential misappropriation and collusion.

Implication

Opportunity for malfeasance.

3.3 It is recommended that remittance forms be stamped in a timely manner.

4.0 Check Numbers Not Verifiable

4.1 Remittances forms for both San Salvador and Rum Cay Post Offices were examined; however, it was noted that check numbers related to the remittances were missing on the unofficial forms. Some examples are as follows:

#	Location	Remittance Date
1	Rum Cay	May. 2021
2	Rum Cay	Jun. 2021
3	Rum Cay	Jul. 2021
4	Rum Cay	Aug. 2021
5	Rum Cay	Sep. 2021
6	Rum Cay	Oct. 2021
7	San Salvador	May. 2020
8	San Salvador	Jun. 2020
9	San Salvador	Jan. 2021
10	San Salvador	Feb. 2021
11	San Salvador	Mar. 2021
12	San Salvador	Apr. 2021
13	San Salvador	May. 2021
14	San Salvador	Jun. 2021
15	San Salvador	Jul. 2021

#	Location	Remittance Date
16	San Salvador	Aug. 2021
17	San Salvador	Sep. 2021
18	San Salvador	Oct. 2021

Implication

Opportunity for malfeasance.

4.2 It is recommended that the post office utilized authorized remittance forms.

5.0 Missing DMO Day Sheets

5.1 DMO day sheets for May 2020 and November 2020 for the San Salvador District were not examined; due to the documents not being received. Further, DMO money order books for the corresponding months totaled \$800.00 that could not be verified.

Implication

Lack of audit trail; opportunity for misappropriation.

5.2 It is recommended that the post office safely maintain both physical and electronic copies, where possible, of all transactional data and keep that data in a readily available storage space for future audits.

6.0 Saving Bank Accounts and Missing TMO Documents

6.1 Saving bank accounts for the months of November and December 2021 for both San Salvador and Rum Cay were not examined due to the accounts not being completed.

6.2 Further, a number of TMO documents were not obtained by the office and as a result, the necessary audit procedures could not be performed to test the values of the related transactions and we noted the following TMO Receipt Books missing:

San Salvador

#	Receipt Book Number (Series)
1	349901 - 349950
2	349751 - 349800
3	349801 - 349950
4	349851 - 349900

Rum Cay

#	Receipt Book Number (Series)
1	178451- 178500
2	183201- 183250

Implication

Legitimacy of Remittance Forms unknown.

- 6.3 It is recommended that TMO books be stored based on sequence, so as to facilitate the maintenance of a complete audit trail and promote financial transparency.

APPENDIX 1

Date	Difference: Total Remittance vs Bank Statement \$
20-Jan	687.87
20-Feb	-11,986.77
20-Mar	-12,437.43
20-Apr	-3,287.79
20-May	10,453.05
20-Jun	1,425.41
20-Jul	6,791.80
20-Aug	-9,360.31
20-Sep	7,473.92
20-Oct	4,479.42
20-Nov	6,045.94
20-Dec	2,800.65
21-Jan	14,420.35
21-Feb	-5,168.90
21-Mar	18,070.64
21-Apr	7,806.05
21-May	11,419.91
21-Jun	11,590.89
21-Jul	11,337.64
21-Aug	21,008.28
21-Sep	13,645.44
21-Oct	-5,271.41
Total	\$ 101,944.65