



THE OFFICE OF THE AUDITOR GENERAL
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OAG/T.3/2015/072

Reference No.....

June 8, 2018

The Honourable Mr. D. Halson Moultrie, M.P.,
Speaker of the House of Assembly
House of Assembly
Nassau, Bahamas

Dear Sir:

In accordance with Article 136(4) of The Constitution of The Commonwealth of The Bahamas, I have the honour to submit my report on the audit of the accounts of The Government of The Bahamas for the year ended June 30, 2015.

Sincerely,

Terrance S. Bastian (Mr.)
Auditor General

TSB/slt-h

MEMORANDUM

MINISTRY OF FINANCE

Tel: (242)702-1530(7)

Fax: (242) 327-6297 (Financial Secretary)
(242) 327-1620 (Registry)

**To: Auditor General
Office of the Auditor General
Norfolk House
Frederick Street
Nassau, Bahamas**

Your reference:

Our reference: FIN.1606.21

Date: 13 November, 2017

RE: BAHAMAS GOVERNMENT'S FINANCIAL STATEMENTS 2014/2015

In accordance with the Financial Administration and Audit Act 2010, please find attached, the financial statements of the Government of The Commonwealth of The Bahamas for the year ended 30 June, 2015 along with Treasury Provisional Accounts Details by Line Item.



Catherine Gibson
(for) FINANCIAL SECRETARY

Attachment

ACKNOWLEDGEMENT AND APPRECIATION

Special thanks are extended to staff members of the Office of the Auditor General (OAG) for their dedication to duty and loyalty during the year. As a result of their efforts and commitment, the Auditor General was able to fulfill his statutory obligation.

Sincere thanks and appreciation is also extended to all persons in the various Ministries and Departments for their co-operation and courtesies extended to the Auditor General and staff.

Appreciation also goes to The Caribbean Organization of Supreme Audit Institutions (CAROSAI), the INTOSAI Development Initiative (IDI) and The Bahamas Public Service Training Centre for their respective assistance in the further training of our staff.

AUDITOR GENERAL'S CONCERN

1. The following issues remained a concern to the Office of the Auditor General.

Staffing

2. The Office of the Auditor General continues to operate with minimal staff. However, the Government of The Bahamas with the assistance of Ministry of Finance has allowed the OAG to hire ten (10) staff on contract.
3. We are expecting to continue the process of hiring by way of contracts in order to up-grade the quality of staff.

Access to Audit Information

4. A matter of concern exists in regards to obtaining access to audit information/documentations within some government departments /ministries. Some Public Officials appeared unaware of the provision of the Financial Administration and Audit Act, which entitles the Office of the Auditor General (OAG) to have access to all books, records, returns and reports related to Government accounts. As a result, the work of the OAG was impeded in some cases due to the lack of co-operation by Officials of various Ministries and Departments.

Public Accountability

5. Some public officers are not being held accountable for their actions, which results in loss or wastage of government funds.
6. The belief of public accountability is generally construed as the obligation to answer for the discharge of responsibilities entrusted to government officials/workers. When accountability is present, an organization operates more efficiently, effectively and

economically. In addition, the environment is more conducive to positive growth.

Implementing an Integrated Financial Management Information System (IFMIS)

7. A fully functioning Integrated Financial Management Information System (IFMIS) can improve governance by providing real-time financial information that financial and other managers can use to administer programs effectively, formulate budgets, and manage resources. A sound IFMIS can help the government gain effective control over its finances and also enhance transparency and accountability, reducing political discretion and acting as a deterrent to corruption and fraud.
8. Implementing a successful IFMIS is paved with difficulties, such as resistance from the bureaucracies involved; and lack of decision-making from the top level civil servants.

Understanding IFMIS

9. A financial management information system, or integrated financial management information system (IFMIS), is an information system that tracks financial events and summarizes financial information. In its basic form, an IFMIS is little more than an accounting system configured to operate according to the needs and specifications of the environment in which it is installed.
10. Generally, the term "IFMIS" refers to the use of information and communications technology in financial operations to support management and budget decisions, fiduciary responsibilities, and the preparation of financial reports and statements. In the government realm, IFMIS refers more specifically to the computerization of public financial management (PFM) processes, from budget preparation and execution to accounting and reporting, with the help of an integrated system for financial management of line ministries, spending agencies and other public sector operations.

What It Does

11. An IFMIS stores, organizes and makes access to financial information easy. It not only stores all the financial information relating to current and past years' spending, but also stores the approved budgets for these years, details on inflows and outflows of funds, as well as complete inventories of financial asset (e.g., equipment, land and buildings) and liabilities (debt).
12. A more comprehensive, well integrated system will:
 - Provide timely, accurate, and consistent data for management and budget decision-making;
 - Support government-wide as well as agency-level policy decisions;
 - Integrate budget and budget execution data, allowing greater financial control and reducing opportunities for discretion in the use of public funds;
 - Provide information for budget planning, analysis and government-wide reporting
 - Facilitate financial statement preparation; and
 - Provide a complete audit trail to facilitate audits.
13. By recording information into an integrated system that uses common values, IFMIS users can access the system and extract the specific information they require to carry out different functions and tasks. All manner of reports can be generated; balance sheets, sources and uses of funds, cost reports, returns on investment, aging of receivables and payables, cash flow projections, budget variances, and performance reports of all types. Some systems have libraries consisting of hundreds of standard reports. Managers can use this information for a variety of purposes: to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivable;

monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary

Independence

14. The Office of the Auditor General continues to work towards fulfilling the mandate on independence as set out by the UN General Assembly Resolution.
15. On 22nd December, 2011 the 66th United Nations General Assembly adopted the Resolution A/66/209 “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions”.
16. The UN General Assembly Resolution is the crowning conclusion of the common efforts of all SAIs (Supreme Audit Institutions) to strengthen their independence and for recognition of the Lima and Mexico Declarations. This success was only possible, because all members of the **INTOSAI** (International Organization of Supreme Audit Institutions) community established the necessary conditions in their fields of competence and have thereby given content and credibility to the INTOSAI motto “Experientia Mutua Omnibus Prodest” (Mutual experience benefits all).
17. The UN General Assembly represents a milestone in the nearly 60-year history of INTOSAI. Therein, the General Assembly for the first time expressly recognizes the following:
 - SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence; and
 - The important role of SAIs in promoting the efficiency, accountability, effectiveness and transparency of public administration, which is conducive to the achievement of national development objectives and priorities as well as the internationally agreed development goals, including the Millennium Development Goals.

18. The UN Member States also take note with appreciation of the following:

- The work of INTOSAI in promoting greater efficiency, accountability, effectiveness, transparency and efficient and effective receipt and use of public resources for the benefit of citizens; and
- The Mexico and Lima Declarations.

19. The UN General Assembly encourages Member States to:

- Apply, consistent with their national institutional structures, the principles set out in those Declarations;

And also encourages:

- Member States and relevant United Nations institutions to continue and to intensify their cooperation with INTOSAI, including in capacity-building, in order to promote good governance by ensuring efficiency, accountability, effectiveness and transparency through strengthened supreme audit institutions.

20. The United Nations (UN) in its latest resolution (no. 69 of 2014) called the member states to strengthen the Supreme Audit Institutions and maintain their complete independence. In that way the UN aims to promote efficiency, accountability, effectiveness and transparency in the public administration.

21. The UN emphasized that actions taken by the Supreme Audit Institutions may be objective and bring effects only when they are independent of audited entities and when they are free from external influences. The SAIs independence is one of fundamental principles underpinning democracies. Any action against that principle destabilizes the democratic system where public authorities should be subject to independent audit.

REPORT OF THE AUDITOR GENERAL

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CONSTITUTIONAL PROVISIONS

SECTION ONE

Establishment of Office:

1.01 Article 136(1) of The Constitution states:

“There shall be an Auditor General whose office shall be a public office.”

Mandate:

1.02 Article 136(3) of The Constitution provides:

“The accounts of the Supreme Court, the Senate, the House of Assembly, all departments and offices of the Government (but excluding the Department of the Auditor General), the Public Service Commission, the Judicial and Legal Service Commission, the Police Service Commission and all Magistrates’ courts shall, at least once in every year, be audited and reported on by the Auditor General who, with his subordinate staff, shall at all times be entitled to have access to all books, records, returns and reports relating to such accounts.”

Reporting:

1.03 Article 136(4) of The Constitution states:

“The Auditor General shall submit his reports under paragraph (3) of this Article without undue delay to the Speaker (or, if the office of Speaker is vacant or the Speaker is for any reason unable to perform the functions of his office, to the Deputy Speaker) who shall cause them to be laid before the House of Assembly without undue delay.”

Independence:

1.04 Article 136(5) of The Constitution provides:

“In the exercise of his functions under the provisions of paragraphs (3) and (4) of this Article, the Auditor General shall not be subject to the direction or control of any other person or authority.”

AUDIT APPROACH
&
SIGNIFICANT ACCOUNTING POLICIES

SECTION TWO

Audit Approach

- 2.01 In order to express a professional opinion on the financial statements of the Government of the Commonwealth of The Bahamas, audits are carried out in accordance with Generally Accepted Auditing Standards and International Standards of Auditing and each audit is designed to provide assurance as to the propriety of the Government's financial transactions and the accuracy of its accounting records.
- 2.02 The audit of all Ministries and Departments includes a general review of the accounting procedures and systems of internal control, together with such tests of the records and supporting documents as are considered necessary. Compliance with statutes, regulations, directives and administrative requirements is also tested.

Summary of Significant Accounting Policies

- 2.03 Financial statements are prepared on the modified cash basis of accounting.
- 2.04 The modified cash basis of accounting combines elements of the two major accounting methods, the cash method and the accrual method. The cash method recognizes income when it is received and expenses when they are paid for, whereas the accrual method recognizes income when it is earned and expenses when they are incurred.
- 2.05 The recording of government transactions fall into three main categories – Recurrent Revenue, Recurrent Expenditure and Capital Expenditure.
- 2.06 Liabilities are recognized in the form of Advances, Treasury Bills and proceeds from Loans and are recorded at the face value of the debt instrument issued. Discounts, commission and other related expenses are treated as period costs. The

general resources of the Consolidated Fund are used for the retirement of debt with only two Sinking Funds (Harcourt Malcolm Loan and the \$50m Stock Issue 1997 – 2005) being maintained.

- 2.07 Contingent liabilities of the Government consist of guarantees by the Government in respect of loans raised from private sources by Government-owned Corporations.
- 2.08 A non-contributory pension plan covering all public officers is provided by the Government in accordance with the Pension Act and its amendments.

ADMINISTRATION & PERSONNEL

SECTION THREE

ADMINISTRATION & PERSONNEL

3.01 The fiscal year 2014/2015 heralded the ninetieth (90th) year of the existence and operation of the Office of the Auditor General in executing its mandate as stipulated in Article 136 of the Constitution of The Bahamas.

Contractual Appointment

3.02 Ms. Regina Cox
Assistant Auditor
Abaco

Hired on contract with effect
from 22 September, 2014

Ms. Elvernia Russell
Assistant Auditor
Abaco

Hired on contract with effect
from 22 September, 2014

Ms. Ferlicia Fritz
Assistant Auditor
Freeport

Hired on contract with effect
from 22 September, 2014

Ms. Jedalia Astwood
Work-Study Auditor
Freeport

Hired on contract with effect
from 22 September, 2014

Ms. Alleria Rolle
Assistant Auditor
Freeport

Hired on contract with effect
from 22 September, 2014

Mr. Steve Stubbs
Work-Study Auditor
Freeport

Hired on contract with effect
from 22 September, 2014

Mr. Travelle Taylor
Work-Study Auditor
Freeport

Hired on contract with effect
from 22 September, 2014

Ms. Aloniqua Russell
Assistant Auditor
Freeport

Hired on contract with effect
from 9 October, 2014

Ms. Shantell Lewis
Assistant Auditor
Freeport

Hired on contract with effect
from 9 October, 2014

Ms. Lournette Hanna
Receptionist/Clerk
Nassau

Hired on contract with effect
from 9 February, 2015

Ms. Carolyn Walkins
Receptionist
Freeport

Hired on contract with effect
from 23 February, 2015

Mr. Emikel Tooté
Assistant Auditor
Nassau

Hired on contract with effect
from 23 March, 2015

Ms. Davina Armbrister
Assistant Auditor
Nassau

Hired on contract with effect
from 16 March, 2015

Ms. Nina Knowles
Senior Auditor
Nassau

Hired on contract with effect
from 23 March, 2015

Ms. Alphanette Grant
Senior Auditor
Nassau

Hired on contract with effect
from 20 April, 2015

Ms. Vanessa Clarke
Information Systems Auditor
Nassau

Hired on contract with effect
from 8 May, 2015

Acting Appointment

3.03 Ms. Carolyn Patton
Sr. Deputy Auditor General

Acted as Auditor General for the
period 4 – 8 November, 2014

Mrs. Portia Barnett
Deputy Auditor General

Acted as Auditor General for the
period 25 October – 1 November,
2014

Ms. Carolyn Patton
Sr. Deputy Auditor General

Acted as Auditor General for the
period 22 May – 7 June, 2015

Mrs. Portia Barnett
Sr. Deputy Auditor General

Acted as Auditor General for the
period 10 – 14 June, 2015

Unpaid Leave

3.04 John Pinder
Accounting &
Audit Officer

On unpaid leave with effect from
October 2008. He assumes
responsibility as President of The
Bahamas Public Service Union.

Transfers

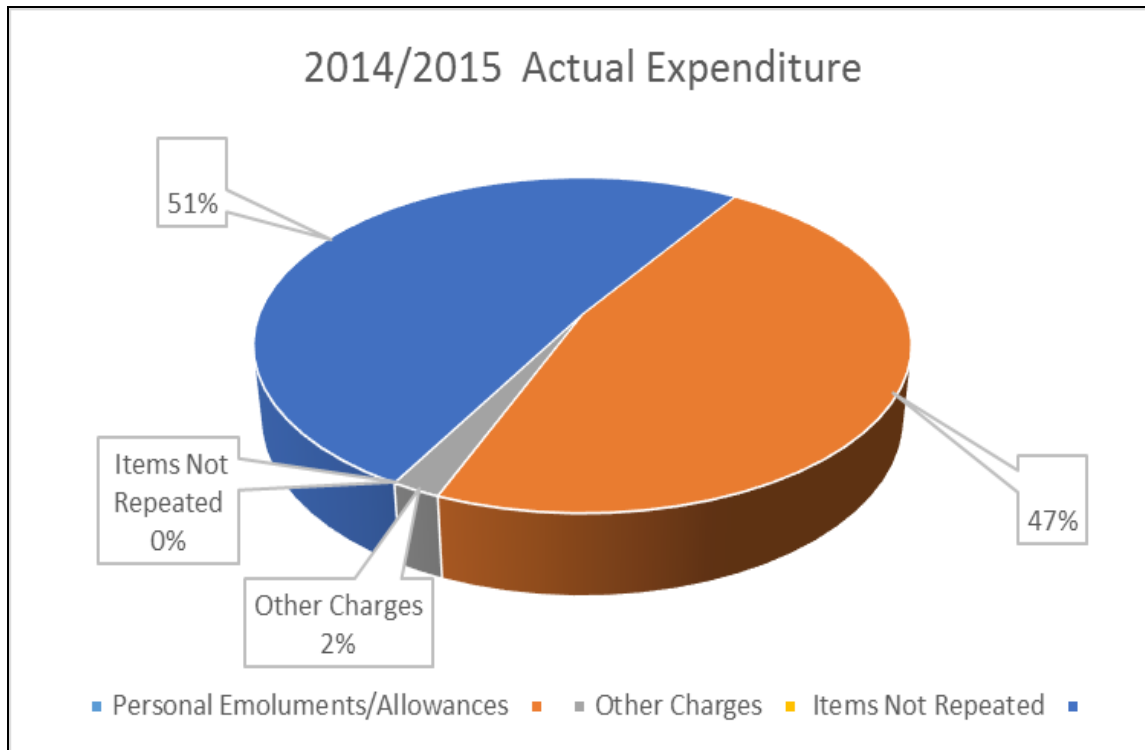
3.05	Linda Thompson	Transferred from Department of Health to the Office of the Auditor General with effect from 11 th September, 2014.
3.06	Local Training Administered	
	<u>To Staff During the Year</u>	<u>Training Body/Trainer</u>
	Introductory Certificate In Public Procurement	Inter-American Development Bank
	Interactive Data Extraction Analytics (IDEA)	KPMG South Africa and Office of the Auditor General
	Advanced Interactive Data Extraction Analysis (IDEA) Concepts and Techniques	SYMPTAI and Office of the Auditor General
3.07	Foreign Training Administered <u>To Staff During the Year</u>	<u>Training Body/Trainer</u>
	SICA Auditing System	Inter-American Development Bank & Comptroller General Of Republic of Chile Santiago, Chile
3.08	<u>International Meetings</u>	
	66 th INTOSAI Governing Board Meeting	International Organization of Supreme Audit Institutions Vienna, Austria
	11 th Meeting of CARICOM	Caribbean Community Secretariat Guyana

3.09 The Office of the Auditor General's staff composition as at June 30, 2015 is as follows:

Post	No of Staff	Authorized	Vacancy
Administration			
Auditor General	1	1	0
Sr. Deputy Auditor General	1	2	1
Deputy Auditor General	1	3	2
Assistant Auditor General	2	3	1
Audit			
Accounting & Audit Officer II	1	1	0
Accounting & Audit Officer III	10	12	2
Accounting & Audit Officer IV	7	9	2
Assistant Accounting & Audit Officer	7	9	2
Trainee Accounting & Audit Officer	2	6	4
Chief Audit Clerk	0	4	4
Senior Audit Clerk	1	1	0
Chief Clerk	1	1	0
Support Staff			
Office Manager I	1	1	0
Senior Executive Officer	1	0	-1
Janitress	1	1	0
Contract Workers			
Senior Auditor	2	2	0
Assistant Auditor	8	8	0
Information Systems Auditor	1	1	0
Work Study Auditor	3	3	0
Receptionist / Clerk	2	2	0
Total	53	70	17

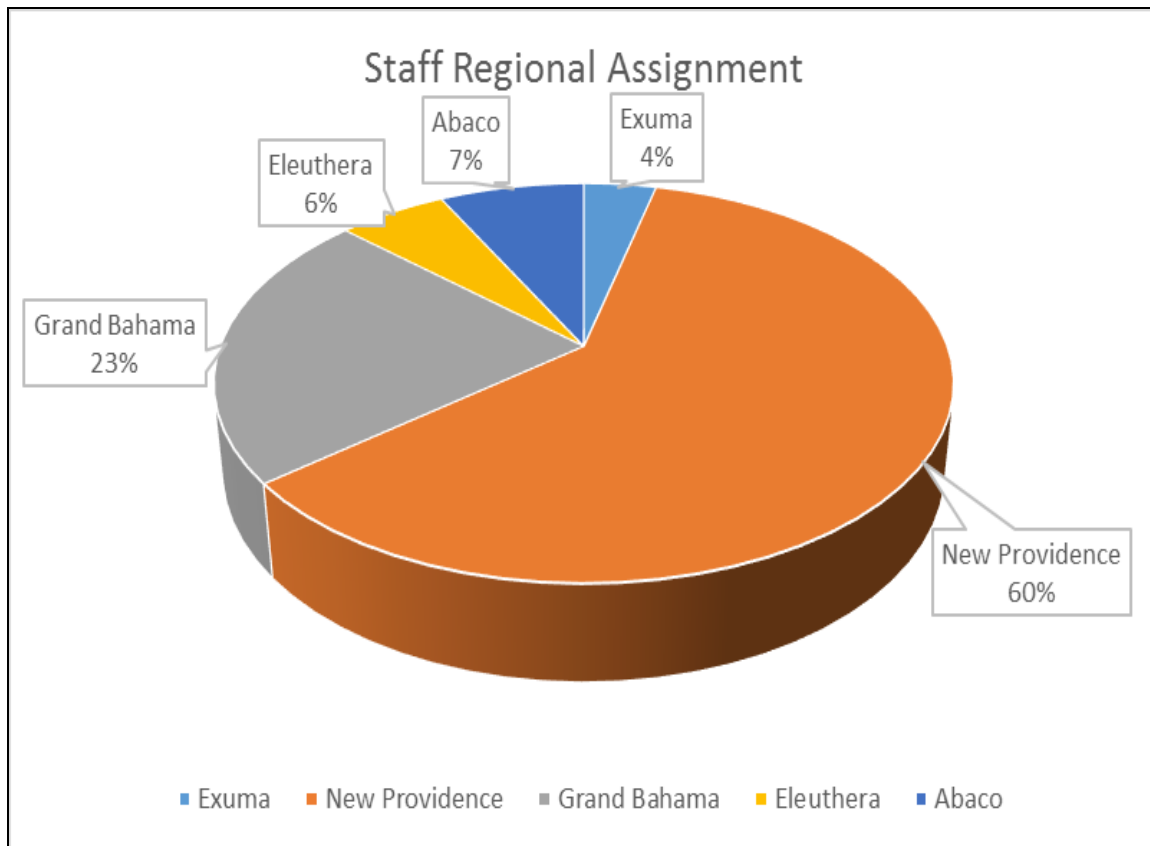
3.10 Total expenditure for the fiscal year ended June 30, 2015 compared with expenditure for 2013/2014 is as follows:

Item Description	2014/2015	2014/2015	2013/2014
	Estimated Expenditure	Actual Expenditure	Actual Expenditure
Personal Emoluments/ Allowances	\$ 1,884,864.00	\$ 1,803,253.00	\$ 1,465,884.00
Other Charges	\$ 320,295 .00	\$ 79,344.00	\$ 196,581.00
Items Not Repeated	\$ 0.00	\$ 81,995.00	\$ 2,263.00
Total	\$ 2,205,159.00	\$ 1,964,591.00	\$ 1,664,728.00



3.11 At the end of the fiscal year, the compliment of staff members were as follows:

	No.	%
Exuma	2	4
New Providence	32	60
Grand Bahama	12	23
Eleuthera	3	6
Abaco	4	7
TOTAL	53	100



FOREIGN AUDITS

SECTION FOUR

Bahamas High Commission - London

- 4.01 The Ministry of Foreign Affairs (MFA) is the agency that represents The Bahamas Government in all matters of international relations and diplomacy with other countries, international agencies and its citizens abroad. Additionally, this Ministry provides consular services to foreign nationals seeking entry into The Bahamas through the issuance of visa along with other notarial services.
- 4.02 In carrying out this mandate, the Government has established Embassies and Missions in strategic geographical locations that are pivotal in promoting multilateral and bilateral negotiations with partners.
- 4.03 The High Commission (HC) is located in the Mayfair District in London, England at No. 10 Chesterfield Street. Adjacent to the Chancery, is the official residence, housed in No. 11 Chesterfield Street. Both properties are owned by the Government of The Bahamas.
- 4.04 The audit of The Bahamas High Commission, London was conducted during the week of May 25, 2015 covering the period July 2012 to May 2015. The previous audit was done in October 2012 and covered the period July 2010 to June 2012.
- 4.05 His Excellency Mr. Eldred Bethel was appointed High Commissioner on 5th September, 2012. The Head of Chancery is Mr. Michael Guy, Second Secretary/Vice Consul. The staff complement at the time of our audit was twenty persons inclusive of part-time staff.
- 4.06 Revenues are collected from three main sources namely visas, passports and legalization of documents. The records show that revenue collected respectively for the fiscal periods 2012/2013, 2013/2014 and 2014/2015 (May) amounted to \$78,085.20 as detailed Table I: (Revenue Sources Analysis).

TABLE I : REVENUE SOURCES ANALYSIS				
Visas	13,130.00	21,515.00	25,985.00	60,630.00
Passports	2,650.00	2,735.00	2,945.00	8,330.00
Legalization	2,234.40	3,403.60	3,487.20	9,125.20
TOTAL	18,014.40	27,653.60	32,417.20	78,085.20

4.07 The High Commission operates four main bank accounts. Three accounts are segregated into a current, deposit and a business premium component. The current elements are capped at £10,000.00 for the sterling accounts and US\$10,000.00 for the dollar account.

Revenue Remittance

4.08 The Mission advised that revenue was not sent due to the new procedures and requirements introduced by Barclays Bank for international drafts. They further advised that they are now compliant with these requirements and revenues return would be forwarded to the Ministry (MFA) in due course.

4.09 **We recommended that revenues be remitted on a timely basis and not be allowed to accumulate for an inordinate period.**

[Response – BHC 5.4](#)

Recommendation is noted for compliance. The bank matter involving the procedure for transaction of international drafts has been resolved after a period of eight months. All revenue has now been processed for remittance.

Examination of Payment Vouchers

4.10 During our review of a sample from the accounting records, we noted that some payment vouchers did not have adequate documentation to support payments or other issues highlighted.

- 4.11 **We recommended that all relevant information and attachments are documented on payment vouchers to facilitate the audit trail.**

Response – BHC 6.4

Recommendation is noted. Travel is authorized by and at the Head of Mission's directive. Nevertheless, steps will be taken to ensure the provision of written directives and authorizations for travel for attachment to payments vouchers.

All payments are auctioned on invoices. If the invoices are not attached, they may have been misfiled. Invoices are paid on time and it is hardly the case for the High Commission to incur late payment charges. However, in cases where invoices may not have been received or may have crossed in post, they are settled if query is raised in Statement of Accounts.

All payments vouchers are submitted for signature of the Head of Mission or Head of Chancery.

Segregation of Duties

- 4.12 During our review, we noted that there was no segregation of duties. One officer was responsible for too many incompatible accounting functions.
- 4.13 **We recommended that management address this weakness in the system to ensure that segregation of accounting duties is maintained.**

Response – BHC 6.5

While the High Commission is not in agreement with the characterization of the accounting functions as 'incompatible' in terms of the role of one officer, the recommendations nonetheless are not for compliance.

The High Commission expects to receive in January 2016 the appointment of a Financial Attaché from the Ministry of Foreign

Affairs and Immigration. This appointment should result in desegregation of duties.

Overtime

4.14 We further noted the frequency of overtime payments without written authorization attached to payment vouchers. These payments amounted to £8,970.00.

Response – BHC 6.8

Written authorization is received in the form of the Head of Mission's or Head of Chancery's signature on all overtime payment.

4.15 **We recommended that the High Commission comply with the overtime policy as per MFA Circular dated 24th March 2011. Also prior authorization should be given for payments.**

Response – BHC 6.9

The Head of Mission and/or Head of Chancery always advised when overtime is required. All overtime hours are logged in the Overtime Register for review and verification by the Head of Chancery.

Maintenance of Buildings

4.16 We reviewed documentation for maintenance of the official residence and chancery and we noted the following:

199) The building was brought in the 1980's and we noted that the first repairs were carried out in 2012. During our interview we were informed that because of the delay in affecting repairs to the building on a regular basis, the cost of maintenance was extremely high.

4.17 **We recommended that there should be ongoing inspections and timely maintenance of the buildings.**

4.18 **We further recommended that the Mission seek the involvement of the Ministry of Works and Urban Development to ensure that building specifications are adhered to and to satisfy management that value was obtained.**

[Response – BHC 13.1](#)

Recommendation is noted and has been addressed.

The High Commission concurs that there should be ongoing inspections and timely maintenance of both buildings.

CONFISCATED ASSET

SECTION FIVE

CONFISCATED ASSET

5.01 In our opinion, the Confiscated Assets Fund is being operated in accordance with the Proceeds of Crime Act 2000, the Financial Administration and Audit Act 2010, subsequent amendments and Financial Regulations 1975; and that the statements of accounts present fairly, and in all material aspects, the financial position of the Fund as at June 30, 2015. The balance of the Fund as at June 30, 2015 was \$6,060,822.

TABLE II: CONFISCATED ASSEST FUND	
CONFISCATED ASSEST FUND	
FUND STATEMENT	
AS AT JUNE 30, 2015	
Opening Fund Balance	\$ 2,365,242
Deposits	3,647,947
Interest	47,653
Payments	(20)
Fund Balance	\$ 6,060,822

REVENUE & EXPENDITURE

SECTION SIX

Court of Appeal

Receipt Book Register

- 6.01 During our review of the Receipt Book Register, we noted that the register was not adequately maintained. The COA did not always indicate in the register the date of issue and the return date of receipt books; and the signatures of officers who were issued receipt books.
- 6.02 **It is recommended that the Receipt Book Register be duly completed for transparency and accountability purpose.**

Response – COA 5.1

The recommendation that the Court of Appeal keep an adequate record of receipt books register will henceforth be strictly complied with in order to ensure an accurate audit trail. The Financial Officer has assured me that such compliance will be enforced.

It should be emphasized that consequently the court's registry has been understaffed for an extended period of time and requests have been made for more staff. Specifically, the Ministry of Finance was requested to provide the court with a cashier and that request was declined. Further, the court only has a part-time Financial Officer who oversees a small staff of three (3) individuals and who nowadays must also share Registry responsibilities.

CAIS System, CAIS Files and General Receipts

- 6.03 During our simultaneous review of documentation on court files and the information generated on the related files on the Court of Appeal Information System (CAIS), we noted that in many instances the files were not always adequately maintained and comparable to the information on CAIS. We further noted that the documents including general receipts were not always placed on the file or scanned on the CAIS.

- 6.04 **We recommend that all documents scanned on the CAIS and are also placed on the related files in order to maintain the audit trail.**

Response – COA 12.2

Indeed the timely scanning of documents has been long problematic due to staff transfers/shortages. I will meet with the Registry Section in order to emphasize the need for proper maintenance of the Court of Appeal Integrated System (CAIS).

The Ministry of Education

Government High School Board Account & School Account

School Board Account
Current Account
Royal Bank of Canada

- 6.05 During our examination of the underlying accounting records, we noted bank statements were not available for the period under review except for the months September and October 2012 and September 10, 2015 to October 9, 2015. The History Transaction Inquiry printout was available and used for our audit examination. Upon further investigation we discovered that the bank statements were being sent to Government High School post box. However, the current principal was unaware that the school had a post office box. During our audit the principal was informed and took the necessary steps to gain access to the post office box and its contents which included the current bank statement. She also made a request to the Acting Post-mistress to have the lock changed.
- 6.06 **We recommend that principal ensure that the statements are collected and made available for accounting and maintenance of the financial records of the school board and be available for review by both internal and external audit.**

6.07 During our scrutiny of the transaction history inquiries received from Royal Bank of Canada, we noted that the school board account was allowed to go into overdraft for the periods as shown:

- June 20, 2013 – July 9, 2013
- July 9, 2014 – July 11, 2014

According to the Financial Administration and Audit Act Chapter 359 Subsection 20 "...no bank shall permit an overdraft on overdraft on any such account, unless such overdraft has been authorized in writing by the Minister."

6.08 **We recommended that those responsible for the management and disbursement of government funds ensure that availability of funds in the bank before writing cheques.**

6.09 We were informed that all cheques require two authorized signatures affixed in order to be processed. We noted that cheques were processed by the bank with only one authorized signature affixed.

6.10 **According to School Board Financial Guidelines 5.1, "The signature of the Board Chairman and the School Principal or their alternates are required on all cheques processed on behalf of the Board." We recommended that management ensures that the required two authorized signatures are affixed to all cheques before they are presented to the bank for payment.**

6.11 During our examination of the cash book, we noted that a large amount of cheques were recorded as "NOT USED". In subsequent months we noted that some cheques were used while others still remain outstanding at the time of our review.

6.12 **We recommended that an explanation be given why the cheques are recorded as "NOT USED". Cheques should be used in sequential order.**

School Account
Current Account
First Caribbean Bank

- 6.13 We requested that we be provided with various documents for the period under review; which included completed and current cheque books, cheque stubs, bank statements, cash books and invoices/bills. However, with regard to cheque books and cheque stubs, we were presented with a Hand Over Statement dated August 14, 2015 with a note from the Southwestern District Superintendent indicating that no records of cheques/stubs from School Account were available as they had all been shredded by the former Principal.
- 6.14 **Persons should be reminded that unauthorized shredding of Government documents is an offense.**
- 6.15 During our examination of the bank statement and cleared cheques, we noted cheques being written to a school board member on behalf of school board employees rather than the employees receiving their individual cheques from the school board account.
- 6.16 There were no supporting documents seen to verify that employees received their weekly wages.
- 6.17 **We recommended that employee cheques be written to each employee with the corresponding supporting documents (employee worksheet and sign cheque register acknowledging receipt of cheque) attached to a copy of the cheque. Also, we were unable to verify if the school account was reimbursed for these payments on behalf of the School Board.**

Ministry of Social Services & Community Development

Department of Social Services – (DOSS)
New Providence

5.18 The DOSS has been in existence since 1964 and was established to provide assistance to the poor and impecunious. It has continued to evolve in response to the growing social needs of The Bahamas and its citizens. The DOSS vision is to respond in the most timely, effective, efficient and compassionate manner to the changing social needs of all through advocacy, gender equity, education, implementation of innovative policies and commitment to the full development of The Commonwealth of The Bahamas.

Medical Assistance Batches

Client Service Delivery Timeline

6.19 During our audit, we observed that the DOSS has not established timelines for delivery of services which spans from the request date, to the approval date, then to the delivery of the service or product by the medical professional. When a client makes a request for financial assistance for a medical service or product, the Welfare Officer has to evaluate the nature of each client's needs and the urgency of their request.

6.20 Timely approval of the applicant's medical assistance request is critical to the success of the DOSS's mandate which is "to respond in the most timely, effective, efficient, and compassionate manner to the changing social needs of its clients." When there is a delay in the approval process or service delivery the DOSS personnel should note that the health and wellbeing of their clients may be compromised. Delayed approval may also render the assessment performed by the Welfare Officers inaccurate as the needs of the applicants may have changed. Furthermore, the extensive time period between the client's request and the delivery of the product or service, could contribute to a deterioration in the health of the clients.

- 6.21 Delayed approvals for social needs may also have public ramifications in that the public may lose confidence, not only in the social services system itself, but also in the DOSS's willingness to effect change in the lives of its disenfranchised and economically challenged clients. The cases shown above indicate that there appears to be a lack of follow-up by DOSS officers with their clients, as the clients are not receiving products or services for payments rendered to medical professionals.
- 6.22 **We recommended that the DOSS establish a policy or procedure that governs the service delivery process for all of its Social Services Initiatives. This would ensure that all affected parties are aware of the agreed upon timelines for the delivery of all DOSS services.**
- 6.23 **We also recommended that all requests for financial assistance for a medical procedure or product be treated as priority. The health and well being of the DOSS client is critical to their empowerment and dependence as their good health will enable them to improve their situation and ultimately cease reliance on the DOSS. Additionally, continuous follow-up during the approval and service delivery process by the welfare officer and executive management would assist in ensuring that impediments and concerns raised by the medical provider, the accounts department, management and the clients are addressed within a timely manner.**

Fictitious Invoice

- 6.24 We observed that the Medical Assistance Program in place at the Department of Social Services provides assistance to clients who require medical procedures or products. To be eligible to receive this assistance, the client must undergo a psychosocial assessment and a home visit evaluation by a Welfare Officer. Upon completion, a Psychosocial History Report is prepared and submitted for approval along with medical reports, medical provider's invoices, and copies of client's identification to support the Welfare Officer's request. Approval of same is given by executive management of the DOSS. In some instances medical providers require payment in advance before delivery of the product or service. In many instances clients requesting financial assistance for medical

procedures or products are required to satisfy any remaining balance after DOSS's assistance has been applied.

- 6.25 We further observed during our audit that a medical provider submitted a fictitious invoice for a medical procedure for one of the DOSS's clients. Although this related to an approved medical procedure, it was noted that client's condition declined and according to the medical provider's records, the client was ineligible to receive the procedure. The invoice noted herein was prepared and submitted to DOSS for payment for a medical procedure purporting to have been performed on this same client.
- 6.26 It should be noted that from the date of the request to the deposit of the payment, 255 days elapsed where no oversight or follow-up occurred to ascertain that his client was not only considered ineligible for the service but also died. However, payment was still processed in the name of this client.

Implication

- 6.27 Due to the nature of the health services industry, we recognize that medical service providers may require or request payment in advance of its services and in the DOSS's vision the intent is to "respond in the most timely, effective, efficient, and compassionate manner to meet the changing social needs of all." However, DOSS should implement procedures to detect and mitigate the risks associated with vendors receiving payment in advance of the provision of their services.
- 6.28 This practice of prepayments for medical procedures or products within the DOSS could lead to the loss of public funds due to the nonperformance of services or delivery of products by the medical providers. The practice also contributes to the lack of transparency around clients actually receiving a product of service. Medical providers should be made accountable to the DOSS for every payment received by them for the DOSS's clients. DOSS should also ensure the every payment is validated by one of its officers after an instituted period of time.

- 6.29 Based on the payment made in the observation to this finding, it is evident that the DOSS has exposed itself to an instance of fraud and a probable instance of graft. Invoices received for services rendered or products delivered should be verified and not just paid because it was issued by a legitimate source. If invoices are not properly verified as to the authenticity, the DOSS could be expending public funds on numerous undetected fictitious transactions.
- 6.30 **We recommended that the DOSS ensures that the processing of all its expenditures is in compliance with The Bahamas Government Accounting Procedures, as per the Procedural Manual, Section 8(b) “Procedures for Payment of Bills”, which states that “Payments should only be made when the Goods/Services have been acknowledged as been received”. Any procedural variation from these documents should be approved by the Department Head with advice from the Ministry of Finance if warranted.**
- 6.31 **Additionally, we recommended where advance payment has been made for a medical procedure or product with a remaining balance, an assessment of the client’s ability to pay the balance should be made. If the client is unable to satisfy the outstanding balance with practitioner, then the client’s request should be revisited and a reassessment conducted. An assessment should also be performed of all prepayments made to medical service providers to verify and confirm the current status of approved services and products. In instances where the provider has received a prepayment and it seems unlikely that the balance could be satisfied by the client before the service is offered, the medical provider should be instructed to refund the advance funds received. It is also recommended that welfare officers be held responsible and be accountable for services or products approved for DOSS’s clients. There should be a follow-up with the client and medical service provider to determine whether the requested services or product was performed or received.**

Missing Medical Batch Files

- 6.32 During our audit several Medical Batch files for the audit period were requested but not provided. Further, it came to the auditors attention that a cleaner assigned to clean the DOSS Accounts Department was asked to clean out a staff member's desk with instructions to place all contents outside and inside the desk inside a black garbage bag which was to be delivered and placed in an office within the Human Resources Unit of the DOSS by the cleaner. This request would have been made by a staff member who is now on administrative leave as noted in the finding 3.1 to this report. The cleaner stated that approximately fourteen (14) files, marked as batch files, along with other sundry items would have been removed. These files were not seen by the auditors and upon further inquiry these files were not in the Accounts or Human Resources Department of DOSS.
- 6.33 Medical batch files and record retention of the same are important to having a complete audit trail of accounting transactions for any given period. The absence of these files indicates that there is weak control over custody of accounting records and files. Additionally, it leaves the auditors to suspect misfeasance may have occurred in relation to the location or whereabouts of these files.
- 6.34 **We recommended that the DOSS Accounts Department strengthens their internal verification of all accounting transactions and records within the department in an effort to ensure that accounting documents and information are easily accessible when needed. The supervisor with responsibility for the accounts department should ensure that all accounting records are properly secured and files kept in cabinets with access limited to authorized personnel.**

Destruction of Accounting Records

- 6.35 During our audit we were informed by a DOSS staff member in the presence of DOSS's executive management and the Auditor General that instructions were given by a Senior Accounts staff member to shred documents. Through observations by this staff member, while shredding the documents, it was noted that

accounting records were being destroyed. The staff member reported that coupons, cheques, vendor statements, receipts and various types of accounting documents were earmarked for shredding.

6.36 Upon further inquiry, the auditors interviewed the senior accounts staff member in the presence of her supervisor who had requested the destruction of these documents, and it was acknowledged by this staff member that the request was given with the knowledge of the supervisor. It was indicated by this staff member that these documents were for the years 2010 through 2013. Further, it was brought to our attention before the release of our audit report that in addition to the documents discovered to be shredded noted herein, instructions were given for 2014 and 2015 documents to be shredded.

6.37 It was stated by the staff member that there was not an awareness of the "Records Retention Policy" of the Public Service. However, the following should be noted from the Public Service Bill, 2010:

- *Second Schedule – Code of Ethics*
 - *Section 10 Records and non-disclosure of information*
 - *Section 10(1) (a) states – (1) Officers shall maintain official records: - (a) where a failure to do so, would amount to a grave injustice."*
- *Third Schedule – Code of Discipline*
 - *Section 2 Definitions*
 - *Section 2(t) states – In this code "misconduct of a serious nature" is defined as conduct that warrants the dismissal of the offending person and includes in paragraph (t), "failure to maintain official records where the consequence amounts to a grave injustice," as a misconduct of a serious nature.*

6.38 These separate acts perpetrated by accounting staff members reveal that there are obvious weak internal controls over the

custody of accounting records within the Accounts Department and a severe lack of accountability around the same. As noted in finding 1.3 to this audit report, where a staff member instructed the removal of pertinent medical batches from the Accounts Department of DOSS, it appears that the act of removing or destroying official information is a matter of normalcy among the staff members within the DOSS Accounts Department.

- 6.39 The destruction of accounting records and requisite accounting information could undermine the integrity of the Accounts Department and increase the risk of fraud and corruption within the DOSS as a whole. Although the staff member said that there was not an awareness of a retention policy, it was not in that person's authority to order the removal and destruction of government documents without the permission of the Director and/or the Permanent Secretary.
- 6.40 The actions taken to remove or destroy information, is indicative of attempting to conceal information needed in corroborating transactions executed by the accounting department. Evidence needed in conducting audit procedures were severely hindered and resulted in an abandonment of procedures around medical transactions. This action performed by the aforementioned staff member impeded the progress of the audit in this area and is not tolerable by the Auditor General's Office.
- 6.41 **We recommended that all employees be informed about the records retention policy as delineated in the Public Service Bill, 2010, Code of Conduct and Ethics. Public Officers should also be made aware of their roles in conducting their duties with integrity, impartiality and honesty as outlined in the aforementioned Bill. We further recommended that an investigation be conducted into this egregious act around the preservation of pertinent government documentation.**

Preprinted Food Coupons

Food Coupons – Special Investigation

- 6.42 We observed during our audit that preprinted food coupons for clients who have not been approved for the debit card includes businesses that are closed and no longer exists. The auditors were informed by executive management about an incident involving several DOSS staff members who were able to obtain grocery items on August 30, 2015 by using preprinted food coupons for ten (10) different DOSS clients. The name of the food store on these preprinted coupons was “**Stop N Shop Grocers – New Providence**”, a food store that is no longer in existence. This store’s name as printed on the coupons had been manually crossed out and replaced with an existing food store’s name. There was no authorizing (Director) signature on the coupons that were used by the DOSS staff members. As a result of the supposed acts between the food store personnel and the aforementioned DOSS staff members, these staff members were able to use the unsigned coupons to obtain grocery items. Additionally, these preprinted coupons were due for cancellation as Stop N shop Grocers – New Providence is out of business.
- 6.43 Printing food coupons for businesses that are closed presents opportunities for individuals to manipulate the system and could lead to graft. Additionally, the lack of control around the use of the Director’s signature stamping machine could result in inappropriate actions by employees entrusted with carrying out their daily functions. It can also result in the Director bearing the risk and responsibility for fraudulent activities and financial losses to the Government.
- 6.44 Through apparent collusion, staff members were able to perpetrate a fraudulent act utilizing coupons intended for the disenfranchised. This act by these staff members is an indication that one staff member was given too much authority, apparently, with minimal or no supervision. This act may also be indicative of a more complex scheme being perpetrated with public funds.

- 6.45 The coupons were printed for a store that is no longer in business whereas no one in the DOSS considered that the listing of stores for each coupon should be vetted for their authenticity to a preapproved current vendor listing.
- 6.46 The determination of how many times this graft could have occurred is undeterminable as the amount of coupons issued by the DOSS ranges in the millions of dollars each budget cycle. Since this act of fraud was caught by the vendor and not the DOSS, it speaks to impaired internal controls of the department. It also shows that there is a severe breakdown in the oversight by the responsible parties in this process in allowing coupons to be printed for closed businesses.
- 6.47 **We recommended that a letter be sent to the department responsible for printing these coupons requesting immediate cessation of printing food coupons for businesses that no longer exist. Management should also ensure that food coupons are properly secured at all times and where voiding/cancellation of the same is required, persons should ensure that they are appropriately secured. Additionally, we further recommended that the Director should ensure that the signature stamping machine be placed in a safe with access limited to authorized personnel only. The Director should also ensure a review of documents is performed before allowing the signature stamp to be used or a signature affixed to coupons.**

Food Coupons – Maintenance of Inventory Listing

- 6.48 During our audit we requested an inventory listing of all food coupon books within the Accounts Department. However, the Accounts Departments was unable to provide us with this information.
- 6.49 All inventories, especially food coupon books, require a count before they are placed into inventory so that discrepancies between deliveries and purchase orders are immediately remedied. The absence of this listing contributes to inadequate and inaccurate inventory records. It also contributes to a lack of control around the

value of coupons on hand at any given point in time. A lack of inventory records contributes to potential perpetrators of fraud being able to remove and utilize coupons without the knowledge of when coupons could go missing.

- 6.50 **We recommended that an inventory listing be prepared immediately for all food coupon books on hand. We further recommended that the listing be properly maintained and periodically reviewed by the appropriate level of management for all books received and subsequent issuances to ensure transparency and accountability around this process.**

Vendor Payments

- 6.51 During our audit we observed that internal control weaknesses existed in the vendor payment process. We noted that an executive management's signature affixed to a payment requisition form implies that a review has taken place and gives authorization for processing. However, there was no evidence of executive management's review on vendor payment request forms examined. We also noted that all approvals of vendor requests and payments are to be completed by the Finance Officer. It was further noted that a payment requisition and the processing of a cheque request, for a food store for June 2015, in the amount of \$554,200.00 was authorized by an Accounts Officer void of the Finance Officer's and Executive Management's signature. The cheque was subsequently delivered to the food store's accounting department without any supporting documentation by the same accounts officer.
- 6.52 Table III shows other examples where cheques requests were prepared and authorized for payment without the appropriate signatures affixed to the approval forms.

TABLE III: EXAMPLES OF CHEQUES REQUESTS PROCESSED AND AUTHORIZED FOR PAYMENT WITHOUT THE APPROPRIATE SIGNATURES AFFIXED		
DATE OF PAYMENT REQUEST	CHEQUE AMOUNT	SIGNATURE
19-Feb-'14	\$909,809.59	Director's signature missing
28-Apr-'15	\$842,158.13	Director's signature missing
8-Jun-'15	\$406,920.48	Director's signature missing
8-Jun-'15	\$365,212.08	Director's signature missing
8-Jun-'15	\$555,024.00	Director's signature missing
8-Jun-'15	\$603,512.00	Director's signature missing
11-Jun-'15	\$554,200.00	FO & Director's signature missing
TOTAL	\$4,236,836.28	

6.53 Performing reviews of the payment process is essential to strong internal controls within any organization. The absence of this review could lead to a breakdown in the internal control. Based on the dollar value of the payment requests noted above, these payments should have been reviewed by members of executive management and the Finance Officer. Allowing this to occur indicates a lack of accountability on the part of executive management. A failure to perform the necessary reviews of payment requests may increase the risk of loss due to errors, irregularities, and circumvention of the payment process and procedures. It could also result in persons being able to perpetrate fraud which would produce inaccurate financial results.

6.54 It is imperative that the finance function and executive management is cognizant of its role in detecting and preventing fraud. Allowing payments of this magnitude to be disbursed without proper scrutiny from the appropriate levels of management may be tantamount to gross negligence. Policies and procedures around the disbursement of public funds should be adhered to at all times, especially when the amounts are of the magnitude disbursed in this observation.

- 6.55 **We recommended that the Director of DOSS establish a system of review for all expenditure payments. All payment requests, specifically to those vendors with large outstanding balances, should be appropriately reviewed and approved prior to its payment. We further recommended that the Director and Permanent Secretary perform periodic reviews in order to detect any unusual or questionable transactions. This would ensure transparency in the payment process and assist in deterring persons from committing questionable acts around disbursing payments.**

Conclusion

- 6.56 In conducting this audit we noted that there are opportunities for improvement in strengthening the management of many areas within the DOSS. Management has to ensure that the DOSS has the appropriate level of staff to achieve its goals, staff roles and responsibilities are defined, staff training and development needs are met, there is transparency and accountability in managing government funds, and there is continuous management oversight to ensure the DOSS is effective and efficient in carrying out its mandate.
- 6.57 We would like to outline in this conclusion that the DOSS should be reminded of the following in strengthening its internal control weaknesses:
1. A delay of over two years to receive medical assistance is unacceptable and goes against what the DOSS should be trying to achieve in servicing the disenfranchised of this country. Requests made for financial assistance as it relates to obtaining a medical procedure or a product should be treated as priority at all times.
 2. Medical providers are external to the DOSS and invoices received from them should be appropriately vetted by the accounting department through internal checks with the clients' welfare officers. This practice would ensure that there is some control measure in place to stop payments from being processed for fraudulent invoices.

3. It was noted that instructions were given to destroy government documentation to conceal a fraud relating to food coupons and medical assistance due to collusion between several staff members. Egregious acts were allowed to occur within the DOSS because of the reliance on particular staff members, the lack of a reconciliation process, and a breakdown in management oversight. Management has to ensure that proper segregation is implemented around the custody of assets and the approval process around such assets.
4. Printing food coupons for businesses that are closed presents opportunities for individuals to manipulate the system and could lead to graft. Additionally, the lack of control around the use of the Director's signature stamping machine could result in inappropriate actions by employees entrusted with carrying out their daily functions. It can also result in the Director bearing the risk and responsibility for fraudulent activities and financial losses to the Government.
5. Vendor payments should always receive the appropriate level of approval before processing. Excessive payments made to a particular vendor on numerous occasions with no director approval and no reconciliation of the vendor statement, showed a total lack of accountability and responsibility by the DOSS. Policies and procedures around the disbursement of public funds should be adhered to at all times and payments made for goods and services should always be expended with prudence and transparency to ensure that government funds are not wasted. It is imperative that the finance function and executive management is cognizant of its role in detecting and preventing fraud. Allowing payments of this magnitude to be disbursed without proper scrutiny from the appropriate levels of management may be tantamount to gross negligence.
6. A lack of segregation of duties resulted in fraud being committed not only by external parties to the government but also the staff of DOSS. Allowing a single staff member to have

the authority to control an entire processing cycle, as it relates to issuing a product or facilitating a service, makes the process more susceptible to the opportunity for that individual to commit and conceal fraud.

7. Employees' salaries that are below minimum wage should be adjusted to reflect the correct minimum wage as per the union agreement.
- 6.58 Based on the findings noted herein, we would like to add that due to the destruction of government documents requested by the auditors, the audit of the DOSS was severely impeded. As a result not all areas in the DOSS were covered by this audit and as such the findings, implications, and recommendations formulated in this report only cover the areas outlined in the scope section of this document. Due to the size and complexity of the DOSS, the areas not audited during this assignment will be addressed when the Department is revisited.
- 6.59 Further, it was brought to our attention before the release of our audit report that in addition to the documents discovered to be shredded noted herein, instructions were given for 2014 and 2015 documents to be shredded. This act of gross negligence and indifference by staff members around the importance of retaining and protecting government documents further underscores our position in not being able to formulate a conclusion on the DOSS. The continued destruction of documents even during the audit process indicates that there may be a level of fraud being perpetrated within the department.
- 6.60 We hereby conclude that the DOSS has to critically look at the management of the programs and processes under its purview to ensure that the deficiencies and weaknesses found in the areas covered by this report are appropriately assessed and measures implemented to ensure such malfeasances do not occur in the future.
- 6.61 **We held discussions with the management of the DOSS and we hereby present below their summary response to our audit report.**

Department of Social Services Management's Response

6.62 The Director of the DOSS and the executive management team accepts the majority of the recommendations of the Auditor General and his team. We have taken action and commenced the implementation of the recommendations. During the ensuing months the DOSS will continue to work assiduously to address the areas of concerns as listed:

1. Request the assistance of the Ministry of Finance to strengthen the Accounts Division with the addition of qualified staff to properly execute accounting procedures and processes based on the Financial Administration and Audit Act, 1973 and the Financial Regulations 1975.
2. Request the assistance of the Ministry of Social Services and Community Development to hire additional qualified staff to address client/Social Worker ratio.
3. Schedule monthly meetings with DOSS management teams and conduct impromptu visits at the various Divisions to review standard operating procedures.
4. Review the application process to ensure that clients who need assistance receive it in a timely manner.
5. Continue to update Procedural Manuals for all Divisions of the Department.
6. Follow protocols to discontinue pre-payments to medical practitioners prior to clients receiving the service.
7. Create a Compliance Unit to ensure that the DOSS guidelines are being followed and to review the fundamental issues of procedures, internal controls and improve oversight.
8. Explore the appointment of an internal auditor with the Ministry of Finance.

9. Expose the executive management team to the SSA Global Management and the J D Edwards Systems.

Road Traffic Department – New Providence

Fraudulent Licence Issued – Special Investigation

- 6.63 We conducted a special investigation into the issuance of a duplicated motor vehicle licence. The duplication occurred during the month of December 2014. It was noted that the original licence was issued at the Carmichael Road location on November 26, 2014 and the duplicated licence was issued at the Head Office location on December 2, 2014. It should be clarified that the duplicated licence contained the original licensee's name, licence plate number, and expiration date.
- 6.64 In speaking with the actual licensee and viewing the original issued licence we confirmed that the information presented to the original licence was duplicated. This situation was further exacerbated when the fraudulent licensee admitted to this malfeasance to the original owner in order to obtain an authentic licence in August 2015.
- 6.65 During the investigation neither the original documentation nor the fraudulent documentation could be found in the cash batches provided for November 2014 and December 2014. However, it was noted in reviewing the system postings that the fraudulent licence was recorded using the original owner's name and licence plate number on December 2, 2014. Since the duplicated licence was recorded in the system, we acknowledge that a licence was issued without the proper retention of the inspection certificate, prior year vehicle permit, and a copy of the insurance certificate.
- 6.66 The following are excerpts from the Act as it relates to the above noted fraud:

Section 23(1) of the Act states:

(1) Any person who, with intent to deceive-

- a) *Forges within the meaning of the Penal Code, or alters or uses or allows to be used by any other person, a certificate of insurance within the meaning of this Act; or*
 - b) *Makes or has in his possession any document so closely resembling such a certificate as to calculated to deceive,*
- Shall be guilty of an offence and shall be liable on summary conviction to imprisonment for a term of twelve (12) months and, in addition, to a fine not less than one thousand dollars but not exceeding two thousand dollars.*

Section 32 of the Act states:

- (1) *No motor vehicle licence shall be granted under this Act unless there is in force in relation to the motor vehicle concerned a certificate of fitness issued under this section.*

- 6.67 As this is a clear violation of Section 23(1) (Forgery of Certificate of Insurance) and Section 32(1) (Inspection of Motor Vehicles) of the Act, it is evident that collusion had to occur during the inspection, writing, and cashing phases in the Head Office and Carmichael Road locations to enable the issuance of this duplicated licence.
- 6.68 **We strongly recommended that the persons complicit in this act be removed with immediate effect. We further recommended that the person that was issued the fraudulent licence be contacted and action taken as stipulated by the Act.**

Missing Illegible Inspection Certificates

- 6.69 We observed during the testing of motor vehicle licences that there were several instances where the inspection certificates were not among the documentation retained on file. In other instances where the inspection certificates were retained on file, some of them were illegible.

- 6.70 The process of licencing a vehicle begins with the inspection of the vehicle and the inspection certificate is used to validate that a vehicle was present and was fit for the road. If a vehicle does not pass inspection it should be issued a rejection slip and not licenced. In order for a vehicle permit to be written up, the writer should verify the authenticity of the inspection certificate; retain a copy of a valid insurance certificate and the original of the prior year vehicle permit, at a minimum, according to the circumstance. These items are then stapled together by the writer and given to the cashier for processing.
- 6.71 If inspection certificates are not retained or are illegible, it would appear as if the vehicle did not obtain a proper certificate of fitness as required by Section 32(1) of the Act and should not be issued a licence. The inspection certificate should always be retained, legible, and specific as to the vehicle inspected.
- 6.72 It is apparent that if a certificate of inspection is missing from a licensee's documentation that it was never in place as this is the first document to be retained. In the case where the inspection certificate is illegible it would appear as if the inspectors are performing their duties without due care and attention. The inspection certificate is the catalyst in the licencing process and without it a vehicle should not be allowed to be on the road. The public's safety is placed at risk when persons that should not be granted a license receive one.
- 6.73 If during the examination of licences it was determined that only one sample was missing an inspection certificate, one may conclude that the certificate may have been misplaced or in the case of an inspection certificate being illegible, one may conclude that the writing of the inspector was just not clear in that instance. However, when there are several instances of missing and illegible inspection certificates, it leads the auditors to suspect that there may be an undertone of deception within the process.
- 6.74 **We recommended that management should ensure that those inspections, writers, and cashiers that are intentionally not adhering to the precepts of their roles on a continuous basis be removed with**

immediate effect. Actions such as those noted in this finding should not be tolerated on any level by management.

- 6.75 **We also recommended that the authenticity of the inspection certificate should be verified by the writers and cashiers. Writers and cashiers should be held accountable for their part of the processing of a licence by ensuring that they are receiving legible and complete documentation.**

Missing and Fraudulent Insurance Certificates

- 6.76 It was observed during testing that there were numerous instances of what appeared to be fraudulent insurance certificates. It was especially seen being perpetrated on a particular insurance company's letter head in the instances examined. It was also noted in examining the samples that there were missing insurance certificates.
- 6.77 There is a noticeable lack of oversight in the licencing process. The behaviour being displayed by the staff of the RTD in circumventing rules and regulations is unacceptable. No licence should be issued to any person where the insurance certificate is not seen and/or retained on file for proper audit trail. The Act definitively states in Section 23(1) that an invalid insurance certificate is an offence that is punishable by imprisonment and a fine. Invalid insurance certificates places an immense burden on the public as there is no immediate recourse in the event of an accident. There seems to be a lack of monitoring by the appropriate staff.
- 6.78 **We recommended that management review and monitor the controls around the verification of insurance certificates. We further recommend that any instances identified in the noted finding be investigated and the necessary action taken.**

Classification of Vehicles

- 6.79 We observed in some instances that vehicles were not appropriately classified based on the categories outlined in Schedule A of the

Road Traffic (Amendment) Act of 2010. Schedule A of the Act outlines the categories for issuing an appropriate motor vehicle license as follows:

Vehicle Class	Vehicle Weight	Rate
A	0 – 5,000 lbs	\$150.00
B	5,001 – 15,000lbs	\$550.00
C	15,001 lbs and over	\$700.00

- 6.80 We were informed that the way a vehicle's weight is determined by the RTD is dependent on the classifications taken from the RTD Vehicle Make and Model Weight Booklet. It is the responsibility of the inspector to identify the appropriate classification of vehicle and indicate this on the inspection certificate.
- 6.81 While examining certain licencing documents we noted that there appeared to have been some issues in classifying some of the jeep and truck models between the A and B vehicle classes. There was a specific case, where a truck was brought in for licencing, the sales agreement and the insurance certificate identified is as a Ford F-250. However, the inspector identified the vehicle as a Ford F-150 per the inspection certificate.
- 6.82 Since the Vehicle Class is the basis on which motor vehicle licence revenue is generated, it is imperative that the vehicle models be specifically checked to ensure the correct vehicle class is chosen during the inspection. If the vehicle class is not precisely determined, the RTD stands to lose a minimum of \$400.00 per vehicle between Class A and B, and \$150.00 per vehicle between Class B and C.
- 6.83 In the instance outlined herein, it appears as if the inspector intentionally identified the incorrect vehicle giving rise to a lower fee to the customer. This type of circumstance presents a great risk for the RTD in that the department would be susceptible to manipulation of the vehicle classes without any knowledge of the same. When proper controls are lacking in the inspection process it provides an opportunity for fraud or graft to be perpetrated.

- 6.84 **We recommended that a system be implemented whereas the specific weight of the vehicle could be determined outright in order to ensure that the correct vehicle class is chosen. The vehicle curb weight is usually outlined in the door of the vehicle and this can be used as one of the measures in capturing the vehicle weight. As we are in a computerized environment, the RTD should be utilizing specific software that could provide this information by the Chassis or Vehicle Identification Number (VIN).**
- 6.85 **We also recommended that at each stage of the licencing process, staff members are made accountable for the correct determination of the vehicle class through clear and concise documented evidence on the inspection certificate. This documentation should include the owner's name, address, vehicle plate number, vehicle make, model, year, chassis number or VIN, weight, and vehicle class.**
- 6.86 **We further recommended that each individual involved in this process should not only have an identifying signature but also an identifying stamp with a number that is unique to that individual. This would ensure transparency and accountability throughout the licencing process.**

Issuing Licencing Stickers out of Sequence

- 6.87 We observed through the examination of motor vehicle licences documentation, that there were discrepancies in the manner in which the vehicle permit, inspection stickers, validation stickers, and decals were issued to customers. It was noted that within the cashiers' batches there were old and new sequences for the noted stickers being issued within the same day. It was also noted that numbering sequences from prior months were being issued in current batches.
- 6.88 In issuing the stickers and vehicle permits out of sequence it would appear that there is a lack of controls around the systematic issuance of assets. If assets are issued by the writers and cashiers in an illogical or unsystematic manner then it could be said that management would not be able to give an account for the

anticipated daily revenue nor would they be able to determine if the correct revenue was being generated and collected. If the accounts department, which holds the ultimate custodial role, does not ensure that an end of day detailed reconciliation is performed, then persons could perpetrate all sorts of malfeasance with these assets.

- 6.89 **We recommended that each officer who is operating in a custodial capacity be made accountable for the safeguarding, disbursement, issuance, and collection of revenue for each item of inventory. We further recommended that management has to ensure that control over assets is maintained at all times and reconciliation of the same is performed on a daily basis.**

Licence Plates

- 6.90 We observed during the analysis of new licence plate revenue that the department was unable to provide the auditors with a listing of all new license plates generated and issued to the public during the years under audit. It was further observed through the review of the new licence plate log books that a detailed record of all licence plates issued was not maintained as there were obvious gaps in the recording of plates issued to the Head Office and other offices of the RTD.
- 6.91 Additionally, the auditors observed that the RTD could not provide request letters for new licence plates to the Ministry of Public Works ("MoPW") and the intake record of new licence plates when received from the MoPW.
- 6.92 It is a requirement of a sound internal control system that all items of inventory be recorded and a listing of all movements properly maintained. Without maintaining an accurate listing of all plates, the RTD would not be able to determine if the revenue recorded for New Licence Plates correlates with the number of plates produced and issued to the public.
- 6.93 Since it is indeterminate by the RTD as to the amount of new plates produced for all vehicles during the years under audit, it would suffice to say that from the production records of the MoPW there is

an under recording of the New Licence Plates revenue line item of approximately \$234,000.00, as detailed in Table 1V: (Audit Comparative Analysis with RTD System Record).

6.94 The table shows the revenue calculated by the auditors as compared to that recorded in the system for new licence plates produced in New Providence:

TABLE IV: AUDIT COMPARATIVE REVENUE ANALYSIS WITH RTD SYSTEM RECORD		
CATEGORY	NEW PLATES PRODUCED (JULY 2012 - JUNE 2015)	NEW PLATE REVENUE (\$15.00 PER PLATE)
CARS	43,700	\$655,500.00
TRUCKS (T)	4,000	\$60,000.00
MOTOR CYCLES	1,100	\$16,500.00
GOVERNMENT TRUCKS (T)	100	\$1,500.00
GOVERNMENT CARS	400	\$6,000.00
MISCELLANEOUS (M) WHITE & BLACK	100	\$1,500.00
GOVERNMENT MISCELLANEOUS (M) RED & WHITE	100	\$1,500.00
SELF DRIVE CARS (SD)	300	\$4,500.00
AUDITED TOTAL	49,800	\$747,000.00
	RTD Recorded Revenue	(\$512,981.83)
	Difference	\$234,018.17

6.95 **We recommended that management ensures that official request letters be sent to the MoPW for the production of new licence plates. We also recommended that a detailed electronic record be kept of all new licence produced, received into inventory, and issued to the public. We further recommended that before a new licence plate is issued, all information needed to identify the owner of the new plate be retained as a matter of record. Finally, we recommended that management seek to determine why there is an under recording of government revenue by \$234,000.00**

Active Vs. Inactive Licence Plates

- 6.96 We observed through inquiries of management that the RTD did not maintain a register containing the registered number of all licenced motor vehicles. Based on the requirements outlined in Section 5 of the Act, the RTD should be maintaining a register of the name and address of all registered owners, insured persons, and insurers of licencees. We further noted that a listing of all active and inactive licence plates could not be produced for audit inspection.
- 6.97 In order for the RTD to forecast revenue for motor vehicles, it would be essential for a register of information on the number of registered vehicles to be maintained. Due to the RTD being in contravention to its Act in this regard, the determinable amount of revenue that would be due to the government in any given year is unknown.
- 6.98 Due to the severe lack of order and control around the safeguarding of assets, collection of revenue and reporting of the same, the RTD cannot attest that the correct revenue is being reported at the end of each fiscal year.
- 6.99 **We recommended that management ensures that the processes in the RTD be revamped and tailored to capture every registered licencee's information as delineated in the Act. It is paramount to the sustainability of the RTD that processes are controlled to enable the collection all revenue due to the Government.**

Building Condition

- 6.100 We observed during the audit that the building in which the RTD is housed is in a deplorable state. The following issues with the building's condition were noted:
- A substance resembling mold was in the ceiling;
 - Numerous ceiling tiles were missing;
 - Continuous overflows in the bathroom;
 - Inoperable faucets in the bathrooms;
 - Distinct odor emanating from the carpet;

- Staircase railings were not stable;
- Staircase steps were cracked;
- Outside stairs were broken and cracked;
- Elevators were inoperable on numerous occasions; and
- The elevator did not have an inspection certificate from the Ministry of Public Works.

6.101 Having a building in the condition as noted in the observation presents serious risks of injuries to the staff and the general public. This in turn would place the department in a position of being liable for a lawsuit in the case of injury.

6.102 **We recommended that management puts forth a plan for the department to be relocated to another building as soon as practicable.**

Summary of Management's Response

The Road Traffic Department and the Ministry of Transport & Aviation are committed to ensuring that the collection of revenue due to Government is afforded the very highest priority. In this regard, both the Department and the Ministry are intolerant of acts of theft, malfeasance, or indifference, as they relate to Government revenue, Departmental operations, and to the Government's payroll. You are aware, however, of the operational challenge by a wholly manual system.

We are committed to addressing the physical conditions in Clarence Bain building, which houses the Road Traffic Department, the Department of Labour and the Department of Social Services. We too find these conditions unsatisfactory.

In this regard, I wish to emphasize that our commitment to the long – overdue transformation of the Road Traffic Department is evidenced by the following major initiatives now underway:

- The development of a modern, integrated Drivers and Vehicle Licence system, which will provide a central register of vehicles, and eliminate manual processes which foster manipulation and malfeasance, thereby substantially improving the Department's revenue collection. The new system will also provide interface with Customs, the Police and insurance agencies, thereby minimizing the opportunity for fraud.

- Under the direction of the Ministry of Finance, we are poised to conclude agreement for the purchase and refurbishment of a complex on the Tonique Williams Darling Highway, for the relocation of the Head Office of the Road Traffic Department into state of the art modernized Road Traffic facility.
- The development of a new system for the secure production of licence plates, reducing substantially the opportunity for illegal production and duplication of vehicle licence plates. Please note that the Government is now reviewing proposals in response to an RFP for a turnkey solution.

In the circumstances and to assure a full and complete context, it seems appropriate that these groundbreaking and significant efforts should provide a background to your report, lest the impression be given that operations will continue as business as usual and the substantial efforts of the ministry, department, and indeed the Government of The Bahamas, in addressing the challenges which have historically diminished the effectiveness of the Road Traffic Department be overlooked in larger context.

ROYAL BAHAMAS DEFENCE FORCE

SECTION SEVEN

Background

- 7.01 The Royal Bahamas Defence Force (RBDF) is based at Coral Harbour and is headed by a Commodore (acting) who has overall responsibility for the day-to-day operations. The RBDF is primarily an armed service, whose roles also encompass some aspects of a coast guard as well as a disaster relief agency.
- 7.02 The RBDF's singular mission is to "Guard Our Heritage" and has responsibility for patrolling some 100,000 square miles of territorial waters that consist of more than 1,000 islands, rocks and cays covering a distance of some 600 miles. Its strategy is to decentralize Defence Force Operations through the establishment of bases in the North, South and Central Bahamas equipped with patrol boats and aircrafts to maximize the use of minimal resources in patrolling the territorial boundaries of our islands. Additionally, the intention of the RBDF is to work more closely with local law enforcement agencies and regional partners as a force multiplier for addressing current challenges.

Findings and Recommendations

- 7.03 In conducting this audit we noted that there are opportunities for improvement in strengthening the management of areas within the RBDF. Management has to ensure that the RBDF has the following in this regard:
- An appropriate level of staff to achieve its goals;
 - Defined staff roles and responsibilities;
 - Staff training and development needs are met;
 - Transparency and accountability in managing government funds; and
 - Continuous management oversight to ensure the RBDF is effective and efficient in carrying out its mandate.

Expenditure – Payroll

- 7.04 The oversight of personal emoluments for many years was left solely under the control of the RBDF. As such, when a department is left to self-control, issues may arise that may seem out of the ordinary but could also seem correct in the view of that department. Oversight must occur in every aspect of the personnel function.
- 7.05 In order to maintain a sound system of internal controls around payroll expenditure, management has to ensure that the following occurs;
1. Payroll is closely monitored on a monthly basis as it relates to hiring, payment of salaries, payment of benefits, promotion of officers, and retirement of officers. There should be no instance of fictitious employees appearing on the payroll.
 2. There should be no instances where basic benefits are being delayed or denied to officers.
 3. Increases in salaries should not be given without evidence of letters of promotion and specific instructions to the Finance Department on the same.
 4. Promotions are compared and verified to the Ministry of National Security's approved promotions listing.
 5. Retirement pay of officers should be calculated in accordance with The Defence Force (Pensions and Gratuities) Regulations.
 6. All officers are properly coded in the payroll system based on their specific rank and this should be checked periodically.
 7. Changes to the electronic payroll are only performed by delegated personnel with proper oversight by the accountant or the finance officer.

Expenditure - Purchasing

7.06 We would expect that management appropriately address each of the following issues in order to strengthen its internal control weaknesses within the purchasing process:

1. Always obtain a current copy of the business licence for all businesses.
2. Ensure that the minimum three (3) quotes are obtained (where applicable) before the requisitioning process.
3. Stores requests and requests for purchase orders should have all of the requisite signatures with the date of approval.
4. Separate requisitions and purchase orders should be produced for each vendor request, i.e. standing orders should not be utilized for multiple purchases and services when it relates to different departments and/or vessels.
5. Changes made to requisitions and purchase orders should be properly authorized by the appropriate level of authority (signature and date).
6. Value added tax should only be paid to registered companies, i.e. a copy of the current VAT certificate should be on the vendor file.
7. All documentation relating to a purchase should be kept on vendor files in chronological order and appropriately fastened in the file.
8. All vendor files should be properly labeled and closed each fiscal year.
9. System access level controls should be checked and documented to ensure only delegated personnel can make changes in the electronic purchasing environment.

- 7.07 **Adhering to processes, such as those noted above, around the expenditure of Government funds, will ensure that management has carefully considered deterrents to the department being susceptible to fraud. The findings show that where there is a weak system of internal control, lack of communication, lack of information sharing between agencies, and agencies not having the relevant policies and procedures to carry out same, persons are able to carry out elaborate schemes to systematically defraud the Government through the procurement process.**
- 7.08 Based on the deficiencies in internal controls, the breakdown in management's oversight around expenditure noted herein, and all of the malfeasances noted throughout this report, we will conclude that oversight of the RBDF finances is strictly placed in the care of accountants and finance officers that are equipped with the competencies necessary to implement all of the Government's financial regulations and properly execute the expenditure of Government funds.

GAMING BOARD

SECTION EIGHT

Revenue

8.01 The comparative revenue for casinos fees and taxes for the current and prior years was as follows:

2013 – 2014 - \$ 7,872,909.11

2014 – 2015 - \$10,106,472.51

The reason for the \$2,233,563.40 increase is attributed to casinos being more diligent in their payments of hotel taxes.

Casino Taxes Outstanding

8.02 Our review of the Schedule and Payment of Basic and Actual Gaming Taxes for the period under review showed that the taxes outstanding during the current period amounted to \$3,398,105.41.

TABLE V: OUTSTANDING TAX CURRENT AND PRIOR YEARS BY CASINOS			
CASINOS	OUTSTANDING TAX 2014/2015	OUTSTANDING TAX PRIOR YEARS	TOTAL OUTSTANDING TAX
Paradise Island Casino	\$747,374.10	\$3,105,730.44	\$3,853,104.54
Crystal Palace Casino	\$800,328.70	\$5,436,622.44	\$6,236,951.14
Treasure Bay Casino	(\$27,761.08)	\$579,483.71	\$551,722.63
Bimini Bay Casino	\$1,878,163.69	\$1,720,679.65	\$3,598,843.34
TOTAL OUTSTANDING TAX	\$3,398,105.41	\$10,842,516.24	\$14,240,621.65

Outstanding Taxes for Closed Casinos

8.03 The Outstanding Taxes for closed casinos, as shown on the Schedule and Payment of Basic and Gaming Taxes are as follows:

TABLE VI: OUTSTANDING TAXES FOR CLOSED CASINOS	
CASINO	AMOUNT \$
Lucayan Beach Basic Tax \$1,300,000.00 Actual Gaming Tax \$20,831,056.40	22,131,056.40
Casino at Bahamia Basic Tax \$600,000.00 Actual Gaming Tax \$12,619,141.78	13,219,141.78
Ruffin Crystal Palace Basic Tax \$566,666.66 Actual Gaming Tax \$6,710,073.98	7,276,740.64
Carnival Leisure Industries Basic Tax \$0.00 Actual Gaming Tax \$4,077,402.10	4,077,402.10
Isles of Capri Basic Tax \$51,613.02 Actual Gaming Tax \$73,342.53	124,955.55
Grand Bahama Deferred Taxes	10,750,000.00
TOTAL	\$57,579,296.47

8.04 We recommended that urgent steps be taken to collect outstanding taxes and that Section 194, "Penalty and interest for failure to pay tax when due" of the Gaming Regulations, 2014 be comply with. We further recommended that discussions with the Ministry of Finance continue, in an effort to clear the books of the amounts owed by the closed Casinos if they are deemed uncollectable.

Gaming House Operators Proceeds 2014/2015

- 8.05 The proceeds from Gaming House Operators for the current Fiscal Year 2014/2015 were \$10,024,284.73. We noted that taxes in arrears in respect to the Gaming House Operators and Gaming House Premises prequalification licenses total \$5,084,403.07 for the period, July 1, 2014 through November 24, 2014; resulting to a net income of \$15,108,687.80 at the end of June 30, 2015.
- 8.06 We further noted that Let's Play Gaming House Operator closed their business on December 2014, along with What Fall that ceased operations prior to the ratifying of the new Gaming Bill.

Gaming House Outstanding Taxes

- 8.07 We noted that there were no outstanding Gaming House taxes for the fiscal year 2014/2015 as all taxes applicable for the month of June 2015 were collected in July 2015 of the next fiscal year which totaled \$1,596,357.45. Additionally, we observed a credit amount of \$58,947.41 resulting from some Web-Shop owners paying more on their Gaming Tax Return Form.

POST OFFICE

SECTION NINE

Grants Town and the General Post Office

Private Postal Box Rental Fees

- 9.01 Annual private postal box rental fee for a small, medium and large post office box is \$32.25, \$53.75 and \$86.00 respectively. It was observed that incorrect box rental fees were collected for the respective sizes. Charging incorrect rental fees results in loss of revenue; since all money owed for the various box rental sizes will not be collected. Additionally, this contributes to the estimated revenue falling short of the budget expectation.
- 9.02 **We recommended that due diligence and attention be exercised to ensure that the correct charges are consistently billed for the respective rental box sizes and revenue be collected accordingly.**

Private Postal Box Rental Fee Late Penalty Charge

- 9.03 Private box rental fees are due and required to be paid by January 31st annually. Accounts not paid by January 31st are billed \$10 for a late fee. We noted that the \$10 late fee was not charged and collected for late payments. In the absence of due diligence to account for all late payment fees, revenue is loss.
- 9.04 **We recommended that due diligence be consistently exercised to ensure all payments made after January 31st include the \$10 late fee and the revenue collected for the same. In addition, review the record of late payments without the penalty fee affixed, then bill the accounts for the \$10 late penalty fee owed, and collect the outstanding revenue.**

Outstanding Private Postal Box Rental Fees

- 9.05 Private postal box renters are required to pay the annual rent by January 31st to maintain the usage and services provided. After January 31st, a \$10 late fee is charged and an additional two (2) months extended to renters to pay the rent. If the rent is not paid by

March 31st, the postal boxes are repossessed and locked. The repossessed postal boxes are then to be issued to other customers on the “Private Renters” waiting list.

- 9.06 We noted that this policy was not consistently followed. From the audit sample selected, we detected 380 renters had not paid the 2015 annual rental fee, but still retained possession of the rental boxes. Using postal services without paying mandated fee results in revenue loss and abuse of the system.
- 9.07 **We recommended that to prevent the usage of rental boxes without paying the fee, management should maintain a just-in-time report on fees outstanding, to assist with the repossessing and locking of rental boxes immediately after the March 31st extension deadline. Also, the repossessed boxes are issued to customers on the “Private Renters” waiting list.**

Accounting Information System

- 9.08 The majority of transactions processing and record maintenance for postal services activities are performed manually. These factors, in part, contribute to not having real time information to detect anomalies and effectively monitor the controls throughout the government-wide postal services. Errors and irregularities could then occur and not be detected in a timely manner.
- 9.09 **We strongly recommended that a computerized system be implemented immediately at the General Post Office Department. An electronic computer system will allow for several accounting functions to be performed with embedded controls; to provide continuous monitoring of transactions and the maintenance of real time reliable accounting information.**

Post Office Savings Bank Weaknesses

- 9.10 As a result of the audit continuous review of the Post Office Savings Bank Accounts, the following weaknesses were discovered:

- 1) Deposits and withdrawals are still being transacted with the use of Passbooks as the only source of reference, in 21st Century banking environment. Also, the banking system is not modernized to enhance the efficiency and effectiveness of operations electronically. Additionally, the use of bank debit cards and ATM Machine are not in place.
- 2) The Family Island transactions, inclusive of Day Sheets, are not posted in the Alphabetical Ledgers; therefore the correct balances of the clients' accounts are not shown. As a result, this causes the Ledger to reflect one balance, and the customer's passbook to show another balance.
- 3) Interest on accounts is required to be calculated annually with the government fiscal year (July through June) and posted to the accounts in January of the following year. Interest is also required to be calculated once per year on each account at 6% and up to a maximum of \$6,000. We noted that interest has not been calculated since 2008.
- 4) Interest is calculated and posted in the client's books when they are conducting transactions at the Savings Bank Counter, and they request their interest payment. We were unable to verify the amount of interest earned and credited to depositors' accounts for the fiscal period. Since, the interest is still being calculated manually and the figures are not up to date, these amounts were not posted in the Ledgers.

9.11 **We recommended that the Post Office Savings Bank should be modernized to improve its banking services to incorporate on-line banking, debit card and an ATM banking system.**

9.12 **We recommended that the Post Office Savings Bank staff calculate all Interest payments due to its customers, and post these amounts in the alphabetical Ledgers and to the customer's passbooks immediately, in order to facilitate the audit process.**

Bank Accounts Classification

9.13 During the year the public continued to utilize the services of the Post Office Savings Bank. The number of bank account holders, as shown in the table below, is 27,143. The number of active accounts is 18,099; which represents 67% of the total accounts. Whereas, 9,044 (33%) of the 27,143 total accounts is dormant.

POST OFFICE SAVINGS BANK ACCOUNTS CLASSIFICATION		
Account Description	Number of Accounts	Percentage of Total Accounts
Active Accounts	18,099	67%
Inactive Accounts	9,044	33%
Total Accounts	27,143	100%

9.14 We were informed that the dollar value for both the Active and Inactive Accounts could not be determined by the staff of the Post Office Savings Bank. Further, we were also informed that there are no rules governing when an Active Account becomes Inactive. Audit noted that according to the Central Bank of The Bahamas Act 2000 (the CBBA), after seven years of no activity, accounts are deemed as dormant/inactive. Accordingly, CBBA specific guidelines are required to be followed. That is, the money in the dormant/inactive accounts is to be transferred to the Central Bank and the record maintained by Post Office Savings Bank.

9.15 **We recommended that:**

- (a) **The Post Office Savings Bank Staff calculate the value of both the Active and Inactive Accounts in order to facilitate the audit process.**
- (b) **Specific Guidelines in place as regulated by the Central Bank of The Bahamas governing dormant/inactive accounts be followed. To be compliant with Section 20 of the Banks and Trust Companies Regulation Act, 2000 (the BTCRA) and section 24 of the Central Bank of The Bahamas Act, 2000 (the CBBA), the money in the dormant/inactive accounts is to be transferred to the Central Bank and records relating to these accounts are to be maintained by The Post Office Saving Bank.**

Post Office Savings Bank Financial Statements

9.16 The Post Office Savings Bank is governed by the Savings Bank Act of 1936. The management of the bank is the responsibility of the Postmaster General, as mandated by chapter 302 of the Statute Laws of The Bahamas and its subsidiary legislation, The Savings Bank Rules. By law, financial statements are required to be prepared annually. During the audit, we were not presented with nor were we able to verify any figures pertaining to the Post Office Financial Statements, as mandated in Chapter 302 (Section 12) of the Savings Bank Act. The reason given was that the last Financial Statement was produced in 2010 for the fiscal year 2002. Due to this scope limitation, we were unable to give an opinion on the operations of the Bank.

9.17 **We recommended that the Post Office Department prepare Financial Statements annually, so as to be in conformity with Chapter 302, Section 12 of The Post Office Savings Bank Act.**

Post Office Savings Bank Strengths

9.18 It was noted that documents are now being submitted to Headquarters on a more regular basis from Sub-Post Offices in New Providence and the Family Islands. Further The Post Office Department has had its share of challenges. Except for the findings noted, the accounts should be maintained in a satisfactory manner if the recommendations are implemented. Also, the correct fees when applied would enhance the revenue being collected.

GRAND BAHAMA

SECTION TEN

Ministry of Education

- 10.01 The results of this examination were not satisfactory. The boundary documents were not adequately safeguarded resulting in six (6) official general receipt books which could not be accounted for.
- 10.02 There were various books of record and reporting documents which could not be produced for audit inspection. This affected our ability to effectively evaluate compliance with Internal Control guidelines, as well as determine whether government revenue was accurately and properly collected, recorded and deposited.
- 10.03 **Official general receipts must be properly recorded before issuance to provide a clear audit trail of collection, of revenue and timeliness of recording and depositing of same.**
- 10.04 **Records must be reconciled daily and checked by a second person to ensure accuracy of the information reported.**
- 10.05 **Revenue must be reported in a timely manner (within 24 hours of receipt) as required by Internal Control guidelines.**
- 10.06 **Official general receipts should be used for the collection of government revenue only.**

Office of the Judiciary
(Magistrates' Court Nos. 1, 2, and 3)

- 10.07 The results of this examination were not satisfactory.
- 10.08 **Boundary documents must be properly prepared for clarity and proper classification of collections. Supervisors must review all reporting documents to mitigate errors that may occur at the boundary and go undetected in daily deposits. All deposit slips must be filed for a clear audit trail. The Cashier should perform periodic reconciliations of cash and general receipts (daily) to ensure that all collections are properly accounted for at the end of each day.**

Road Traffic Department

10.09 The results of this audit were not satisfactory.

10.10 **We recommended the following:**

- a. **Weaknesses at the boundary for License Receipt Books and Highway Code Books must be strengthened in order to rely on the integrity of the information provided. License Receipt Books should be issued through the Treasury or an independent copy of the Counterfoil Issue Notes should be sent to our Nassau Office. Highway Code Books should be pre-numbered as a boundary control feature. The department must notify our Audit Office when shipments of Highway Code Books are received so that the necessary steps can be taken to improve boundary controls. The ten (10) missing Bicycle License Books must be produced for audit inspection.**
- b. **Weaknesses at the boundary for Validation and Inspection Stickers must also be strengthened in order to rely on the integrity of the information provided. An independent copy of the Counterfoil Issue Notes should be sent to our Nassau Office. All Validation and Inspection Stickers issued must be supported by physical Counterfoil Issue Notes to improve boundary controls and the Counterfoil Issue Note numbers must be recorded in the department's Receipt Book Register. Our Audit Office should be notified of shipment discrepancies in a timely manner. All missing motor vehicle counterfoils must be produced for audit inspection. Motor vehicle counterfoils must be properly stored and produced for inspection when requested.**
- c. **More vigilance must be exercised to prevent duplication of sticker numbers; to prevent errors in preparing and recording documents so as to prevent omissions of sticker numbers sold. All unreported revenue must be brought to account. Damaged, missing or cancelled stickers should be brought to the attention of our Audit Office and notations recorded on the corresponding Counterfoil Issue Notes. Records such as the Inspection Control Sheets must be clearly and adequately prepared.**

- d. **Records such as motor vehicle counterfoils, general receipts and Cashbooks, must be reconciled with cash collected on a daily basis to ensure accuracy in the collection and reporting of revenue. Cash collected but not reconciled must be reported as Cash Found Over on the day of collection. Official General Receipts must be properly prepared in duplicate and properly dated for a clear audit trail.**

- e. **Revenue included in Treasury's Reports should represent activity from the Freeport Road Traffic Office only. The Treasury must ensure that revenue from the Road Traffic Department is accurately classified, and recorded.**

FAMILY ISLANDS

SECTION ELEVEN

Marsh Harbour, Abaco

Road Traffic Department

11.01 Road Traffic Department, Marsh Harbour was unable to produce Counterfoil Issue Notes (CIN) to enable verification of stickers recorded in the Department's Register as summarized below:

Type Stickers	Stickers Without CIN	% of Stickers Without CIN	Approximate Value of Stickers
MV Validation	12,060	45%	\$2,351,700.00
Driver's Licence Validations	800	23%	\$16,000.00
MV Private Inspection	11,800	44%	\$413,000.00
Public Service Inspection	4,000	73%	\$140,000.00
MV Decal	2,800	6%	\$28,000.00
Total	31,460		\$2,948,700.00

11.02 At the time of our audit inspection, there were Validation, Inspection and Decal Stickers missing from the department's physical inventory. The totals for these stickers are listed as follows:

Type Stickers	Stickers Without CIN	% of Stickers Without CIN	Approximate Value of Stickers
MV Validation	1,867	7%	\$364,065.00
Driver's Licence Validations	772	22%	\$15,440.00
MV Private Inspection	2,778	10%	\$97,230.00
Public Service Inspection	2,223	40%	\$77,805.00
MV Decal	9,862	22%	\$102,170.00
Total	17,502		\$656,710.00

11.03 The Sticker Inventory was not controlled sufficiently. As a result, we could not confirm whether Thirty-one Thousand Four Hundred and Sixty (31,460) stickers valued at approximately \$2.9 million were the correct quantities recorded in the Departments Register in accordance with amounts issued from Road Traffic, Nassau. In addition, Motor Vehicle Validations, Inspections, Decals along with

Driver's Licence Validations valued at approximately \$656,710.00 were missing and unaccounted for.

11.04 **It is strongly recommended that immediate steps are taken to properly account for each sticker issued to the department. Officers must exercise care and ensure that stickers are used in sequence, only once and each counterfoil is dated. Officers must also exercise care and ensure that the serial number for Rear and Windshield decals are the same before issuance.**

11.05 As a result of our audit examination of Road Traffic Department, Marsh Harbour, we concluded that the Revenue Collections Boundary was not properly or accurately accounted for. The audit findings show significant deficiencies with the Department's management of General and other Receipt Books, Certificate of Motor Vehicle Inspection Books, Motor Vehicle Counterfoils, Validation, Inspection and Decal Stickers.

11.06 We found that the Officer with responsibility for the oversight of the daily activities as the accounting officer did not ensure proper operational and record keeping procedures were properly established or consistently complied with. The totality of weaknesses found resulted in the loss of a proper audit trail for stickers and contributed to the Department's inability to account for stickers and other revenue generating documents valued at approximately Six Hundred and Sixty-Two Thousand, Seven Hundred and Five Dollars (\$662,705.00).

11.07 **We strongly recommended that:**

- 1. The Department must ensure that all stickers and revenue earning documents issued from Road Traffic Nassau are properly recorded in the Departments register.**
- 2. Steps must be taken to cause the establishment of a proper Register which captures the Counterfoil Issue Note Number and date, each Sticker in the sequence, the dates of issuance to Road Traffic Officers, the name, signature of issuing/receiving officers or dates of usage.**

3. **The Supervisor's sole custody of the department's inventory, recording and issuing functions must be addressed and duties must be segregated.**

11.08 **It is imperative that swift action is taken to establish and strengthen the internal controls as any undue delay would prolong the risk that monies collected on behalf of the government may not be accurately accounted for nor brought to account. Additionally, the Department must also produce Six Hundred and Sixty-seven Thousand Three Hundred Dollars (\$667,300.00) from missing stickers and other revenue documents.**

Accounts of the Eleuthera Districts

Central Government Recurrent Account

- 11.09 While reviewing a memorandum from the Ministry of Works and Urban Development to the Treasurer we noted a request being made to transfer funds in the amount of Ten thousand Dollars (\$10,000.00) for the purpose of "Improvement of Parks and Grounds". The authority to utilize the above funds for the All Eleuthera Regatta was not seen nor was correspondence presented to the auditors to suggest otherwise.
- 11.10 Payments relating to the expenses for the All Eleuthera Regatta were made prior to the Treasury release of funds. We noted no letter between the Public Treasurer and the Administrator authorizing the advance spending.
- 11.11 Record keeping of Expenditures and Revenues were not properly maintained for example, a cash book was not produced. However financial documents presented were incomplete; no reference was made to cheque numbers, neither voucher numbers nor dates transactions occurred.
- 11.12 The revenue stated in the financial documents made no reference to deposits on the bank account. Also, the documents revealed an amount of \$24,181.03 was collected from bar sales however, this

amount was not seen on the bank statement. Further, letters verifying donations were not presented for examination.

11.13 Some payment vouchers did not have adequate documents attached i.e. airline ticket stubs, invoices/bills and receipts. However, an envelope was presented that contained some receipts. As a result we could not verify that all expenditures were properly recorded.

11.14 **As a result of the above observations we recommended the following:**

- a) **That the authority for the above decision to use funds charged to Head 33 – Ministry of Works and Urban Development Item: 072140012 – Improvement of Parks and Grounds be produced for audit review.**
- b) **That the correspondence between the Public Treasury and the Administrator giving approval for advanced spending be produced for audit scrutiny.**
- c) **That a cashbook be implemented to reflect all financial transactions that occurred. Also, that the inclusion of cheque/voucher numbers on payment vouchers be added.**
- d) **That revenue is properly accounted for in an effort to facilitate the audit review.**
- e) **Adequate supporting documents are attached to all payment vouchers to support payments made.**

11.15 While reviewing payment vouchers, we observed a number of payments vouchers not signed by the Central Government Agency and or the District Administrator.

11.16 **We recommended that payment vouchers are validated by bearing the authorized signatures of the Central Government Agency and the District Administrator prior to disbursement of funds. This would prevent unauthorized transactions from being processed.**

11.17 During our review of payment vouchers we noted the following:

- a) Some vouchers did not have adequate supporting documents attached;
- b) Some vouchers did not have the authority attached to support their expenditures; and
- c) Some vouchers did not bear the Administrator's and or the Central Government Agency's signature.

11.18 **It is recommended that adequate supporting documents be attached to all payment vouchers to substantiate payments made. Further, to ensure that all payments are properly authorized, it is recommended that all payment vouchers bear the signatures of the Administrator and the Central Government Agency.**

11.19 During our review of payment vouchers, we noted that payment vouchers had quotes and estimates attached to substantiate payment.

11.20 **We recommended that the practice of attaching quotes and estimates to payment vouchers be ceased and only original bills/receipts be provided.**

Local Government Recurrent Account

11.21 During our scrutiny of payment vouchers, contract documents were not included.

11.22 **We recommended that the contract documents be placed on the payment voucher files and be produced for audit review.**

11.23 While tracing payment vouchers to the Local Government Recurrent Account Cashbook, we noted that the following vouchers indicated that fuel/diesel was provided to various townships. However, the payment vouchers did not indicate the purpose. As a result, we could not verify that the reason for the purchase of fuel/diesel.

11.24 **In an effort to provide a clear audit trail, we recommend that the purpose for fuel/diesel be attached to all payment vouchers.**

Harbour Island

Central Government Recurrent Account

11.25 During our scrutiny it was noted that the following payment vouchers were “payments for bussing services in the North Eleuthera District”. However, the bussing contracts were not attached to the payment vouchers, and as a result, we were unable to verify cost variation/distance in comparison to each other.

11.26 **In an effort to enhance transparency, accountability and efficiency, it is recommended that contract documents be produced for audit scrutiny.**

11.27 Payment voucher dated 1st May 2015 (voucher number not attached) in the amount of \$1,500.00 was with respect to the purchase and installation of two air condition units. However, the payment voucher did not identify the area where the units will be installed, and as a result we were unable to determine the location in which the units were placed.

11.28 **In an effort to promote accountability, transparency and efficiency e recommended that payment vouchers contain sufficient details to substantiate all payments made.**

South Eleuthera

Central Government Recurrent Account

11.29 During our scrutiny of payment vouchers and the attached contracts, we noted the following:

- a) Payment voucher were not approved for payment by either the Central Government Agency or the District Administrator.

- b) No Signatures were found attached on the Thirteen (13) contracts examined by a government representative. Also, in one instance the contract attached to a payment voucher was neither sign by the contracted party nor the Government.
- c) No bids were found attached.
- d) No certificate of inspection by the Ministry of Works personnel was found attached.

11.30 **In an effort to enhance accountability, efficiency and transparency, we recommended that:**

- a) **All payment vouchers are properly approved prior to payments being made;**
- b) **The contract documents be signed by the contracted party along with a Government representative when issuing future contracts;**
- c) **The bidding process used to select contractors be provided for audit review; and**
- d) **Before future payments of this nature are made, Ministry of Works Certificate of Inspection should be produced to verify that the work was satisfactorily completed.**

11.31 We noted that monthly payments were made for rental of office space in the district. It was noted that the payments were not supported by lease agreements.

11.32 **In an effort to enhance accountability, transparency and efficiency, we recommended that all lease agreements negotiated between the Treasurer of The Bahamas and the landlord be produced for audit review.**

11.33 During our scrutiny it was noted that payment voucher was processed for "payment for gasoline provided for the Administrator's vehicles". However, the attached invoices/bills did not show the

vehicle numbers, and as a result, we were unable to determine the vehicle(s) in which gasoline was placed.

- 11.34 **In an effort to promote accountability, transparency and efficiency, we recommended that each gas invoice indicate the vehicle number(s).**
- 11.35 Payment voucher dated 13th April, 2015 cheque number 31288 (voucher number not attached) in the amount of \$6,500.00 was with respect of additional repairs to the Administrator's residence in Cupids Cay, Eleuthera. We also noted an invoice/bill was attached to the voucher for the amount of \$10,000.00. However, a contract setting out the details/conditions of the repairs was not found attached to the payment voucher, nor were bids seen.
- 11.36 **We recommended that the process used in the selection of this contractor be explained. Also, that the contract negotiated be produced for audit review.**

Exuma District

Customs Department

Stale-Dated Cheques

- 11.37 During our examination of the contents in the safe at The Bahamas Customs Department, Exuma Airport Office, we noted several stale-dated cheques in the safe for deposits of temporary imports.
- 11.38 **We recommended that the practice of holding cheques until they become stale dated be discouraged.**
- 11.39 **We further recommended that funds for temporary imports be deposited to the Deposit Fund Accounts.**

The Naval Base Storage Site

- 11.40 The Customs Department in George Town, Exuma stores uncollected cargo at the navel base site. Upon examination of the facility we noted the following:
- i. A number of goods and supplies are stored in containers for an inordinate period. Goods uncollected are exposed to natural elements such as rain and moisture.
 - ii. Security is not maintained at the storage site. As a result the facility is vulnerable to break-ins of which supplies can be removed from containers without proper authorization.
- 11.41 **We recommended that The Bahamas Customs in George Town, Exuma conduct an auction for goods and supplies that are salvageable and that the items identified as spoiled be destroyed.**
- 11.42 **We further recommended that a secured warehouse be identified for storage of goods and supplies. As this would improve working conditions for staff.**

DEPARTMENT
OF INLAND REVENUE
(CENTRAL REVENUE ADMINISTRATION)

SECTION TWELVE

OVERVIEW

- 12.01 The Office of The Auditor General ("OAG") reviewed the revenue component for the 2014/2015 fiscal period in The Department of Inland Revenue ("DIR"), also known as Central Revenue Administration ("CRA"). The DIR is responsible for collecting Real Property Tax, Business Licence and Value Added Tax ("VAT") revenue.
- 12.02 In January 2015, the implementation of VAT transformed the DIR and most importantly, The Commonwealth of The Bahamas; as an agent of change in tax modernization. In 2014/2015 VAT was forecasted to generate revenue in the amount of \$150,000,000; which exceeded the revenue projection by \$68,676,446. Since VAT (indirect tax) is a new form of taxation, the OAG is continuously auditing this form of revenue. The results will then be reported in subsequent reports. In the interim, aspects of VAT transactions, the OAG deemed necessary; with respect to 2014/2015 Final Accounts are included in this report.
- 12.03 With respect to tax administration and revenue collection, Real Property Tax historically is the most challenging of all tax types. This is evident in the surmounting prior years and current outstanding/unpaid tax; despite the series of amnesties that were geared toward waiving surcharge and some delinquent tax. The OAG noted that the prior years outstanding tax started as far back as 1993 and 2014/2015 accumulated to \$527,409,458.
- 12.04 In January 2015, the DIR structured an internal Debt Management Unit, which in the first instance, was established mainly to collect VAT outstanding debts; but it is continuously evolving into collecting outstanding Business Licence Fees and Real Property Tax as well. Debt Management Unit generates reports (inclusive of Debt Management Collection Performance Report) to account for taxpayers contacted, the amount of outstanding revenue collected, and the remaining balance.

Real Property Tax Revenue Performance

12.05 Revenue collected for Real Property Tax in 2014/2015 amounted to \$107,003,821; which in comparison to 2013/2014 totaled \$103,955,355, an increase of \$ 3,048,466 or 3%. Conversely, 2014/2015 forecasted revenue fell short of \$39,609,217, resulting in an unfavorable revenue variance of 27%, as shown in the Table: 1 below (Real Property Revenue Comparative Analysis).

Table: 1 REAL PROPERTY TAX REVENUE COMPARATIVE ANALYSIS				
REVENUE ITEM HEAD/ITEM CLASSIFICATION	PROVISIONAL ACTUAL REVENUE 2013/2014 \$	APPROVED FORECAST REVENUE 2014/2015 \$	PROVISIONAL ACTUAL REVENUE 2014/2015 \$	ACTUAL REVENUE FORCAST REVENUE VARIANCE 2014/2015 \$
9031100 Commercial Property Tax	51,068,660	64,631,145	51,994,967	(12,636,178)
Occupied Property Tax	25,632,165	40,792,722	28,588,266	(12,204,456)
9033100 Foreign Owned Undeveloped	27,254,530	41,189,171	26,420,588	(14,768,583)
TOTAL REVENUE	103,955,355	146,613,038	107,003,821	(39,609,217)

Real Property Tax Outstanding

12.06 The outstanding Real Property Tax for the fiscal year 2014/2015 amounted to \$110,718,379. In addition, the outstanding tax for prior years totaled to \$527,409,458, thus giving a cumulative total of \$638,127,837 as shown in Table: 2 (Outstanding Real Property Tax 2015).

Table:2 Outstanding Real Property Tax 2015			
Description	Current Amount 2015 \$	Prior Years \$	Cumulative \$
Taxes	92,815,428	362,013,624	454,829,052
Surcharge	17,902,951	165,395,834	183,298,785
Total Outstanding Tax	110,718,379	527,409,458	638,127,837

12.07 The OAG communicated concerns with respect to the exorbitant unpaid Real Property Tax; which continues to increase from year to year. Additionally, further enquiry was made to determine initiatives and controls implemented by the DIR to manage the outstanding debt efficiently and effectively to collect the outstanding cumulative tax. The OAG was informed by the DIR management that the following initiatives were taken to address the tax arrears:

- ✓ Consultants were contracted to assist with updating the Real Property Tax Roll (Register);
- ✓ DIR purchased CAMA Appraisal and Assessment Software/Tyler System; which was implemented 2015;
- ✓ The Tyler System is being utilized for valuation and appraisals Real Property Reassessment in mass numbers with CAMA (Computer Assisted Mass Appraisal); and
- ✓ Three (3) Private Debt Collection Agencies were contracted to collect outstanding Real Property Tax in The Commonwealth of The Bahamas.

12.08 With respect to Private Debt Collection Agencies, the OAG requested information pertinent to the contracts; the work performed on the outstanding Real Property Tax (Debt Collection Activity/Performance Report) and related underlying documentation. All of the information was not provided as requested, at the time of the audit review. Documentation supporting debt collection activity is required to be maintained for easy accessibility in a timely fashion.

12.09 As a result of outstanding records, the OAG was unable to complete the performance analysis of the contracted debt collection activity. However, going forward, it is the OAG's intention to continue auditing; where a comprehensive evaluation would be done on the outstanding information, to be provided by the DIR. This evaluation would then become a part of the OAG 2015/2016 and 2016/2017 Reports respectively.

- 12.10 **The OAG recommended that the requested information be provided; so that the OAG could continue with completing audit procedures relative to the performance of the private debt collection activity. Also, reports and records substantiating financial transactions should be maintained for easy accessibility in a timely fashion for usability.**
- 12.11 **The OAG further recommended that additional measures be implemented to increase real property tax collection and reduce the exorbitant tax arrears. With respect to reducing the exorbitant tax arrears that date far back as 1993, the OAG recommended a comprehensive review to determine uncollectible outstanding debt and removal of the obligation or claim to be written off. Accordingly, the OAG recommended procedures to be followed in accordance with Financial Administration & Audit 2010 (Amendment) Act, 2013, Section 4: Amendment of section 25 of the principal Act:**

Section 25 of the principal Act is amended by the insertion-

(a) Immediately before the existing provision, of the subsection designation “(1)”; and

(b) Immediately after subsection (1), of the following new subsections-

“(2) The Minister may take specific regulations for the remove from the General Ledger of dormant book accounts of the Government and the writing off in whole or in part of a debt or obligation due to the Government or a claim made by the Government including, without restricting the generality of the foregoing, regulations prescribing the-

(a) Criteria for the determining whether a dormant account should be removed or a debt, obligation or claim written off;

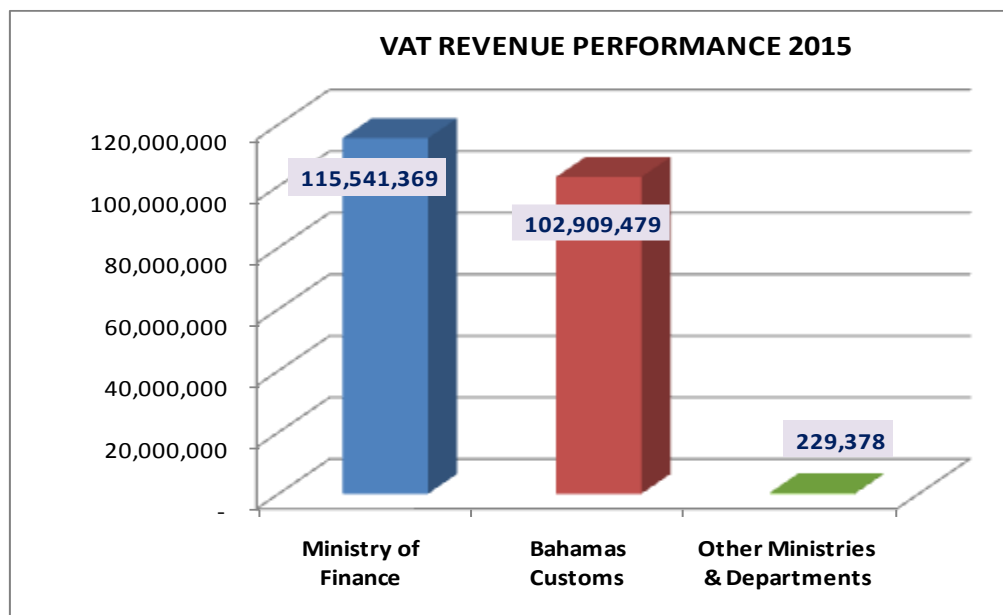
(b) Requirements to be met and procedures followed before a dormant account may be removed or a debt, obligation or claim written off; and

(c) Information and records to be kept in respect of a dormant account that is removed or a debt obligation or claim that is written off.

(3) A debt obligation or claim written off during a fiscal year shall be included in the Treasury accounts for such year in such form as the Minister may prescribe by regulations.”

Value Added Tax (VAT) Revenue Performance Analysis

12.12 The DIR realized an additional source of revenue stream from the implementation of Value Added Tax (“VAT”), in January 2015. The VAT introduction was heralded national and internationally as a success. It is important to note that \$218,680,226 in revenue collected exceeded the budget expectation of \$150,000,000. The chart below depicts VAT revenue collected by the Government.



12.13 To continue with the success, the DIR in tandem with the VAT implementation established the following units to compliment Tax Administration:

- ✓ General Processing Unit
- ✓ Registration and Renewals
- ✓ Audit Unit
- ✓ Internal Audit Unit
- ✓ Compliance and Enforcement Unit
- ✓ Policy and Interpretation Unit
- ✓ Taxpayer Services Unit
- ✓ Debt Management Unit
- ✓ Legal Services
- ✓ Objections and Appeals
- ✓ Tax Compliance Unit (As of June, 2015)

12.14 At the inception of VAT, the Ministry of Finance ("MoF") in the 2014/2015 budget forecasted \$150,000,000 in VAT revenue. This amount fell under the Ministry's budget head and item, as well as the actual revenue collected by the Department of Inland Revenue. It should be noted that the other Ministries and Departments reported VAT revenue separately, in the appropriate VAT line item: 9119100, as shown in Table: 3 (VAT Revenue Variance Analysis Forecasted vs. Actual 2014/2015)

TABLE:3 VAT REVENUE VARIANCE ANALYSIS FORECASTED VS ACTUAL REVENUE 2014/2015

REVENUE ITEM HEAD/ITEM CLASSIFICATION 9119100 VALUE ADDED TAX	APPROVED FORECAST REVENUE 2014/2015 \$	ACTUAL REVENUE FROM THE G/L SYSTEM 2014/2015 \$	ACTUAL REVENUE FORECAST REVENUE VARIANCE 2014/2015 \$
6 CABINET OFFICE	-	3,257	3,257
8 OFFICE OF THE JUDICIAL (SUPREME AND MAGISTRATES COURTS)	-	523	523
20 DEPARTMENT OF LANDS & SURVEYS	-	99,080	99,080
21 MINISTRY OF FINANCE	150,000,000	115,541,369	(34,458,631)
22 TREASURY DEPARTMENT	-	152	152
23 CUSTOMS DEPARTMENT	-	102,909,479	102,909,479
25 MAGISTRATES' COURTS	-	1,749	1,749
28 CENTRAL REVENUE ADMINISTRATION	-	-	-
30 DEPARTMENT OF IMMIGRATION	-	90	90
33 MINISTRY OF WORKS & URBAN DEVELOPMENT	-	34,980	34,980
37 DEPARTMENT OF ARCHIVES	-	(11)	(11)
38 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY	-	26,422	26,422
47 MINISTRY OF YOUTH, SPORTS & CULTURE	-	369	369
48 DEPARTMENT OF LABOUR	-	2,813	2,813
51 POST OFFICE DEPARTMENT	-	44,886	44,886
52 DEPARTMENT OF CIVIL AVIATION	-	3,199	3,199
53 PORT DEPARTMENT	-	5,165	5,165
54 DEPARTMENT OF ROAD TRAFFIC	-	703	703
57 DEPARTMENT OF AGRICULTURE	-	5,467	5,467
58 DEPARTMENT OF MARINE RESOURCES	-	534	534
TOTAL VAT RECURRENT REVENUE	150,000,000	218,680,226	68,680,226

12.15 To reemphasize the success of VAT from January 2015 to June 2015, (a six months period), \$218,680,226 in VAT revenue was collected; which is \$68,680,226 above the \$150,000,000 forecasted revenue and has a favorable revenue variance of 46%.

Value Added Tax (VAT) Outstanding Revenue

12.16 In addition to actual revenue receipts in the amount of \$218,680,226, VAT revenue outstanding as at June 30, 2015 amounted to \$1,344,406. The unpaid VAT is a result of the following:

- ✓ Taxpayers filing and making partial payment;
- ✓ Taxpayers filing and making no payment;
- ✓ VAT assessed for non-filers;
- ✓ Audit assessment;
- ✓ Non-filing penalty;
- ✓ Late payment penalty; and
- ✓ Interest applied to arrears.

12.17 Taxpayers who filed VAT returns and did not pay VAT are non-compliant with laws and regulations governing VAT activity. The VAT Act 2014 and Regulations 2014 state laws and regulations governing VAT non-compliance. In addition to the law, the DIR implemented policy and procedures to assist with regulating non-compliance.

12.18 The Department of Inland Revenue, Compliance and Enforcement Unit is responsible for enforcing VAT compliance and by extension Business Licence. Conversely, the Debt Management Unit is responsible for collecting outstanding VAT revenue relative to the Debt Management Reports and also by extension, Business Licence and Real Property Tax.

12.19 The OAG also noted that, the Debt Management Non Payers Report was not completely structured to accurately account for the VAT amount "Due Balance" (outstanding payment). In the "Paid" data field, a

calculation error exists; which requires a “Re-check” (to correct the same). In order to calculate the correct outstanding VAT balance due, manual adjustments would have to be made to the individual accounts; to arrive at the \$1,344,406 total VAT balance outstanding as at June 30, 2015.

12.20 **The OAG recommended that the Debt Management Unit continue to follow-up on the collection of the unpaid VAT. In addition, laws governing VAT compliance in all aspects should be enforced, as deemed necessary, to collect unpaid VAT.**

12.21 **The OAG further emphasized that accounting and reporting for VAT transactions require accuracy and completeness, in all aspects; to ensure all revenue owed to the government is captured. Accordingly, the OAG recommended that reports created should be “rechecked” and the data field error corrected to ensure mathematical accuracy.**

Recurrent VAT Revenue and Recurrent VAT Expenditure Analysis

12.22 For the period January 2015 to June 2015, recurrent VAT receipts in the amount of \$218,680,226 accounted for an injection of \$3,134,363,393 in national economy. The amount is representative of dollars spent for the consumption of VAT inclusive standard rate (7.5%) taxable supplies of goods and services that cost \$2,915,685,947 plus the VAT (\$218,680,266). Whereas, the government incurred \$1,778,420 recurrent VAT expenditure (“Input VAT”) for consuming \$25,490,687 of standard rate (7.5%) taxable supplies goods and services domestically. Thus, with respect to government consumption, recurrent VAT expenditure \$1,778,420 in relation to the recurrent VAT revenue \$218,676,446 is 1%; which is a moderate containment of consumption of 7.5% standard rate taxable supplies shown in Table: 4 (Recurrent VAT Revenue vs. Recurrent VAT Expenditure Analysis).

TABLE : 4 RECURRENT VAT REVENUE VS. RECURRENT VAT EXPENDITURE ANALYSIS			
RECURRENT VAT COMPONENTS	NON- VAT INCLUSIVE GOODS AND SERVICES CONSUMPTION VALUE (DOLLARS)	STANDARD RATE 7.5% VAT (DOLLARS)	VAT INCLUSIVE GOODS AND SERVICES CONSUMPTION VALUE(DOLLARS)
RECURRENT VAT REVENUE	2,915,736,347	218,680,226	3,134,416,573
RECURRENT VAT EXPENDITURE	23,712,267	1,778,420	25,490,687
VAT EXPENDITURE AS A PERCENTAGE OF VAT REVENUE	1%	1%	1%

12.23 The recurrent VAT Expenditure of \$1,778,420 was incurred as follows:

- ✓ Ministry of Public Service \$837,011 or 47% of VAT total expenditure;
- ✓ Department of Environmental Health Services \$ 457,090 or 26%; and
- ✓ Other Ministries and Departments \$484,319 or 27% respectively.

VAT Refund Payment Report

12.24 The OAG requested reports relative to payments processed for VAT refund cases for fiscal year 2014/2015. However, the information received was incomplete and required additional reconciliation by the DIR. Hence audit procedures could not be completed, but will be upon receipt of the same.

12.26 **The OAG recommended that the DIR complete Refund Payment Reconciliation and provide the completed VAT Refund Report as requested.**

Business License Revenue

12.27 Revenue collected for Business Licence in 2014/2015 amounted to \$125,845,776; which in comparison to \$123,970,749 for 2013/2014 increased by \$ 1,875,027 or 2%. Conversely, \$126,000,000 forecasted revenue for 2014/2015 fell below \$154,224, resulting in an

unfavorable revenue variance of 2%; which shown in Table: 5 (Business Licence Revenue Comparative Analysis).

Table :5 Business Licence Revenue Comparative Analysis	
Total Actual Revenue from GL System 2013/2014	\$ 123,970,749
Total Actual Revenue from GL System 2014/2015	\$ 125,845,776
Total Department of Inland (CRA) Approved Revenue Forecast Details from the 2014/2015 National Budget	\$ 126,000,000
Difference between Actual Revenue & Approved Forecast Revenue 2014/2015	\$ (154,224)

THE DIR OVERALL REVENUE CONTRIBUTION 2014/2015 RECURRENT REVENUE

12.28 The DIR contributed \$451,529,823, that is, 33% of the total \$1,367,588,741 "Tax Revenue" reported for 2014/2015. The OAG noted that the VAT revenue collected for six (6) months in the remaining 2014/2015 fiscal year accounted for \$218,680,226, which is 48% of the DIR total revenue, shown in Table: 6 (Department of Inland Revenue Overall Revenue Performance 2014/2015).

TABLE:6 DEPARTMENT OF INLAND REVENUE OVERALL REVENUE PERFORMANCE 2014/2015		
REVENUE STREAMS	REVENUE COLLECTED (\$)	REVENUE PERCENTAGE
VAT	218,680,226	48%
BUSINESS LICENCE	125,845,776	28%
REAL PROPERTY TAX	107,003,821	24%
TOTAL REVENUE	451,529,823	100%

12.29 The OAG further noted that, if VAT revenue to be collected going forward, follows the increase projections or successful trend; then the VAT revenue will represent the major contribution of recurrent revenue into the Consolidated Fund. This also dictates that due to

the financial activity and distinction of VAT; the notes to the financial statements, Revenue Head Description: 911; should match the item classification "VAT"; as opposed to 911: "Other Taxes". This reporting format will then provide discrete presentation of the VAT revenue in the underlying notes accompanying the financial statements. This will also add clarity to interpret the amount of the VAT revenue reported, with no need for additional interpretation or calculation.

- 12.30 **The OAG recommended the amendment, going forward, of full disclosure of the VAT Revenue ("VAT") under Head 911 and the description match the classification.**

The Department of Inland Revenue (CRA) Management's Response

I hereby acknowledge receipt of your Department's 2015 Audit Report on the Department of Inland Revenue. Your concerns and recommendations are noted. You are assured of our commitment to continue with the necessary steps that are being taken to ensure transparency, accessibility and accountability by the DIR.

Conclusion

- 12.31 The OAG is cognizant that VAT is a new form of taxation, which requires improvement in the accounting and reporting aspects. It is foreseeable and paramount that VAT Activity will be improved and transformed with the utilization of "big data" and analytics by the DIR and the OAG. With respect to the Real Property Tax, the OAG recommendations, if implemented, would result in revenue collection improvement to impact operational efficiency and effectiveness.
- 12.32 Overall, the Office of The Auditor General is engaged in the continuous audit monitoring of the DIR with respect to the financial audit examination and value-for-money audit. As the audit is in progress, comprehensive reporting will be presented in subsequent OAG reports, that is, 2015/2016 and 2016/2017 respectively.

BAHAMAS CUSTOMS
DEPARTMENT

SECTION THIRTEEN

BAHAMAS CUSTOMS DEPARTMENT

13.01 Under the provision of the Customs Management Act, 1976, the Customs Department, a branch of the Ministry of Finance, is responsible for the collection and protection of revenue obtained from General Import Duty and Excise duties. The department is also responsible for collecting Air and Sea Departure Tax and other miscellaneous fees.

13.02 According to the figures provided by the Customs Department, the total revenue collected during the fiscal year July 1, 2014 to June 30, 2015 amounted to \$887,813,532.26 compared with \$774,825,710.78 collected during the fiscal period July 1, 2013 to June 30, 2014, an increase of \$112,987,821.48 (.13%).

13.03 An analysis of Actual Revenue according to individual revenue items is set out below:

Comparative Revenue Analysis – Actual Revenue vs. Forecast Revenue

REVENUE ITEM HEAD/ITEM CLASSIFICATION \$	FORECAST REVENUE 2014/2015 \$	ACTUAL REVENUE CUSTOMS 2013/2014 \$	ACTUAL REVENUE FROM THE G/L SYSTEM 2014/2015 \$	ACTUAL REVENUE FORCAST REVENUE VARIANCE 2014/2015 \$
General Import Duties 901/1100	400,531,605.00	335,766,810.86	306,676,473.02	(93,855,131.98)
Excise Duties 901/2100	14,272,605.00	9,966,998.99	8,796,067.60	(5,476,537.40)
Excise Taxes 901/1100	299,320,000.00	248,812,248.53	262,112,429.11	(37,207,570.89)
Air Departure Tax 906/1100	49,653,620.00	39,422,343.75	55,424,160.54	5,770,540.54
Sea Departure Tax 906/1200	75,156,743.00	84,645,118.50	90,723,610.11	15,566,867.11
Passenger Tax/Pleasure Craft 906/1300	484,244.00	811,759.00	578,233.49	93,989.49
Passenger Ticket Tax 906/2100	-	20,240.00	-	-

REVENUE ITEM HEAD/ITEM CLASSIFICATION \$	FORECAST REVENUE 2014/2015 \$	ACTUAL REVENUE CUSTOMS 2013/2014 \$	ACTUAL REVENUE FROM THE G/L SYSTEM 2014/2015 \$	ACTUAL REVENUE FORCAST REVENUE VARIANCE 2014/2015 \$
Stamp Tax Imports 907/1100	-	-	-	-
Stamp Tax Exports 907/1200	96,295.00	-	20.00	(96,275.00)
Stamp Tax on Ship Report 907/1300	-	190.00	-	-
Stamp Duty Exports 907/2100	-	-	-	-
Ship Registration 919/1380	-	-	-	-
Customs Fines & Forfeitures 919/1452	257,868.00	412,828.73	469,149.18	211,281.18
Dishonoured Cheques Surcharge 919/2112	-	-	-	-
Wrecked Goods 919/2210	-	150.00	(200.00)	(200.00)
Customs Warehouse Fees 919/2220	25,001.00	141.00	14,421.62	(10,579.38)
Storage Fees 919/2221	151,774.00	169,945.28	186,976.13	35,202.13
Customs Inspection Fees 919/2231	656,562.00	206,938.06	4,781.35	(651,780.65)
Customs Inspection Fees Overtime 919/2231	-	-	-	-
Customs Service Charge 919/2232	4,600,000.00	6,582,835.86	11,022,544.32	6,422,544.32
Container Movement 919/2240	3,500,000.00	4,738,924.65	8,994,782.52	5,494,782.52

REVENUE ITEM HEAD/ITEM CLASSIFICATION \$	FORECAST REVENUE 2014/2015 \$	ACTUAL REVENUE CUSTOMS 2013/2014 \$	ACTUAL REVENUE FROM THE G/L SYSTEM 2014/2015 \$	ACTUAL REVENUE FORCAST REVENUE VARIANCE 2014/2015 \$
Customs Container Fee - Freeport 919/2241	206,948.00	386,475.00	593,738.77	386,790.77
Other Customs Charges 919/2250	262,694.00	973,698.05	1,100,668.47	837,974.47
Bonding Tax 919/2251	1,414,950.00	1,424,273.47	1,194,723.37	(220,226.63)
Royalties 919/2252	1,501,837.00	990,665.33	717,275.41	(784,561.59)
Fishing Permit 919/2253	-	-	-	-
Cruising Permit 919/2254	-	-	-	-
Customs Boarding Fees 919/2255	-	13,500.00	22,950.00	22,950.00
Transportation Fees 919/2260	-	-	-	-
Boarding Fees 919/2270	903,931.00	937,110.00	1,042,325.30	138,394.30
Boarding Fees 919/2271	228,474.00	2,718,473.07	2,875,566.71	2,647,092.71
Customs Processing Fees 919/2280	20,000,000.00	27,691,678.22	23,342,915.97	3,342,915.97
Environmental 919/2290	11,000,000.00	7,889,607.95	8,917,914.07	(2,082,085.93)
Wharf & Port Dues 919/2529	-	160,321.79	3,968.28	3,968.28
Rental of Various Properties 920/1420	110,748.00	82,434.69	88,558.34	(22,189.66)
Value Added Tax 9119100			102,909,478.58	102,909,478.58
TOTAL	884,335,899.00	774,825,710.78	887,813,532.26	3,477,633.26

13.04 Actual revenue collected \$887,813,532.26 in comparison to approved forecast revenue \$884,335,899.00 for the fiscal year 2014/2015 amounted to an increase of \$ 3,477,633.26. Value Added Tax (VAT) collected by Customs in the amount of \$102,909,478.58 contributed, in part, to the increase.

Total Actual Revenue from GL System 2014/2015	\$ 887,813,532.26
Total Approved Forecast Revenue 2014/2015 Customs Department	\$ 884,335,899.00
Difference between Actual Revenue of GL System (Actual Revenue Customs Department) and Approved Forecast Revenue)	\$ 3,477,633.26

13.05 Customs Revenue Statistical Report reflects **all** collections by Customs including:

- Deposit Fund Payments
 - ✓ Transportation Fees
 - ✓ Deferred Customs Duty
- Revenue collected on behalf of other agencies
 - ✓ Landing Fees – Civil Aviation
 - ✓ Wharfage Dues – Port Department
 - ✓ Tonnage Dues – Port Department

13.06 Revenue is not being posted to the General Ledger in the period collected.

- Treasury Family Islands Section, New Providence is responsible for journalizing deposits for the Family Islands Districts that are included in the Administrator’s cashbook. The deposits/revenue reports are not submitted timely. As a result, posting is behind by 3 to 12 months.

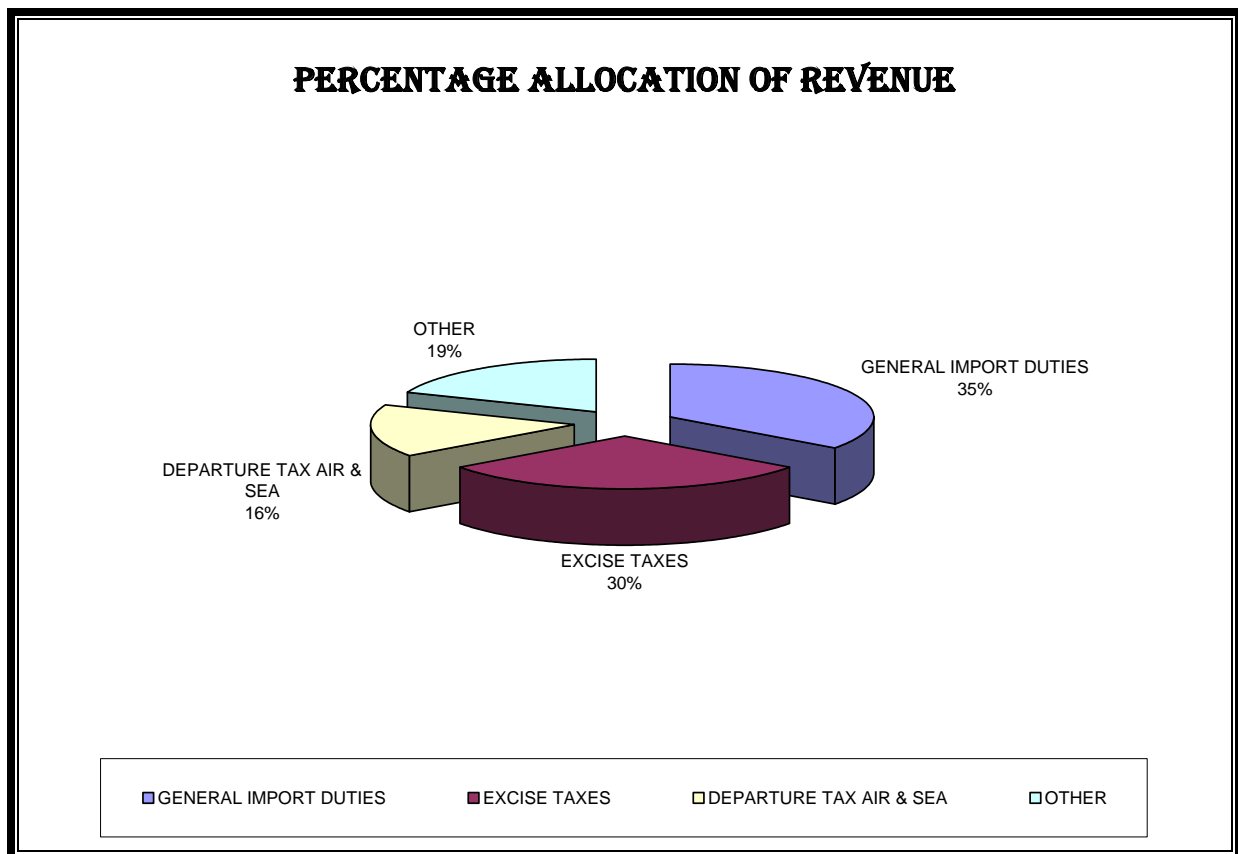
- ✓ Eleuthera
- ✓ Andros
- ✓ Cat Island
- ✓ Inagua
- ✓ San Salvador
- ✓ Half Moon Cay

- Treasury Department, Abaco is responsible for journalizing deposits for Marsh Harbour, Abaco. Posting is 2 – 4 weeks behind.

13.07 The actual revenue collected during this fiscal year exceeded the estimated revenue for some items mainly: Departure Tax Air & Sea, Customs Service Charge, Customs Processing Fees and Customs Container Movement. Conversely, some collections fell below the estimated figures for some item such as Excise Duties and General Imports, and this was due in part to certain excise and tariff reductions that came in effect to coincide with the introduction of VAT.

13.08 The percentage allocation of actual revenue for 2014/2015 is as follows:

REVENUE ITEM	% ALLOCATION
General Import Duties	35%
Excise Taxes	30%
Departure Tax Air & Sea	16%
Other	19%
GRAND TOTAL	100%



13.09 The breakdown of revenue collected July 2014 – June 2015 by region is as follows:

NAME	FISCAL YEAR JULY 1, 2014 TO JUNE 30, 2015	FISCAL YEAR JULY 1, 2013 TO JUNE 30, 2014
	\$	\$
New Providence	735,813,731.45	630,604,717.68
Grand Bahama	60,183,862.11	62,996,634.60
Family Islands	91,815,938.70	81,224,358.50
GRAND TOTAL	\$ 887,813,532.26	\$ 774,825,710.78

AIR EXPRESS

13.10 Continuous audits were conducted during the year, informing the Customs Department of the incorrect rate of duty being applied in some instances. Queries were periodically raised relating to the aforementioned.

CUSTOMS HOUSE ENTRIES

13.11 Continuous audits were conducted during the year; the incorrect rate of duty was applied in many instances. Queries were raised for the period relating to the aforementioned.

FAMILY ISLAND ACCOUNTS

13.12 Continuous audits were carried out on the Customs Section at Abaco, Eleuthera, Exuma and Grand Bahama by our satellite offices. Accounts from our ports were audited in Nassau. Additional surprise audits were carried out. During the audits for Family Island accounts, the following were observed:

- a. Incorrect rates of duty were applied;
- b. Insufficient warehouse space at some ports of entry.

ODYSSEY

13.13 Continuous audits were conducted during the year, informing the Customs Department of the incorrect rate of duty being applied in some instances. Queries were periodically raised relating to the aforementioned.

GLADSTONE FREIGHT TERMINAL

13.14 Audits were conducted during the year where queries were raised as well as incorrect rates were applied for the period relating to the aforementioned.

INCOMPLETE MANIFEST

13.15 We have conducted examination of incomplete manifest and the following was observed:

- a. A large number of bills of lading were released without evidence to suggest duties were not collected.

QUERIES

13.16 During the fiscal year 2014/2015, 446 queries totaling \$56,072.13 were raised with the Customs Department. Of this amount, 70 were satisfactorily resolved which resulted in \$21,472.68 being collected.

PORT/STATION	QUERIES SENT	DOLLAR VALUE \$	QUERIES ANSWERED	DOLLAR VALUE \$
Customs House	52	32,565.40	20	15,477.22
Gladstone Freight Terminal	71	12,947.42	34	4,036.47
Family Island	63	10,559.31	16	1,958.99
TOTAL	186	\$ 56,072.13	70	\$ 21,472.68

RENTAL OF OFFICE SPACE

13.17 We have determined that the collection of rental office/cargo space is being satisfactorily maintained.

INVENTORY OF GENERAL REVENUE BOOKS

13.18 Our main findings were as follows:

- (i) Counterfoil Issue Notes were not organized in a consecutive monthly sequence in the file folder;
- (ii) Departure Tax Receipt books were not recorded in the Receipt Book Register;
- (iii) Recording in pencil in receipt book register.

PENSIONS

SECTION FOURTEEN

Pensions

Official Pension & Gratuity

- 14.01 During the examination of the above captioned, a representative sample of Official Pension & Gratuity was selected and judgmentally tested. The information and calculation on the Pension & Gratuity Certificates were verified for accuracy. These amounts were checked to the General Ledger (GL671) and Bahaval systems.
- 14.02 It was noted that several corrections were needed to be made to the certificates, such as total length of service, incorrect salary, calculations of unpaid leave, pension acts incorrect, no seal on the certificates.
- 14.03 During this period 147 pensioners were deleted from the Official Pension Register and 374 pensioners added to the Official Pension Register.
- 14.04 Over \$7.5 million was disbursed for official pension for the period.

Parliamentary Pension

- 14.05 We were able to verify the amount of \$1,628,724.76 for parliamentary pension disbursed for the fiscal year 2014/2015.
- 14.06 During the period, one (1) parliamentarian was added to the pay-sheet. Presently, there are seventy-six (76) Parliamentarians and Widows on the parliamentarian pension pay-sheet.

War Veterans & Widow Pension

- 14.07 While examining pensions for the fiscal year ended June 30, 2015, the amount disbursed was \$5,880.72. These amounts were verified to the Government of The Bahamas Pension Register and the United States (U. S.) Draft Register.

14.08 During the period there was two (2) pensioners on the pay-sheet, one (1) being paid by auto deposit and one (1) being paid by US\$ Draft.

Widows & Orphan Pensions

14.09 Pension for the year ended June 30, 2015 was confirmed and verified to the Official Pension Register and the Widows & Orphans Pension Register.

14.10 The amount disbursed for the period was \$92,919.80.

14.11 During the period four (4) persons were deleted from the pay-sheet by reason of death. Presently, there are twenty three (23) Widows & Orphans Pensioners on the pay-sheet.

TREASURY
FINAL ACCOUNTS

SECTION FIFTEEN

Bank Reconciliation

15.01 The Bank Reconciliations for the Financial Statements were not presented within thirty days of the year end and is not in accordance with International Public Sector Accounting Standard (IPSAS) and International Financial Reporting Standards (IFRS). However, we noted the improvement from previous years.

15.02 **We recommended that effort be made to complete bank reconciliations within thirty (30) days of month end in accordance with IPSAS and IFRS.**

Treasurer's Response – 1.02

Noted.

Public Officers Loan

15.06 During our review of the Public Officers Loan Ledger listing, we noted that a number of employees were allowed to have deductions that exceeded 75% of the gross monthly salary. This is a departure from Treasury Circular No. 10/09 dated June 29, 2009.

15.07 **We recommended that Treasury Circular No.10/09 dated June 29, 2009 be adhered to which states that, “With effect from July 1, 2009 officers are allowed to have 75% of their salary deducted for transactions. The net take home pay should not be allowed to fall below 25% of gross salary.”**

Treasurer's Response – 3.01

To assist with urgent medical needs approvals have been granted by the Treasurer and the Ministry of Finance on a case by case basis to allow officers whose salary fall below 25% of net pay to be granted the Public Officers Loan.

15.08 While comparing the loans granted to the Journal Inquire By Account – Detail (GL671) for the period under review, we noted that loans were recorded in the GL671 however; they were not recorded in the loan register.

15.09 According to the Treasurer's Report – Notes to the Financial Statements for the year ended June 30, 2015, the outstanding balance for the Public Officer's Loan totaled \$1,125,389.00. According to the Trial Balance Detail Report, the outstanding balance, totaled \$1,352,150.30; a difference of \$226,761.30.

Treasurer's Response – 3.03

To strengthen our record keeping we have established periodic reviews to update the salary advance loan register with the account detail GL671.

Salary Advance

15.18 The AR505 Module (Detail Invoice by Customer) did not always reflect the correct status of employees' salary advance. Advances, which were fully satisfied, as indicated in the JD Edwards Payroll System (Pay Check Inquiry and Void) were shown as outstanding as per AR505 module (Detail Invoice by Customer).

15.19 **We recommended that due diligence be exercised to ensure a transaction trail in the maintenance of salary advances to the AR505 in a timely manner. We further recommend that the JD Edwards system be interfaced with the CA System to ensure accounts are systematically updated.**

Treasurer's Response – Treasury 9.02

Recommendation to exercise due diligence to ensure transaction trail in the maintenance of salary advance, would be adhered to fully when adequate resources are in place.

Deferred Payment

- 15.20 It was noted that the practice of commencing repayment of salary advances two months after the loan was advanced was not always followed. Furthermore, no deferments of payments or statement/letters were attached.
- 15.21 **We recommended that in accordance with the existing policy, that salary deductions commence within the two months after the grant of the advance and that repayment occurs in a timely manner. We further recommend that the deferment authorization be written on the voucher.**

Treasurer's Response – Treasury 10.01

Deferment authorization to be written on the vouchers is not always possible because deferments are granted most times after the voucher has been processed. Approval for deferment of payments are generally attached and forwarded with the actual original vouchers for processing. We would seek to implement procedures to record subsequent deferred approval after vouchers would have been processed in a secured file for the month in which the deferment would have been granted.

Outstanding Advances

- 15.22 According to the Salary Advance Register and the Vouchers provided, officers received salary advances, but there were no records of deductions on the JD Edwards Payroll System (Pay Check Inquiry and Void), and the Treasury SSA Global Financial Management System AR505 module before the officers were terminated from the payroll. The Audit Sample disclosed two (2) officers' advances totaling \$2,200, as having no record of any payment deduction; to recover the same.
- 15.23 During our review of the Treasury's SSA global Financial Management System AR505 module and JD Edwards Payroll System (Pay Check Inquiry and Void), it was noted that officers did not complete all of the required deductions, to satisfy the amount advanced, before being terminated from the payroll as indicated.

The Audit Sample disclosed five (5) officers' advances totaling \$8,937.50 with an outstanding balance of \$4,045.78.

- 15.24 **We recommended that the policy in place to recover outstanding amount for salary advances be enforced.**

[Treasurer's Response – Treasury 11.03](#)

In some cases it is not possible to deduct outstanding funds from officers' salary because officers would have been terminated after the pay period; however, necessary procedures have been implemented to deduct outstanding advances from officer's benefits (gratuity, pension, death, or vacation benefits) after being terminated.

Dishonoured Cheques / Accounts Receivable

- 15.25 We continue to have concerns with the Dishonoured Cheques / Accounts Receivable which is approximately \$20,000,000. A large amount of these dishonoured cheques are considered uncollectable.

- 15.26 **We recommended that there should be continuous monitoring of Dishonoured Cheques. Dishonoured Cheques that are determined to be uncollectable should be removed from the list. An aging report should be produced.**

- 15.27 **We recommended that the Revenue Collection Officers should ensure that cheques are negotiable/crossed before processing payment.**

[Treasurer's Response – Treasury 12.02](#)

The Officer assigned to dishonoured cheques, continues to monitor the items. We are in the process of putting forward a paper to have the amounts deemed uncollectible written off.

In-active and Dormant Accounts

15.28 We see no mention of In-active and Dormant Accounts in the Notes to the Financial Statements.

15.29 In the 2014 Financial Statement these accounts were written off, however, there were no documented information from the Minister of Finance approving the write-offs.

15.30 **Kindly provide the Cabinet Conclusion authorizing the write-off.**

[Treasurer's Response – 13.02](#)

The in-active and dormant accounts is included in the Financial Administration and Audit Act (amendment 2013) section 4; which amends section 25 of the principle act.

Reconciliation of Suspense Accounts

15.31 There are balances in these accounts which have not been posted to the appropriate accounts.

15.32 **It is recommended that all Suspense Accounts be cleared in a timely manner.**

[Treasurer's Response – 14.02](#)

Noted.

AUDIT CERTIFICATE

AUDIT CERTIFICATE
THE FINAL ACCOUNTS OF
THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
FOR THE YEAR ENDED JUNE 30, 2015

In compliance with Section 43 of the Financial Administration and Audit Act, 2010, I have examined the several statements and accounts of the Government of the Commonwealth of The Bahamas as specified under Section 32(3) of the Act. The Financial Statements are the responsibility of the Treasurer. My responsibility is to examine and certify the Statements, based on the outcome of my examinations, as required by the Act.

These Financial Statements have been examined in accordance with The Financial Administration and Audit Act, 2010, The Financial Regulations 1975, The International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards and other auditing procedures as were considered necessary in the circumstances.

As a result of my examination, I now report that while the Treasurer has written off the In-active and Dormant Accounts as requested in prior audit reports, the required written authorization was not available at the date of this report. In addition, due to the large Suspense account balances and weaknesses in system of Internal Controls related to revenue and expenditure, I cannot attest to the completeness and fairness of Cash and Bank Balances.

Because of the fundamental importance, and the material effect of these accounts as described in the preceding paragraph, on the statements of account, I am unable to certify that the Final Accounts of the Government of the Commonwealth of The Bahamas present a true and fair view of the state of affairs for the year ended June 30, 2014.



Terrance S. Bastian (Mr.)
Auditor General

Nassau, Bahamas
March 30, 2018

Annex

REPORT OF THE AUDITOR GENERAL

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Annex 1

Balance Sheet – Consolidated Fund

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS

STATEMENT OF FINANCIAL ASSETS AND LIABILITIES (BALANCE SHEET)
AS AT 30-JUNE-2015
(CONSOLIDATED FUND)

	Notes	As at 30-Jun-2015 B\$	As at 30-Jun-2014 B\$
FINANCIAL ASSETS			
Cash and Bank Balances	(11)	120,404,357.3	125,906,170
Fixed Deposits CBoB	(17)	42,342,655	42,595,260
Fixed Deposits BoB	(17)	89,230,128	20,723,380
Dishonoured Cheques (Receivab es)	(18)	19,852,280	19,133,372
Advances	(13a)	23,225,232	18,086,184
TOTAL FINANCIAL ASSETS		295,054,652	226,444,367
FINANCIAL LIABILITIES			
CURRENT LIABILITIES			
Bank Overdraft	(10 & 11)	246,312,342	249,222,547
Treasury Bills	8 ()	579,281,900	549,281,900
Short Term Advances	9 ()	134,657,052	129,657,052
Salary Deductions Payable	(12)	2,909,566	26,421,104
Other Short Term Depository Liabilities	13b) (171,474,931	185,769,428
TOTAL CURRENT LIABILITIES		1,152,635,791	1,140,352,029
NET LIABILITIES		857,581,139	913,907,662
Supported by			
FUND BALANCES			
Consolidated Fund Current Account		(1,022,878,577)	(880,789,510)
Consolidated Fund Capital Development Account		165,297,438	(33,118,152)
TOTAL FUND BALANCES		(857,581,139)	(913,907,662)

see notes to the financial statements

Annex 2

Statement of Revenue and Expenditure

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS

STATEMENT OF REVENUE AND EXPENDITURE FOR YEAR ENDED 30-JUNE-2015

(CONSOLIDATED FUND)

Notes	Budget Financial Year Ended 30-Jun-2015	Actuals		
		Financial Year Ended 30-Jun-2015 B\$	Actuals Financial Year Ended 30-Jun-2014	
REVENUE				
Recurrent Revenue				
	Tax Revenue	(4) 1,452,038,563	1,367,588,741	1,124,761,225
	Non-Tax Revenue	(4) 318,422,439	340,473,357	345,206,219
	SUB-TOTAL	(4) 1,770,461,002	1,708,062,098	1,469,967,443
	Refund of Revenue		-	(3,003,632)
	Total Recurrent Revenue Collected	1,770,461,002	1,708,062,098	1,466,963,811
Other Revenue Receipts				
	Sale of Capital Assets	(6) 1,000.00	3,053,430	42,439
	Grants and Aids	(6) 3,300,000	362,492	380,500
	Total other Revenue Receipts	(6) 3,301,000	3,415,921	422,939
	TOTAL REVENUE RECEIVED	1,773,762,002	1,711,478,019	1,467,386,750
OPERATING EXPENDITURE				
Recurrent Expenditure				
	Personal Emoluments	663,951,335	659,558,799	633,438,617
	Other Recurrent Charges	801,413,026	828,247,989	768,062,826
Other Cost Items				
	Financing Cost- Interest Payments	(5) 259,339,079	253,002,064	223,452,101
	Principal Debt/Sinking Fund Repayment	(5) 98,354,631	161,939,381	82,032,720
	Total Other Cost	357,693,710	414,941,446	305,484,821
	Total Recurrent Expenditure	(5) 1,823,058,071	1,902,748,233	1,706,986,264
Capital Expenditure				
	Capital Development Expenditure	177,925,335	258,107,079	199,354,911
	Other Capital Expenditure	89,217,921	21,071,414	30,055,202
	Capital Grants, Contributions and Subsidies to Government Corporations	64,250,000	93,139,948	103,592,885
	Total Capital Expenditure	(7) 331,393,256	372,318,441	333,002,998
	Total Operating Expenditure	2,154,451,327	2,275,066,674	2,039,989,262
	Deficit for the period	(380,689,325)	(563,588,656)	(572,602,512)

see notes to the financial statements

Annex 3

Statement of Cash Flow

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2015
(CONSOLIDATED FUND)

Notes	Financial Year	Financial Year	Change
	Ended 30-Jun-2015	Ended 30-Jun-2014	
	B\$	B\$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Recurrent Revenue (4)	1,708,062,098	1,469,967,443	
Less: Refund of Revenue	0	(3,003,632)	
Increase/Decrease in Dishonoured Cheques	(718,908)	(696,636)	
Recurrent Expenditure (less Debt repayment) (5)	(1,740,808,852)	(1,624,953,544)	
NET CASH FLOWS FROM OPERATING ACTIVITIES	(33,465,662)	(158,686,369)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital revenue/grants (6)	3,415,921	422,939	
Capital acquisitions (7)	(258,107,079)	(199,354,911)	
Other capital expenditure (7)	(21,071,414)	(30,055,202)	
Capital Contributions, Subsidies & Grants (7)	(93,139,948)	(103,592,885)	
NET CASH FLOWS FROM INVESTING ACTIVITIES	(368,902,520)	(332,580,059)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (Decrease) in Treasury Bills (8)	30,000,000	(39,000,000)	
Increase (Decrease) in Central Bank Advances (9)	5,000,000	24,000,000	
Increase (Decrease) in CitiBank Advance (9)	0	(20,000,000)	
Increase (Decrease) in Other Advances (10)	(5,139,048)	(5,129,224)	
Increase (Decrease) in Other Deposits (10)	(19,836,212)	10,530,481	
Proceeds from Bonds/Stocks (6)	275,000,000	115,000,000	
Proceeds from US \$ Loan (6)	0	366,000,000	
Proceeds from EURO Loan (6)	0	101,542,500	
Proceeds from Loans (6)	74,915,178	33,269,132	
Proceeds from Loans Commercial Banks (6)	270,000,000	0	
Principal Payments on Public Debt (5)	(161,939,381)	(82,032,720)	
NET CASH FLOWS FROM FINANCING ACTIVITIES	468,000,537	504,180,169	
NET INCREASE (DECREASE) IN CASH	65,632,355	12,913,742	
CASH AND CASH EQUIVALENT			
Cash and Cash equivalent at beginning of year	(59,967,558)	(72,881,300)	
Cash and Cash equivalent at end of year	5,664,797	(59,967,558)	
	Financial Year	Financial Year	
	Ended	Ended	
	30-Jun-2015	30-Jun-2014	Change
Cash and Domestic Bank Accounts	174,923,297	126,941,122	47,982,175
Foreign Banks denominated in B\$	34,711,188	19,718,607	14,992,581
Sub-Total	209,634,485	146,659,729	62,974,756
Fixed Deposits (maturities less than 3months)	42,342,655	42,595,260	(252,605)
Sub-Total	251,977,140	189,254,989	62,722,151
Less: Bank Overdrafts	(246,312,342)	(249,222,547)	2,910,205
Net Cash & Cash Equivalent	5,664,797	(59,967,558)	65,884,961

see notes to the financial statements

Annex 4

Statement of Consolidated Fund – (Current Account)

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS

**STATEMENT OF CHANGES IN CONSOLIDATED FUND BALANCES FOR YEAR
ENDED 30- JUNE-2015
(CURRENT ACCOUNT)**

	Notes	Financial Year Ended 30-Jun-2015 B\$	Financial Year Ended 30-Jun-2014 B\$	Net Change in Fund Balance B\$
Balance as at 1st July, 2014		(880,789,510)	(874,835,560)	5,953,950
Recurrent Revenue	(4)	1,708,062,098	1,469,967,443	(238,094,655)
Less: Refund of Revenue		-	3,003,632	3,003,632
Net Recurrent Revenue		<u>1,708,062,098</u>	<u>1,466,963,812</u>	<u>(241,098,286)</u>
Other Revenues & Transfers			.0	
Transfers from Capital Account	(16)	52,597,069	234,68,502	181,471,433
Total Revenues		<u>1,760,659,167</u>	<u>1,701,652,314</u>	<u>(59,626,853)</u>
Sub-Total		879,869,657	826,967,54	(53,672,903)
Recurrent Expenditure	(5)	1,902,748,233	1,706,986,264	(195,761,970)
Balance as at 30 June 2015		<u>(1,022,878,577)</u>	<u>(880,789,510)</u>	<u>142,89,067</u>

Annex 5

Statement of Consolidated Fund – (Capital Account)

**STATEMENT OF CHANGES IN CONSOLIDATED FUND BALANCES FOR YEAR
ENDED 30 JUNE 2015
(CAPITAL ACCOUNT)**

	Notes	Financial Year Ended 30-Jun-2015	Financial Year Ended 30-Jun-2014	Net Change in Fund Balance
		B\$	B\$	B\$
Balance as at 1st July, 2014		(33,118,152)	(82,281,223)	(49,163,071)
Capital Revenues				
Proceeds from Stocks/Bonds	(6)	275,000,000	115,000,000	160,000,000
Proceeds from US\$ Loan	(6)	-	366,000,000	(366,000,000)
Proceeds from EURO Loan	(6)	-	101,542,500	
Proceeds from Other Loans	(6)	74,915,178	33,269,132	41,646,046
Proceeds from Loans Commercial Banks	(6)	270,000,000	-	270,000,000
Proceeds From Grants	(6)	362,492	380,500	(18,009)
Other Capital Income	(6)	3,053,430	42,439	3,010,991
Total Capital Revenue		623,331,100	616,234,571	108,639,029
Sub-Total		590,212,948	533,953,348	56,259,600
Capital Development Expenditure				
Capital Development Expenditure	(7)	258,107,079	199,354,911	58,752,168
Other Capital Expenditure	(7)	21,071,414	30,055,202	(8,983,788)
Loans, Contributions and Advances to Government Corporations	(7)	93,139,948	103,592,885	(10,452,937)
Total Capital Expenditure		372,318,441	333,002,998	39,315,443
Other Expenditure and Transfers				
Transfer to Current Account	(16)	52,597,069	234,068,502	(181,471,433)
Total Capital Development Expenditure and Transfers		424,915,510	567,071,500	(142,155,990)
Balance as at 30 June 2015		165,297,438	(33,118,152)	(198,415,590)

see notes to the financial statements

Annex 6

Notes of The financial Statements

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

purchase. In complying with the FAA Act 2010 the fixed assets acquired in the current year are included in the notes.

The financial assets of the Government are reported in the Statement of Financial Assets and Liabilities. The Act also requires a Statement of Cash Flows and a Statement of Revenue and Expenditure along with the Statement of Financial Assets and Liabilities which form the primary statements. The other statements required by the act are supplementary and shown in the notes.

Reporting currency

These statements are prepared in Bahamian dollars (B\$).

Foreign currency

Foreign currency transactions during the year are translated into local currency at the exchange rate at the date of the transaction.

Comparatives

To ensure consistency with current period and classification method adopted to make a fair presentation of financial information, comparative figures have been restated where appropriate.

Revenue

Revenue is levied through Parliament by way of imposing taxes, fees and charges. All such revenue collected through the relevant Ministries and Departments is recognized at the time of collection.

Revenue due but not collected are maintained in subsidiary records but they are not included in the financial statements until collected.

Expenses

Expenses are accounted for in the fiscal year that goods and services are paid.

Assets

All assets are expensed in the year they are purchased. However there is a separate capital statement that reports on all capital purchases during the year. A number of Agencies maintain an asset register either electronically or manually. Included in the notes is a list of fixed assets acquired during the period July 1, 2013 to June 30, 2014 as required by the FAA Act 2010.

Liabilities

Liabilities incurred at the end of the year are not accrued and not accounted for in the balance sheet, however in the subsequent year/s when it is paid.

Loans are not reported in the balance sheet however they are recorded and reported in the statement of Public Debt.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

3. Budgetary Process

The Budget, as approved by the parliament and enacted by the Appropriation Acts provides the authority for recurrent and capital expenditure and indicated revenues for the fiscal year.

The authority for recurrent and capital expenditure lapses at the end of the fiscal year.

Further authority for recurrent and capital expenditure is provided by supplementary budgets, which are approved by Parliament.

4. Recurrent Revenue

These comprise of recurrent revenue by revenue category during this fiscal period.

Summary of Recurrent Revenue

HEAD	DESCRIPTION	ESTIMATED REVENUE 2014/2015	ACTUAL REVENUE 2014/2015	UNDER/(OVER) THE ESTIMATES
901	IMPORT AND EXPORT DUTIES	414,804,210	315,472,541	99,331,669
902	EXCISE TAX	299,320,000	262,112,429	37,207,571
903	PROPERTY TAX	146,613,038	107,003,820	39,609,218
904	MOTOR VEHICLE TAX	39,095,054	38,691,019	404,035
905	GAMING TAX	20,000,000	25,034,357	(5,034,357)
906	TOURISM TAX	146,590,320	172,056,651	(25,466,331)
907	STAMP TAX	189,970,692	190,855,744	(885,052)
908	COMPANY FEES	22,071,204	21,346,965	724,239
909	BANK AND TRUST COMPANY FEES	23,017,000	15,843,110	7,173,890
911	OTHER TAXES	150,557,045	219,172,104	(68,615,059)
	TAX REVENUE SUB-TOTAL	1,452,038,563	1,367,588,741	84,449,822
919	FEES AND SERVICE CHARGES REVENUE FROM GOVERNMENT PROPER	262,852,117.00	296,156,742.22	(33,304,625)
920		17,843,859.00	19,891,893.34	(2,048,034)
921	INTEREST AND DIVIDENDS REIMBURSEMENT AND LOAN REPAYMENT	31,456,000.00	18,044,088.17	13,411,912
922		113,000.00	74,557.69	38,442
923	SERVICE OF A COMMERCIAL NATURE	6,157,463.00	6,306,075.47	(148,612)
	NON-TAX REVENUE SUB-TOTAL	318,422,439	340,473,357	(22,050,918)
	TOTAL REVENUE	1,770,461,002	1,708,062,098	62,398,904

Details regarding the recurrent revenue are contained in Annex 1 pages 2-30.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

5. Recurrent Expenditure

These comprise of recurrent expenditure by Ministries and Departments during this fiscal period.

Summary of Recurrent Expenditure

HEAD	MINISTRY/DEPARTMENT	APPROVED ESTIMATES 2014/2015	ESTIMATE & SUPP. APPROP. 2014/2015	ACTUAL EXPENDITURE 2014/2015	UNDER/(OVER) THE ESTIMATE	SUPP. APPROP. AUTHORIZE
1	THE GOVERNOR GENERAL & STAFF	1,166,695	1,166,695.00	1,036,337.06	130,358	(
2	THE SENATE	257,015	257,015.00	212,384.89	44,630	(
3	THE HOUSE OF ASSEMBLY	2,124,177	2,124,177.00	2,031,547.49	92,630	(
4	THE DEPARTMENT OF THE AUDITOR-GENERAL	2,205,159	2,205,159.00	1,964,590.99	240,568	(
5	DEPARTMENT OF PUBLIC SERVICE	175,231,922	190,031,922.00	189,737,088.19	(14,505,166)	14,800,000.00
6	CABINET OFFICE	6,200,484	6,200,484.00	6,064,809.54	135,674	(
7	OFFICE OF THE ATTORNEY-GENERAL AND MINIS	13,249,087	13,849,087.00	12,912,754.65	336,332	600,000.00
8	JUDICIAL DEPARTMENT	7,677,300	8,407,300.00	7,950,804.19	(273,504)	730,000.00
9	COURT OF APPEAL	3,475,080	3,475,080.00	2,632,491.15	842,589	(
10	REGISTRAR-GENERAL'S DEPARTMENT	3,144,570	3,144,570.00	3,075,691.93	68,878	(
11	PRISON DEPARTMENT	23,252,666	23,779,949.88	23,482,884.81	(230,219)	527,283.81
12	PARLIAMENTARY REGISTRATION DEPARTMENT	1,136,851	1,136,851.00	985,108.65	151,742	(
13	MINISTRY OF FOREIGN AFFAIRS & IMMIGRATIO	26,184,994	28,188,245.16	25,868,649.68	316,344	2,003,251.16
14	OFFICE OF THE PRIME MINISTER	3,395,138	4,476,757.70	4,402,842.07	(1,007,704)	1,081,619.70
16	BAHAMAS INFORMATION SERVICES	1,867,153	1,867,153.00	1,785,749.68	81,403	(
17	GOVERNMENT PRINTING DEPARTMENT	1,744,463	1,856,715.00	1,697,285.96	47,177	112,252.00
18	DEPARTMENT OF LOCAL GOVERNMENT	22,140,443	22,140,443.00	21,240,906.34	899,537	(
19	DEPARTMENT OF PHYSICAL PLANNING	1,412,629	1,412,629.00	1,139,212.45	273,417	(
20	DEPARTMENT OF LANDS AND SURVEYS	2,171,822	2,171,822.00	1,856,052.02	315,770	(
21	MINISTRY OF FINANCE	45,710,826	53,421,921.15	50,853,237.32	(5,142,411)	7,711,095.15
22	TREASURY DEPARTMENT	56,327,477	61,733,616.04	61,423,707.40	(5,096,230)	5,406,139.04
23	CUSTOMS DEPARTMENT	25,540,381	25,682,381.00	25,456,524.85	83,856	142,000.00
24	DEPARTMENT OF STATISTICS	3,598,563	3,598,563.00	3,071,527.93	527,035	(
25	MAGISTRATE'S COURTS	4,651,664	4,651,664.00	4,300,665.87	350,998	(
26	PUBLIC DEBT SERVICING - INTEREST	259,339,079	259,339,079.00	253,002,064.10	6,337,015	(
27	PUBLIC DEBT SERVICING - REDEMPTION	98,354,631	208,770,131.00	161,939,381.45	(63,584,750)	110,415,500
28	Department of Inland Revenue	3,113,702	3,113,702.00	2,991,502.07	122,200	(
29	MINISTRY OF NATIONAL SECURITY	5,107,588	5,107,588.00	5,015,249.75	92,338	(
30	DEPARTMENT OF IMMIGRATION	16,942,386	18,142,386.00	17,389,268.71	(446,883)	1,200,000.00
31	ROYAL BAHAMAS POLICE FORCE	129,249,756	129,249,756.00	128,934,309.06	315,447	(

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

SUMMARY OF RECURRENT EXPENDITURE (CONT'D)

HEAD	MINISTRY/DEPARTMENT	APPROVED ESTIMATES 2014/2015	ESTIMATE & SUPP. APPROP. 2014/2015	ACTUAL EXPENDITURE 2014/2015	UNDER/(OVER) THE ESTIMATE	SUPP. APPROP. AUTHORIZEI
32	ROYAL BAHAMAS DEFENCE FORCE	57,453,283	57,873,523.00	57,096,678.83	356,604	420,240.0
33	MINISTRY OF PUBLIC WORKS & URBAN DEVELOP	38,234,469	41,228,401.00	37,519,266.43	715,203	2,993,932.0
34	DEPARTMENT OF PUBLIC WORKS	17,607,967	17,607,967.00	16,493,628.31	1,114,339	
35	DEPARTMENT OF EDUCATION	174,934,708	178,791,149.50	178,653,793.14	(3,719,085)	3,856,441.5
37	DEPARTMENT OF ARCHIVES	944,613	944,613.00	741,841.86	202,771	
38	MINISTRY OF EDUCATION, SCIENCE AND TECHN	68,257,775	72,197,067.30	71,077,611.70	(2,819,837)	3,939,292.5
40	MINISTRY OF TRANSPORT & AVIATION	9,407,586	9,407,586.00	9,275,410.70	132,175	
41	THE SIMPSON PENN CENTRE FOR BOYS	1,136,392	1,136,392.00	889,025.88	247,366	
42	THE WILLAMAE PRATT CENTRE FOR GIRLS	782,755	782,755.00	646,552.74	136,202	
43	MINISTRY OF SOCIAL SERVICES	3,486,487	3,486,487.00	3,004,147.53	482,339	
44	DEPARTMENT OF SOCIAL SERVICES	40,201,979	47,251,979.00	46,299,436.64	(6,097,458)	7,050,000.0
45	DEPARTMENT OF HOUSING	1,953,695	1,953,695.00	1,607,721.68	345,973	
47	MINISTRY OF YOUTH, SPORTS & CULTURE	13,623,475	13,923,475.00	13,031,209.54	592,265	300,000.0
48	DEPARTMENT OF LABOUR	2,366,089	2,366,089.00	2,213,959.99	152,129	
49	MINISTRY OF FINANCIAL SERVICES	2,844,576	2,844,576.00	1,992,666.08	851,910	
51	POST OFFICE DEPARTMENT	7,476,164	7,476,164.00	7,369,719.70	106,444	
52	Department Of Civil Aviation	14,320,876	14,320,876.00	13,944,531.69	376,344	
53	PORT DEPARTMENT	4,712,080	4,712,080.00	3,922,183.76	789,896	
54	DEPARTMENT OF ROAD TRAFFIC	4,852,601	4,986,131.00	4,785,607.77	66,993	133,530.0
55	Department Of Meteorology	2,041,284	2,041,284.00	1,830,095.19	211,189	
56	MINISTRY OF AGRICULTURE, MARINE RESOURCE	5,273,408	5,273,408.00	4,393,995.56	879,412	
57	Department Of Agriculture	6,683,709	6,683,709.00	5,152,838.31	1,530,871	
58	DEPARTMENT OF MARINE RESOURCES	2,012,556	2,012,556.00	1,742,056.14	270,500	
60	MINISTRY OF HEALTH	214,512,501	217,431,078.00	216,512,705.48	(2,000,204)	2,918,577.0
65	DEPARTMENT ENVIRONMENTAL HEALTH SERVICES	32,364,052	32,516,052.00	31,165,396.71	1,198,655	152,000.0
66	DEPARTMENT OF PUBLIC HEALTH	34,453,666	34,453,666.00	33,834,152.35	619,514	
67	MINISTRY OF TOURISM	91,817,767	105,296,138.39	91,816,223.76	1,543	13,478,371.0
70	MINISTRY OF LABOUR & NATIONAL INSURANCE	3,995,035	3,995,035.00	3,709,344.59	285,690	
72	MINISTRY OF THE ENVIRONMENT & HOUSING	3,610,277	3,786,899.90	3,302,134.60	308,143	176,622.0
73	DEPARTMENT OF INFORMATION TECHNOLOGY	3,113,021	3,113,020.60	3,006,446.33	106,574	0.0
74	MINISTRY FOR GRAND BAHAMA	12,609,524	12,928,884.00	11,263,220.22	1,346,304	319,360.0
TOTAL RECURRENT EXPENDITURE.....		1,823,058,071	2,003,525,579	1,902,748,233	(79,690,162)	180,467,500.0

Details by head and line item are shown in Appendix 1 pages 33-605.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

8. Treasury Bills

Treasury Bills are short term debt obligation backed by the Bahamas Government with a maturity of less than one year. It's governed by the section 17 of the Financial Administration and Audit Act. These T-Bills are issued through a competitive bidding process at a discount from par. The management of the process is handled by the Central Bank of the Bahamas and issuance of the paper is carried out by the Treasury Department. As at 30 June 2015, TBills outstanding was \$579,281,900.

Treasury Bills Account for year ended 30th June 2015

Outstanding TBills as at 1st July 2014		\$549,281,900
Amount Redeemed	(\$2,449,977,800)	
Amount Issued	\$2,479,977,800	
		\$30,000,000
Outstanding TBills as at 30th June 2015		<u>\$579,281,900</u>

9. Central Bank of the Bahamas Advances

In accordance with the Central Bank of the Bahamas Act 351 section 28, the Bank may make temporary advances to the Government on such terms and conditions which may be agreed between the Minister and the Bank. Every such advance must be paid as soon as possible and any amount of such advances at any one time shall not exceed ten percent (10%) of the average ordinary revenue or ten percent (10%) of the estimated ordinary revenue of the Government, whichever is less.

As at 30 June 2015, the amount outstanding was \$134,657,052 as delineated below:

Issue Date	Principal Outstanding	Interest Rate
5/8/2011	5,587,608	0.8408%
28/09/2011	20,000,000	0.6380%
12/11/2013	69,444	0.3560%
15/11/2013	19,000,000	0.3560%
5/2/2014	10,000,000	0.3948%
21/02/2014	10,000,000	0.3948%
25/02/2014	10,000,000	0.5540%
28/04/2014	30,000,000	0.5540%
29/04/2014	10,000,000	0.5540%
30/04/2014	10,000,000	0.5540%
24/06/2014	5,000,000	0.5116%
21/07/2014	5,000,000	0.5116%
Total	<u><u>134,657,052</u></u>	

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

10. Advances from Other Financial Institutions.

The Government of the Bahamas maintains an overdraft facility at the Royal Bank of Canada under the authority of Section 17 of the FAA Act. This facility has an approved limit of \$100million. Overdraft interest of prime (4.75%) is applied to the net balance of the consolidated total of Central Government Consolidated Fund and Deposit Fund bank accounts lodged with the Royal Bank of Canada in accordance with the agreement.

As of 30 June 2015, the consolidated total/net balance was \$86,513,930.

11. Cash and Bank Balances- (Consolidated Fund)

	Financial Year Ended 30-Jun-2015	Financial Year Ended 30-Jun-2014
	\$	\$
Bank of the Bahamas	92,174,210	23,503,577
Central Bank of the Bahamas	52,100,733	80,257,766
Bank Imprest Ministries & Departments	1,181,500	1,216,500
Foreign Banks	34,711,188	19,718,607
Family Island Bank Accounts	5,689,221	5,836,647
Royal Bank	<u>66,120,287</u>	<u>58,691,714</u>
Sub-Total	<u>251,977,140</u>	<u>189,224,810</u>
Royal Bank	<u>(246,312,342)</u>	<u>(249,222,547)</u>
Total Cash and Bank Balances	<u><u>5,664,797</u></u>	<u><u>(59,997,737)</u></u>

12. Salary Deductions

This amount represents amounts deducted from central government employees' salary with respect to employees' obligations either mandatory or voluntary to third parties for the month of June 2015 and paid in July 2015.

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

13. Other Short term Advances and Depository Liabilities

a) The amount of \$23,225,232 advanced is as delineated below:

	As at 30-Jun- 2015	As at 30-Jun- 2014
	\$	\$
Family Islands	3,401,499	3,399,374
Ministries & Departments	9,125,897	9,275,177
Deposits Fund	9,698,500	4,469,870
Miscellaneous	<u>999,336</u>	<u>941,763</u>
Total Advances	<u>23,225,232</u>	<u>18,086,184</u>

b) The other short term depository liabilities of \$171,474,931 is as delineated below:

	As at 30-Jun-2015	As at 30-Jun-2014
	\$	\$
Contingency Deposits	40,427,999	47,824,394
Sinking Fund Deposits	49,140,121	42,595,662
Unclaimed Cheques	43,993,916	41,153,843
Miscellaneous	37,072,809	53,355,443
Ministries & Departments	<u>840,087</u>	<u>840,087</u>
	<u>171,474,931.03</u>	<u>185,769,428</u>

**THE GOVERNMENT OF THE COMMONWEALTH OF BAHAMAS.
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE, 2015**

Additionally section 15 sub-section (2) of the FAA Act 2010 provides authority for the Minister to make advances from the monies deposited.

As at 30th June 2015, the fund balance of the Deposits Fund is \$72,183,035.

Details are shown in the supplementary disclosure.

22. Cash and Bank Balances- Deposits Fund

As at June 30, 2015, the Cash & Bank Balances were \$71,137,981 as delineated below:

	Financial Year Ended 30-Jun-2015	Financial Year Ended 30-Jun-2014
<u>Deposits Fund</u>	\$	\$
Bank of the Bahamas	8,089,917	12,028,898
Central Bank of the Bahamas	0	471,285
Royal Bank	53,105,919	52,614,727
Family Island Bank Accounts	9,942,145	7,389,939
Total Cash and Bank Balances Deposits Fund	71,137,981	72,504,850

23. Sinking Fund/ Fixed Deposit

A Debenture (1963-2023) in the amount of £86,000 pounds sterling which equated to \$245,714 was issued in 1963 for the purchase of the Harcourt Malcolm Building (Re: Harcourt Malcolm Purchase Act 1963). A Sinking Fund together with its related Fixed Deposit has been established to facilitate periodic deposits from the Consolidated Fund in connection with the redemption of this Debenture which has been issued by the government. At 30 June 2015 the balance on the Fixed Deposit was \$221,031.77.

24. Investments- Deposits Fund

This investment of \$47,800 represents a bequest by Mr. W. G. Elmslie to the Bahamas Government of which the interest is to be used towards the maintenance of the clinic in West Grand Bahama. As at June 30th 2015, the interest earned and not used is \$86,271.

25. Public Officers' Loan

The Public Officers' Loan Fund was established to assist Public Officers with urgent / unexpected medical expenses, to pursue additional academic qualifications and for the purchase of vehicles in accordance with General Orders No: 1250.

Annex 7

Statement of The Public Debt

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
1 \$25.0m Treasury Stock (8/10/87) (7 3/4% & 8 3/4%) Maturing 1996 & 2012	1987	1996/2012	25,000,000	25,000,000	0	25,000,000	0	0	Resolution of the House of Assembly dated Dec. 23, 1986
2 \$45.0m Treasury Stock (1/2, 5/8, 7/8, 1, 1/16, 1 3/16, 1 1/4 % above prime) (23/9/96) Maturing 2004, 2006,	1996	2004/2016	45,000,000	45,000,000	0	25,000,000	20,000,000	20,000,000	Resolution of the House of Assembly dated June 13, 1996
3 \$30.0M Treasury Stock (08/2/97) (1 1/8, 1 7/8% above prime) 2015 & 2016	1997	2015/2016	30,000,000	30,000,000	15,000,000	0	30,000,000	15,000,000	Resolution of the House of Assembly dated June 13, 1996
4 \$35.0m Treasury Stock (8%, 8 1/2% & 9%) (15/3/88) Maturing 1993, 1998 & 2013	1988	1993/2013	35,000,000	35,000,000	0	35,000,000	0	0	Resolution of the House of Assembly dated Dec. 17, 1987

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
5 \$47.0m Treasury Stock (24/8/93) (5/8, 11/16, 3/4% above prime) Maturing 2010, 2011 & 2012	1993	2010/2012	47,000,000	47,000,000	0	47,000,000	0	0	Resolution of the House of Assembly dated Dec. 9, 1993
6 \$65.0M Treasury stock (5 3/4%, 5 7/8%, 6%, & 6 5/8) (20/09/94) Maturing 2007, 2008, 2009 & 2014	1994	2007/2014	65,000,000	65,000,000	15,000,000	50,000,000	15,000,000	0	Resolution of the House of Assembly dated June 16, 1994
7 \$25.0m Treasury Stock (18/05/95) (1% above prime) Maturing 2013	1995	2013	25,000,000	25,000,000	0	25,000,000	0	0	Resolution of the House of Assembly dated June 16, 1994
8 \$30.0m Treasury Stock (26/2/96) (7/8, 1 1/16, 1 1/8% above prime) Maturing 2010, 2013 & 2014	1996	2010/2014	30,000,000	30,000,000	0	30,000,000	0	0	Resolution of the House of Assembly dated June 15, 1995

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
9 \$40.0m Treasury Stock (13/06/96) (1 1/16, 1 1/8, 1 3/16, 1 1/4 % above prime) 2014, 2015, 2016 & 2017	1996	2014/2017	40,000,000	40,000,000	10,000,000	10,000,000	30,000,000	20,000,000	Resolution of the House of Assembly dated June 15, 1995
10 \$50.0m Treasury Stock (15/07/97) (17/32%, 9/16%, 19/32%, 5/8% above prime) maturing 2014, 2015	1997	2014/2017	50,000,000	50,000,000	10,000,000	0	50,000,000	40,000,000	Resolution of the House of Assembly dated June 15, 1997
11 \$50.0m Treasury Stock (15/10/97) (1 1/8%, 1 3/16%, 1 1/4% above prime rate) maturing 2015, 2016 & 2017	1997	2015/2017	50,000,000	50,000,000	0	0	50,000,000	50,000,000	Resolution of the House of Assembly dated June 15, 1997
12 \$21.0m Treasury Stock (08/4/98) (7/16%, & 1/2% above prime rate) Maturing 2012 & 2014	1998	2012/2014	21,000,000	21,000,000	0	21,000,000	0	0	Resolution of the House of Assembly dated June 15, 1997

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
13 \$50.0m Treasury Stock (10/8/98) (3/8%, 15/32%, 9/16% & 19/32% above prime rate) Maturing 2011, 2014 & 2018	1998	2011/2018	50,000,000	50,000,000	10,000,000	10,000,000	40,000,000	30,000,000	Resolution of the House of Assembly dated June 15, 1998
14 \$26.0m Treasury Stock (26/2/99) (7/32%, 5/16% & 9/16% above prime rate) Maturing 2007, 2010, 2018	1999	2007/2018	26,000,000	26,000,000	0	16,000,000	10,000,000	10,000,000	Resolution of the House of Assembly dated June 15, 1998
15 \$30.0m Treasury Stock (9/32%, 5/16%, & 19/32% above prime rate) Maturing 2008, 2009 & 2018	1998	2008/2018	30,000,000	30,000,000		20,000,000	10,000,000	10,000,000	Resolution of the House of Assembly dated June 15, 1998
16 \$50.0m Treasury Stock (21/7/99) (7/32%, 9/32%, 3/8%, 7/16, 15/32% above prime rate) Maturing 2011, 2013, 2016,	1999	2011/2019	50,000,000	50,000,000		20,000,000	30,000,000	30,000,000	Resolution of the House of Assembly dated June 16, 1999

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
17 \$28.0m Treasury Stock (15/11/99) (3/8%, 7/16% & 15/32% above prime rate) Maturing 2016, 2018 & 2019	1999	2016/2019	28,000,000	28,000,000	0	0	28,000,000	28,000,000	Resolution of the House of Assembly dated June 16, 1999
18 \$30.0M Treasury Stock (21/09/00) (7/16%, 15/32%, & 1/2% above prime rate) Maturing 2018, 2019 & 2020	2000	2018/2020	30,000,000	30,000,000	0	0	30,000,000	30,000,000	Resolution of the House of Assembly dated June 16, 2000
19 \$25.8M Treasury Stock (27/10/00) (9/32%, 15/32%, & 1/2% above prime rate) Maturing 2013, 2019, & 2020	2000	2013/2020	25,800,000	25,800,000	0	5,800,000	20,000,000	20,000,000	Resolution of the House of Assembly dated June 19, 2000
20 \$34.3M Treasury Stock (30/07/01) (1/2%, 17/32%, & 9/16% above prime rate) Maturing 2019, 2020 & 2021	2001	2019/2021	34,300,000	34,300,000	0	0	34,300,000	34,300,000	Resolution of the House of Assembly dated June 20, 2001
21 \$40,947.8M Treasury Stock (12/12/01) 15/32, 1/2, 17/32, & 9/16 Maturing 2018-2021	2001	2018/2021	40,947,800	40,947,800	0	0	40,947,800	40,947,800	Resolution of the House of Assembly dated Dec. 10, 2001

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
22 \$20.465M Treasury Stock (26/04/02) (17/32% & 9/16 APR) Maturing 2020 & 2021	2002	2020/2021	20,465,000	20,465,000	0	0	20,465,000	20,465,000	Resolution of the House of Assembly dated June 6, 2002
23 \$60.0M Treasury Stock (23/08/02) (1/4, 5/16, 11/32, 3/8, 13/32 APR) Maturing 2017, 2022	2002	2017/2022	60,000,000	60,000,000	0	0	60,000,000	60,000,000	Resolution of the House of Assembly dated June 19, 2002
24 \$65.0M Treasury Stock (04/12/02) (3/16, 11/32, 3/8, 13/32 APR) Maturing 2015, 2020, 2021 & 2022	2002	2015/2022	65,000,000	65,000,000	0	0	65,000,000	65,000,000	Resolution of the House of Assembly dated June 19, 2002
25 \$61.1M Treasury Stock (08/04/03) (1/4, 5/16, 11/32, 3/8) Maturing 2019, 2021, 2021, 2022 & 2023	2003	2019/2023	61,100,000	61,100,000	0	0	61,100,000	61,100,000	Resolution of the House of Assembly dated June 19, 2002

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
26 \$75.0M Treasury Stock (21/07/03)(3/32, 3/16, 11/32, 3/8)									
Maturing 2014, 2017, 2022 & 2023	2003	2014/2023	75,000,000	75,000,000	15,000,000	0	75,000,000	60,000,000	Resolution of the House of Assembly dated June 30, 2003
27 \$23.2898M Treasury Stock (09/02/04) (11/32, 3/8)									
Maturing 2023-2024	2004	2023/2024	23,289,800	23,289,800	0	0	23,289,800	23,289,800	Resolution of the House of Assembly dated June 18, 2004
28 \$100.0m Treasury Stock (29/07/04)(1/32, 1/3, 1/8, 3/16, 7/32, 1/4%, 9/32%, 5/16%)									
Maturing 2015, 2016, 2018, 2021, 2022, 2023 & 2024	2004	2015/2024	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 18, 2004
29 \$100.0M Treasury Stock (22/10/04)(1/32, 1/16, 3/32, 5/32, 1/4, 9/32, 5/16)									
Maturing 2015, 2016, 2017, 2019, 2022, 2023, 2024	2004	2015/2024	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 30, 2004

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
35 \$51.645M Treasury Stock (04/05/06)(1/4, 9/32, 5/16)									
Maturing 2024-2026	2006	2024/2026	51,645,000	51,645,000	0	0	51,645,000	51,645,000	Resolution of the House of Assembly dated June 20, 2005
36 \$100M Treasury Stock (22/09/06)									
5/32%, 3/16%, 7/32%, 1/4%, 9/32%	2006	2021/2026	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 21, 2006
Maturing 2021, 2022, 2023, 2024, 2025 & 2026									
37 \$50M Treasury Stock (28/03/07)(9/32, 5/16)									
Maturing 2026 & 2027	2007	2026/2027	50,000,000	50,000,000	0	0	50,000,000	50,000,000	Resolution of the House of Assembly dated June 21, 2006
38 \$45.284M Treasury Stock (09/05/07)(5/16)									
Maturing 2027	2007	2027	45,284,000	45,284,000	0	0	45,284,000	45,284,000	Resolution of the House of Assembly dated June 21, 2006
39 \$100M Treasury Stock (26/07/07) 5/16%, 9/16%, 5/8%									
Maturing 2027, 2035 & 2037	2007	2027/2037	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 14, 2007

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
40 \$33M Treasury Stock (08/10/07) 5/16%, 11/32%, 3/8% Maturing 2027, 2028 & 2029	2007	2027/2029	35,000,000	35,000,000	0	0	35,000,000	35,000,000	Resolution of the House of Assembly dated June 21, 2006
41 \$31,500,900M Treasury Stock (28/11/07) 1/32%, 3/32%, 5/16%, 13/32% Maturing 2018, 2020, 2027 & 2030	2007	2018/2030	31,500,900	31,500,900	0	0	31,500,900	31,500,900	Resolution of the House of Assembly dated June 21, 2006
42 \$100M Treasury Stock (22/09/08) 9/32%, 5/16%, 11/32%, 3/8%, 13/32%, 7/16% Maturing 2028, 2029, 2030, 2031, 2032 & 2033	2008	2028/2033	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 12, 2008
43 \$107,226M Treasury Stock (06/01/09) 1/4%, 9/32%, 5/16%, 11/32% Maturing 2028, 2029, 2030, 2031, 2032 & 2033	2008	2028/2033	107,226,000	107,226,000	0	0	107,226,000	107,226,000	Resolution of the House of Assembly dated June 14, 2007

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
44 \$150M Treasury Stock (27/08/09) 1/8%, 9/64%, 5/32%, 11/64%, 3/16%, 13/64%, 7/32%	2009	2028/2030	150,000,000	150,000,000	0	0	150,000,000	150,000,000	Resolution of the House of Assembly dated June 17, 2009
45 \$59.7243M Treasury Stock (26/04/10) 1/12%, 3/32%, 5/48%	2010	2028/2030	59,724,300	59,724,300	0	0	59,724,300	59,724,300	Resolution of the House of Assembly dated June 17, 2009
Maturing 2028, 2029 & 2030									
46 \$100M Treasury Stock (26/07/10) 1/2%, 11/96%, 3/32%, 7/48%, 17/96%	2010	2028/2037	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 10, 2010
Maturing 2028, 2029, 2031, 2034 & 2037									
47 \$100M Treasury Stock (19/10/10) 5.5%/ 1/48%, 1/24%, 5/32%	2010	2015/2030	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 10, 2010

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
48 \$34 9932M Treasury Stock (10/12/10)									
11/96%, 1/8%, 13/96%, 7/8%									
Maturing 2026, 2027, 2028 & 2029									
	2010	2026/2029	34,993,200	34,993,200	0	0	34,993,200	34,993,200	Resolution of the House of Assembly dated June 10, 2010
49 \$100M Treasury Stock (15/08/11)									
Maturing 2016, 2018, 2020, 2026, 2028, 2032									
	2011	2016/2032	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 9, 2011
50 \$60M Treasury Stock (10/11/11)									
1/64%, 1/32%, 5/64%, 3/32%									
Maturing 2016, 2018, 2020, 2026, 2028									
	2011	2016/2028	60,000,000	60,000,000	0	0	60,000,000	60,000,000	Resolution of the House of Assembly dated June 9, 2011
51 \$10.6359M Treasury Stock (26/06/12)									
1/64%, 3/128%, 1/32%									
Maturing 2017, 2018, 2020, 2021, 2022, 2027, 2029, 2030 & 2031									
	2012	2019/2021	10,635,900	10,635,900	0	0	10,635,900	10,635,900	Resolution of the House of Assembly dated June 26, 2012

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS GOVT REGISTERED STOCK									
52 \$200M Treasury Stock (16/07/12) 4%, 4 1/40%, 4 3/40%	2012	2017/2031	200,000,000	200,000,000	0	0	200,000,000	200,000,000	Resolution of the House of Assembly dated June 14, 2012
4 1/10%, 4 1/8%, 4 1/4%, 4 3/10%, 4 13/40% & 4 7/20%, Maturing 2017, 2018, 2020, 2021, 2022, 2027, 2029, 2030 & 2031									
53 \$100M Treasury Stock (25/09/12) 3/256%, 3/128%, 11/256%, 7/128%, 1/16%	2012	2016/2032	100,000,000	100,000,000	0	0	100,000,000	100,000,000	Resolution of the House of Assembly dated June 14, 2012
Maturing 2016, 2019, 2022, 2027, 2030, 2032									
54 \$25M Treasury Stock (29/10/12) 15/256%, 1/16%	2012	2031/2032	25,000,000	25,000,000	0	0	25,000,000	25,000,000	Resolution of the House of Assembly dated Oct 29, 2012
Maturing 2031, 2032									
55 \$50M Treasury Stock (17/04/2013) 7.128%, 15/256%, 1/16%	2013	2031/2033	50,000,000	50,000,000	0	0	50,000,000	50,000,000	Resolution of the House of Assembly dated Mar 18, 2013

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
56 \$70M Treasury Stock (26/07/2013) 3.256% 7.256%, 5.128%, 3.64%, 7.128%, 1.16%, 9.128% Maturing 2020, 2024, 2029, 2031, 2033, 2034	2013	2020/2034	70,000,000	70,000,000	0	0	70,000,000	70,000,000	Resolution of the House of Assembly June 2013
57 \$45M Treasury Stock (23/09/2013) 7.128%, 15/256%, 1.16% Maturing 2031, 2032, 2033	2013	2031/2033	45,000,000	45,000,000	0	0	45,000,000	45,000,000	Resolution of the House of Assembly June 2013
58 \$20M Treasury Stock (03/10/2014) Maturing 2016	2014	2016	20,000,000	20,000,000	0	0	0	20,000,000	Resolution of the House of Assembly 2014
59 \$35.0M Treasury Stock (30/10/14) Maturing 2019,2020,2021	2014	2019/2021	35,000,000	35,000,000	25,000,000	0	0	10,000,000	Resolution of the House of Assembly 2014
60 \$20.0M Treasury Stock (18/11/14) Maturing 2029	2014	2029	20,000,000	20,000,000	15,000,000	0	0	5,000,000	Resolution of the House of Assembly 2014
TOTAL			3,340,272,700	3,340,272,700	115,000,000	339,800,000	2,925,472,700	2,885,472,700	
BAHAMAS GOVERNMENT STOCK									
\$200M Bahamas Government Stock									
Tranche 1: \$75M Maturing 2017,2019,2021,2044	2015	2017-2044	75,000,000	75,000,000	0	0	0	75,000,000	Resolution of the House of Assembly June 2014
Tranche 2: \$70M Maturing 2018,2020,2022,2045	2015	2018-2045	70,000,000	70,000,000	0	0	0	70,000,000	
Tranche 3: \$55M Maturing 2018,2020,2022,2045	2015	2018-2045	55,000,000	55,000,000	0	0	0	55,000,000	
TOTAL			200,000,000	200,000,000	0	0	0	200,000,000	

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

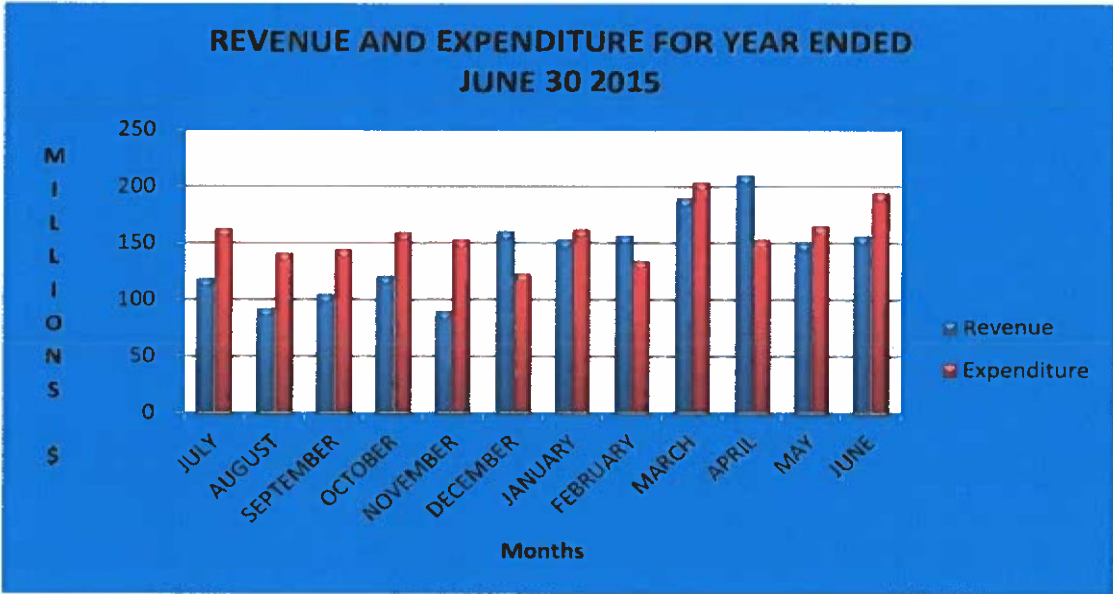
LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
SHORT TERM FACILITIES									
Bahamas Government Treasury Bills		On Demand	580,651,451	579,281,900	0	0	549,281,900	579,281,900	Section 17 of FMA ACT 2012
Central Bank of the Bahamas Advances		On Demand	134,657,052	134,657,052	0	0	129,657,052	134,657,052	Sec. 26 of the Central Bank of the Bahamas Act 1974.
RBC Overdraft Facility		On Demand	100,000,000	86,513,930	0	0	91,339,838	86,513,930	Section 17 of FMA ACT 2012
Total			815,308,503	800,452,881	0	0	770,278,789	800,452,881	
LOANS SYNDICATED & PAYABLE IN BAHAMIAN DOLLARS									
FCIB \$100M Loan Notes	2014	0	100,000,000	100,000,000	0	0	0	100,000,000	Resolution of the House of Assembly June 2014
Royal Bank of Canada Loan Facility	2014	2015-2016	150,000,000	150,000,000	25,000,000	0	0	125,000,000	Resolution of the House of Assembly June 2014
Harcourt Malcolm Property Purchase 1963/2023	1963	2023	245,714	245,714	0	0	245,714	245,714	The Harcourt Malcolm Property Purchase Act No.2 1963 s3 Decenture Note dated 1963
Citibank Commercial Paper	Jun-15	Sep-15	20,000,000	20,000,000	0	0	0	20,000,000	Resolution of the House of Assembly June 2014
TOTAL			270,245,714	270,245,714	25,000,000	0	245,714	245,245,714	

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
 AMENDED PUBLIC DEBT STATEMENT
 FOR YEAR ENDED JUNE 30, 2015

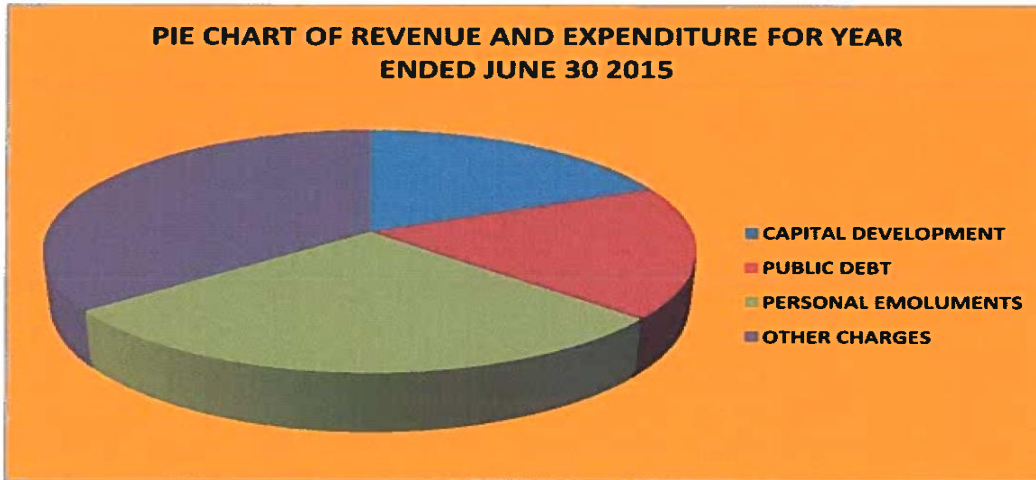
LOAN DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	AMOUNT OF LOAN AUTHORIZED BY GOVT.	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED IN CURRENT YEAR	AMOUNT REDEEMED AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
LOANS SYNDICATED IN U.S. DOLLARS AND OTHER CURRENCIES									
US\$21.0m 848/OC-8H IDB Loan	1995	2020	21,600,061	21,600,061	1,296,093	13,824,049	7,776,012	6,480,009	Loan Agreement.
Inter-American Development Bank 1266/OC-8H									
Infrastructure Rehabilitation (Hurricane Floyd) (Mar 21, 2001)	2001	2021	21,000,000.00	20,222,559	1,263,910	11,375,189	8,847,370	7,583,460	Loan Contract dated 21/03/01
Inter-American Development Bank 1320/OC-8H (New Providence Transport Program) (22/10/01)	2001	2021	46,200,000.00	43,399,981	3,250,878	19,018,395	24,381,586	21,130,708	Loan Contract dated 22/10/01
Inter-American Development Bank 1589/OC-8H									
Land Use Policy Loan	2005	2015	3,500,000	3,317,298	526,751	2,790,551	526,751	0	Loan Contract dated March 16, 2005
Inter-American Development Bank 1617/OC-8H									
Immediate Response Facility	2005	2025	16,700,000	3,580,521	238,701	954,806	2,625,715	2,387,014	Loan Contract dated April 28th, 2005
Inter-American Development Bank 1695/OC-8H									
Education & Training Loan	2006	2026	18,000,000	12,803,940	910,522	1,700,938	11,103,002	10,186,922	Loan Agreement

Annex 8

Graphs of Revenue and Expenditure



**PIE CHART OF REVENUE AND EXPENDITURE FOR YEAR
ENDED JUNE 30 2015**



Annex 9

Statement of Financial Assets & Current Liabilities (Deposit Fund Account)

Statement of Changes in Deposit Fund Balances (Deposit Fund Account)

Schedule of Cash Movement in Deposit Fund by Account Categories

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015
(DEPOSITS FUND)**

Notes	As at	As at
	30-Jun-2015	30-Jun-2014
	B\$	B\$
FINANCIAL ASSETS		
Cash and Domestic Bank Balances (22)	70,854,456	72,286,178
Fixed Deposits (Harcourt Malcolm Properties) (23)	221,032	218,671
Dishonoured Cheques (18)	997,255	991,095
Investments (Emslie Trust) (24)	47,800	47,800
TOTAL FINANCIAL ASSETS	72,120,543	73,543,744
CURRENT LIABILITIES & EQUITY		
Deposit Fund Balance	72,183,035	73,543,744
TOTAL CURRENT LIABILITIES & EQUITY	72,183,035	73,543,744

STATEMENT OF CHANGES IN DEPOSITS FUND FUND BALANCES FOR YEAR ENDED 30-JUNE-2015

Notes	Financial Year Ended	Financial Year Ended	Net Change in
	30-Jun-2015	30-Jun-2014	Fund Balance
	B\$	B\$	B\$
Balance as at 1st July 2014	(73,543,744)	(67,057,283)	6,486,461
Receipts			
Cash Transfers in	(12,847,665)	(61,081,561)	(48,233,896)
Sub-Total	(86,391,409)	(128,138,844)	(41,747,435)
Payments			
Cash Transfers out	14,208,374	54,595,100	40,386,726
Balance as at 30 June 2015	(72,183,035)	(73,543,744)	(1,360,709)

see notes to the financial statements

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS

SCHEDULE OF CASH MOVEMENT IN DEPOSIT FUND ACCOUNTS BY ACCOUNT CATEGORIES FOR YEAR ENDED 30-JUNE-2015

	Transfers In	Transfers Out	Net Movement
Cash Imprests Family Island	15,170	0	15,170
Advances Ministries & Departments	0	519,002	(519,002)
Advances Government Corporations	128,663	0	128,663
Cash Imprests	24,000	0	24,000
Advances Family Island	1,000	0	1,000
Postal Advances	0	1,972,747	(1,972,747)
Advances Other Jurisdictions	11,993	0	11,993
Advances General	58	0	58
Advances Special	36,967	0	36,967
Advances Personal	6,951	0	6,951
Advance to Other Funds	5,228,630	0	5,228,630
Stores Inventory	0	1,329,163	(1,329,163)
Undistributed Foreign exchange	0	89,347	(89,347)
Collections (undistributed)	7,225,539	0	7,225,539
Unclaimed Cheques	141,247		141,247
		1,395,510	(1,395,510)
		12,007	(12,007)
Postal Transactions		8,172,179	(8,172,179)
Depository Liabilities Ministries/Departments		94,107	(94,107)
Depository Liabilities Special	27,448	0	27,448
Depository Liabilities Land Acquisition	0	623,230	(623,230)
Depository Liabilities Payable	0	1,082	(1,082)
Total	12,847,865	14,208,374	(1,360,709)

STATEMENT OF CHANGES IN POST OFFICE SAVINGS BANK FUND BALANCES FOR YEAR ENDED 31 POST OFFICE SAVINGS BANK

Notes	Financial Year Ended 30-Jun-2015 B\$	Financial Year Ended 30-Jun-2014 B\$	Net Change in Fund Balance B\$
Balance as at 1st July 2014	7,847,844	7,586,013	(261,831)
Receipts			
Interest earned (7)	260,367	261,831	1,464
Sub-Total	8,108,211	7,847,844	(260,367)
Payments			
Cash Transfers out	-	-	-
Balance as at 30 June 2015	8,108,211	7,847,844	(260,367)

STATEMENT OF PUBLIC OFFICERS' LOAN FUND FOR YEAR ENDED 30-JUNE-2015

Notes	Financial Year Ended 30-Jun-2015 B\$	Financial Year Ended 30-Jun-2014 B\$	Net Change in Fund Balance B\$
Balance as at 1st July 2014	1,127,349	1,079,792	(47,557)
Less: Principal Repayments	741,867	771,246	29,379
Sub-Total	385,482	308,546	(76,936)
Loans made in period	739,907	818,803	78,895
Balance as at 30 June 2015	1,125,389	1,127,349	1,959

see notes to the financial statements

Annex 10

Statement of
Contingent Liabilities

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
CONTINGENT LIABILITIES

LOANS	AS AT						REMARKS
	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED AS AT	AMOUNT OUTSTANDING AS AT	AMOUNT OUTSTANDING AS AT	AMOUNT OUTSTANDING AS AT	
			30/06/2015	30/06/2014	30/06/2015	30/06/2015	
BAHAMASAIR HOLDINGS LIMITED							
CITIBANK	7,500,000	7,500,000	3,214,286	5,357,143	4,285,714		
TOTAL	72,450,000	7,500,000	3,214,286	5,357,143	4,285,714		
BAHAMAS DEVELOPMENT BANK							
EURPEAN ECONOMIC COMMUNITY	535,293	535,293	535,293	30,261	0		
BDB - SERIES A & B BONDS	25,000,000	25,000,000	0	25,000,000	25,000,000		
BDB - SERIES C & D BONDS	25,000,000	25,000,000	0	25,000,000	25,000,000		
TOTAL	50,535,293	50,535,293	535,293	50,030,261	50,000,000		

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
CONTINGENT LIABILITIES
AS AT

LOANS	JUNE 30th, 2015					
	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED AS AT 30/06/2015	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
BAHAMAS ELECTRICITY CORP.						
US \$83.2M of US \$211 Refinancing Loan (Cret	83,200,000	83,200,000	0	0	83,200,000	
SBL, CIT, FCB, RBC, BOB	162,800,000	162,800,000	0	0	162,800,000	
TOTAL	<u>246,000,000</u>	<u>246,000,000</u>	<u>0</u>	<u>0</u>	<u>246,000,000</u>	
CLIFTON HERITAGE AUTHORITY						
BGRS	24,000,000	24,000,000	0	24,000,000	24,000,000	Resolution House of Asmbly
TOTAL	<u>24,000,000</u>	<u>24,000,000</u>	<u>0</u>	<u>24,000,000</u>	<u>24,000,000</u>	

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
CONTINGENT LIABILITIES

LOANS	AS AT						REMARKS
	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED AS AT	AMOUNT OUTSTANDING AS AT	AMOUNT OUTSTANDING AS AT	AMOUNT OUTSTANDING AS AT	
			30/06/2015	30/06/2014	30/06/2015	30/06/2014	
JUNE 30th, 2015							
THE BRIDGE AUTHORITY							
BGRS	23,000,000	23,000,000	0	28,000,000		23,000,000	
TOTAL	<u>23,000,000</u>	<u>23,000,000</u>	<u>0</u>	<u>28,000,000</u>		<u>23,000,000</u>	
THE EDUCATION AUTHORITY							
VARIOUS BKS - SERIES A,B,C BDS.	67,000,000	67,000,000		67,000,000		67,000,000	Resolution House of Assmbly
EDUCATIONAL GUARANTEE FUND	7,626,570	7,626,570	156,636	6,366,157		6,209,521	
TOTAL	<u>74,626,570</u>	<u>74,626,570</u>	<u>156,636</u>	<u>73,366,157</u>		<u>73,209,521</u>	
THE PUBLIC HOSPITALS AUTHORITY							
Critical Care Block Bond	100,000,000	45,000,000	0	45,000,000		45,000,000	
FCIB	35,000,000	35,000,000	902,500	0		34,097,500	
TOTAL	<u>135,000,000</u>	<u>80,000,000</u>	<u>902,500</u>	<u>45,000,000</u>		<u>79,097,500</u>	

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
CONTINGENT LIABILITIES
AS AT
JUNE 30th, 2015

LOANS	AMOUNT OF LOAN AUTHORIZED BY LEGISLATURE	AMOUNT DRAWN IN RESPECT OF LOAN AUTHORIZED	AMOUNT REDEEMED AS AT 30/06/2015	AMOUNT OUTSTANDING AS AT 30/06/2014	AMOUNT OUTSTANDING AS AT 30/06/2015	REMARKS
THE MORTGAGE CORPORATION						
SERIAL BONDS	165,000,000	165,000,000	0	165,000,000	165,000,000	
TOTAL	165,000,000	165,000,000	0	165,000,000	165,000,000	
WATER & SEWERAGE CORP.						
IADB-1112/OC-BH LOAN FAMILY ISLAND PORTABLE WATER	14,000,000	10,632,274	6,072,346	5,066,562	4,559,928	Resolution House of Asmbly
CDB LOAN #3	7,500,000	7,500,000	7,380,679	357,957	119,321	Resolution House of Asmbly
EUROPEAN INVESTMENT BANK IDB-2624/OC-BH WATER PROJECT LOAN	€ 8,500,000 14,000,000	€ 85,000,000 14,000,000	13,383,617	1,776,689	616,383	Resolution House of Asmbly Resolution House of Asmbly
TOTAL	125,000,000	170,367,434	26,836,642	38,269,292	58,530,793	

