



OFFICE OF THE AUDITOR GENERAL

AUDIT OF THE ACCOUNTS OF THE BAHAMAS TECHNICAL AND VOCATIONAL INSTITUTE (BTVI)

**FOR THE PERIOD
JULY 1ST 2018 TO JUNE 30TH 2021**

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Freeport Grand Bahama BTVI

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Reference No. OAG/C.9/1/042



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

The President
Bahamas Technical & Vocational Institute
Nassau, Bahamas.

September 22nd, 2022

RE: AUDIT OF THE ACCOUNTS OF
THE BAHAMAS TECHNICAL AND VOCATIONAL INSTITUTE
FOR THE FISCAL PERIODS JULY 1ST 2018 TO JUNE 30TH 2019
JULY 1ST 2019 TO JUNE 30TH 2020 & JULY 1ST 2020 TO JUNE 30TH 2021

We have carried out an audit of the accounts of the Bahamas Technical & Vocational Institute for the period July 1st, 2018 to June 30th, 2021. The purpose of our audit was to determine whether the accounting functions were being performed in accordance with the Financial Administration and Audit Act, 2010, the Financial Regulations, 1975 and whether the accounting records were maintained in accordance with International Standards of Supreme Audit Institution, ISSAI.

The audit findings are set out in the attached report. These arose from our normal audit procedures, which are designed for the purpose of forming an opinion on Government accounts. Consequently, our work did not involve a detailed review of all system aspects and cannot be regarded as a comprehensive statement of all existing weaknesses, or of all improvements.


Terrance Bastian (Mr.)
Auditor General

CEB/tw/cf/da
Attch.

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

Executive Summary

Introduction

The Bahamas Technical & Vocational Institute (BTVI), located on Old Trail Road, was established in 1947 through an Act of Parliament as a publicly supported tertiary level educational institution, and a source of academic and intellectual leadership in The Commonwealth of the Bahamas. This Act was replaced on July 1st, 2011 when the Bahamas Technical & Vocational Institute Act, 2010 was established as an autonomous Institute. The Institute primarily functions to provide higher learning with a focus on vocational and technical education. The Institute is managed by its Board of Directors. BTVI operates from its two campuses in Nassau and Freeport, Grand Bahama.

Mission

The Institute's mission is to "provide learning opportunities for individuals to be globally competitive and economically independent."

Vision

The Institute's vision is for BTVI to be known for its innovation, quality customer care and high standards in preparing adults for the workforce.

Strategic Focus

BTVI's strategic focus is to be proactive and responsive to the business community as it provides school-to-work educational training. The institute is committed to aligning programs and services with the economy's demand for skilled human resources.

According to the Bahamas Technical and Vocational Act 2010, the functions of the institute are as follows:

- a) Provide technical and vocational training.
- b) To impart knowledge to equip students with practical, technical and vocational skills for employment, and to foster entrepreneurship.
- c) Enter into public and private partnerships with employees, trade or commercial confederations and other social stakeholders to develop courses of instruction and instructional methodologies necessary. BTVI strives to attain

synergy and cohesion between instruction and training at the Institute while addressing the needs of the Bahamian economy.

- d) Grant diplomas, certificates and other awards and honors as are customarily conferred by similar institutions.
- e) Enter into associations or affiliations with career or technical institutions, whether within The Bahamas or otherwise, as the institution may deem necessary and appropriate and
- f) Enter into private sector arrangements to facilitate the training of employees in Construction, Mechanical Trade, Handicraft, Technology, Cosmetology etc. The employer shall be responsible for funding related to such training.

BTVI is governed by a nine (9) member Board. The Chairman of the Board, at the time of our review was Mr. Kevin Basden. The President of BTVI is Dr. Robert Robertson.

The Institution's staff compliment consists of one hundred and thirty five (135) persons, which includes Freeport, Grand Bahama staff.

The Institution maintains two (2) petty cash accounts in the amounts of Five Hundred Dollars (\$500.00) and Two Thousand Five Hundred Dollars (\$2,500.00) in New Providence and Grand Bahama respectively. Both accounts are used for miscellaneous expenses.

Fees are collected from student's tuition and customized trainings; the related fees remain with the Institution to defray operational costs.

The Institute operates four (4) First Caribbean International Bank Accounts. The accounts are as follows:

Account Name	Account No.
The Operating Account	2016343237
The Fund-raising Account	14801016
The Student Account	14801210
CDB - Bank Account	201724361

The Institute receives an annual budget from the Government; the amounts received for the fiscal years are as follows:

Fiscal Periods	Amounts
2018/2019	\$ 8,103,113
2019/2020	\$ 6,103,113
2020/2021	\$ 6,103,113

The Institution has a credit card which has a limit of Twenty Thousand Dollars (\$20,000.00) attached to a fixed deposit account. The holders are the President Ten Thousand Dollars (\$10,000.00), former AVP Finance Five Thousand Dollars (\$5,000.00) and AVP of Freeport campus Five Thousand Dollars (\$5,000.00). The credit cards for the President and the former AVP of Finance were never activated.

BTVI had five (5) vehicles assigned to the organization, four (4) were for operational use and one (1) was exclusively assigned to the President.

Travel and subsistence allowances are facilitated from the Operating Account. Clearance reports are submitted by employees upon completion of official travel.

A Student management software known as “Empower” manages and maintains student data and financial records.

All utilities e.g. Bahamas Power and Light and Water & Sewerage are paid directly by the Ministry of Finance; however, the Institution pays its own telephone bills.

The operating expenses are paid mainly from the Operating Account in conjunction with the monthly budgeted amount received from the Government.

Contracts for supplies, works and services under Fifty Thousand Dollars (\$50,000.00) require approval by the President or designated officer; in excess of Fifty Thousand Dollars (\$50,000.00), but not exceeding Two Hundred and Fifty Thousand Dollars (\$250,000.00) requires approval by the board. The Minister’s approval is needed for amounts exceeding Two Hundred and Fifty Thousand Dollars (\$250,000.00).

**RE: AUDIT OF THE ACCOUNTS OF THE
BAHAMAS TECHNICAL & VOCATIONAL INSTITUTE (BTVI)
FOR THE PERIOD JULY 1ST, 2018 TO JUNE 30TH, 2021**

OBJECTIVES

Our primary objectives were to determine whether:

- Fees were collected and deposited intact on a timely basis and correctly deposited;
- Accounting records were being properly and accurately maintained;
- Expenditures were made in accordance with the Financial Administration and Audit Act 2010, related amendments and the Financial Regulations 1975;
- Expenditures were accurately recorded in the underlying records and that such records were properly maintained;
- Expenditures were made in accordance with proper Financial Authority.

SCOPE

Our audit included a general review of the accounting procedures and tests of accounting records and other supporting evidence as deemed necessary in the circumstances.

METHODOLOGY

The audit was conducted by interviews, observations and examinations of the accounting documents.

FINDINGS AND RECOMMENDATIONS

BAHAMAS GOVERNMENT SUBVENTIONS

- 1.1** Government subventions were allocated to the Institute’s operational expenses and capital projects.
- 1.2** An examination of the Draft Estimates of Revenue and Expenditure to the Treasury Financial Management System (TFMS), indicated a difference in the total recorded for subventions during the fiscal period of July 2018 through June 2019 of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) i.e. (8,603,112.99 – 6,103,112.99).
- 1.3** The TFMS indicated a difference of Four Hundred Ninety Nine Thousand Nine Hundred Ninety Nine Dollars and Ninety Nine Cents (\$499,999.99) i.e. (\$8,603,112.99 - \$8,103,113.00) between the Draft Estimates of Revenue and Expenditure. Details are as follows:

Balance per period for Industrial Training college (BTVI) Account No. 2511207	Draft Estimates of Revenue And Expenditure	Financial Management System Amount	Difference
	\$	\$	\$
Balance per period 2018/2019	8,103,113.00	8,603,112.99	499,999.99
Balance per period of 2019/2020	6,103,113.00	6,103,113.00	Nil
Balance per period of 2020/2021	6,103,113.00	6,103,113.00	Nil

- 1.4** **It is recommended that BTVI’s Income Statement and the Financial Management systems be reconciled without delay.**

FINANCIAL STATEMENTS OF BTVI YEARS ENDED JUNE 30, 2015 & 2016

- 2.1** The Financial Statements of BTVI for the year ended 2016 were presented in draft form. The BTVI Bill, 2010 Section 18, (2), (3) & (4) states: “The accounts of the Institute for each financial year shall be audited by an auditor to be appointed by the board”, “Three months after the end of each financial year, the Institute shall submit a copy of the audited accounts to the Minister, together with a copy of any report by the auditor”, and “The Minister shall lay a copy of each such audited account before Parliament, together with a copy of any report made by the auditors on the accounts”; was not adhered to.

In addition, the statements for the years 2017, 2018, 2019 and 2020 are unaudited.

- 2.2 It is recommended that BTVI management engage the services of an accounting firm to have the Financial Statements audited, brought up to date, and presented to Parliament.**

INCOME

- 3.1** Tuition and other fees represent funds received or receivables from students who have registered for courses during the academic year; these funds were identified as income.

- 3.2** Major Income sources were as follows:

Description	July 2020 – June 2021 \$	July 2019 – June 2020 \$	July- 2018 –June 2019 \$
Tuition Fees (Nass)	565,076.50	711,920.00	686,902.50
Registration Fees (Nass)	283,485.20	444,758.00	461,730.00
Continuing Education	254,786.92	484,209.77	757,820.14
Professional Fees Courses	233,180.50	148,263.00	240,239.66
Total	1,336,529.12	1,789,150.77	2,146,692.30

- 3.3** An examination of the Empower Student billing/receivables income by account document indicates that the write-offs were executed without any clear guidelines.

- 3.4 It is recommended that the Institute establish policies and procedures for Scholarship Write Offs.**

FIXED DEPOSIT

- 4.1** BTVI maintains a fixed deposit account in the amount of Twenty Thousand Dollars (\$20,000.00). The account was opened on November, 2018 and has a maturity date of November 8th, 2021. A file was not being maintained for said account and the account was not reconciled.

- 4.2 It is recommended that a fixed deposit file be maintained and reconciled in a timely manner.**

CREDIT CARD ACCOUNT

- 5.1** A credit card account in the amount of Twenty Thousand Dollars (\$20,000.00) was opened in November 2018.

- 5.2 Three (3) cards are attached to this account with holders occupying the post of President – Ten Thousand Dollars (\$10,000.00), Associate Vice President, Freeport – Five Thousand Dollars (\$5,000.00) and former Associate Vice President of Finance – Five Thousand Dollars (\$5,000.00). However, it was noted that the cards for the President and former Vice President of Finance had never been activated.
- 5.3 The reconciliations of the account are not being performed; therefore, we could not confirm the validity of purchases and charges.
- 5.4 **It is recommended that the credit card account be reconciled; in order to determine if there are irregularities.**
- 5.5 The credit card is being used to make personal purchases. We could not gain assurance that all charges on the account could be properly identified as legitimate.
- 5.6 **It is recommended that the internal controls for the use of the credit card be strengthened. It is further recommended that personal expenses via the credit card be discouraged.**

FUND DEVELOPMENT DEPARTMENT (FDD)

- 6.1 The Institute receives two (2) types of donations, “General Donations” and “Restricted Donations”. General Donations are received with no donor imposed restrictions and are recognized directly in the unrestricted fund balance, Restricted Donations are for the purposes specified by the donor and are recognized as revenue when used by the Institute.
- 6.2 Donations were given to the Institute for the following categories:

Fiscal Year	Amount In Hand (\$)	Amount Pledge (\$)	Amount In Kind (\$)	Student Stipend (\$)	Fun/Run/Walk (\$)
2018/2019	98,761.93	119,572.13	8,400.00	1,000.00	500.00
2019/2020	154,205.42	350,775.00	4,560.00	-	-
2020/2021	125,924.83	20,000.00	500.00	-	-
TOTAL	378,892.18	490,347.13	13,460.00	1,000.00	500.00

- 6.3 The FDD was established on August 1st 2014 and there is no Policies and Procedures Manual in place.
- 6.4 We were informed that a Policies and Procedures Manual is being drafted. A prior financial aid document exists that gives some guidance on how the FDD should operate.

- 6.5** We examined documents from donors and noted concerns of unfavorable publicity. As a cautionary measure, a number of donors are now requiring disbursement reports.
- 6.6 It is recommended that the Institute draft and approve the Policies and Procedures Manual.**
- 6.7** The FDD is not always made aware of donations received by the Institute in a timely manner.
- 6.8 It is recommended that Management ensure that the FDD is made aware of donations received.**
- 6.9** The flow of information regarding donations for scholarships is not readily available; therefore, the FDD are unable to track the progress of scholarships to ensure that terms and conditions are being met.
- 6.10 It is recommended that the FDD coordinate with Finance; in an effort to track and document the status of scholarships.**
- 6.11** The FDD is facing a number of systemic challenges. Details are as follows:
- No budget to carry out fundraiser or any other departmental expenses;
 - Lack of support from the Board and Management to carry out its mandate;
 - Lack of meetings with the President;
 - Staff shortages, presently staffed by two(2) officers;
 - Exclusion from meetings when decisions are made;
 - Lack of access to Empower to utilize the scholarship module; and
 - Lack of access to alumnae’s of the Institute because at present access is restricted to Student Services.
- 6.12 It is recommended that BTVI address these challenges in a timely manner.**

IMPREST

- 7.1** BTVI does not have a cash Imprest as it was closed on July 1st 2014. However, when there is a need to issue cash; a cheque is prepared in the name of a member of the Finance staff.
- 7.2 It is recommended that an Imprest account be reestablished, and the issuance of cheques in staff member’s names be discontinued.**

PETTY CASH

- 8.1** The Petty Cash fluctuates above the authorized amount Five Hundred Dollars (\$500.00). There are no standardized forms used to operate the petty cash.
- 8.2** It is recommended that the petty cash account be replenished at its normal debit balance amount of Five Hundred Dollars (\$500.00) and in no instance should this account balance be increased without proper authorization.

HUMAN RESOURCE CONCERNS

- 9.1** Several employee contracts have expired. These employees are currently working without a renewed contract.
- 9.2** We recommend that all employment contracts be renewed in a timely manner
- 9.3** We examined Payroll totals for the period of October 15th 2019 through July 30th 2020. We observed a difference of Ninety Five Thousand Five Hundred Ninety Six Dollars and Fifty Seven Cents (\$ 95,596.57). Details are as follows:

Payroll Amounts

Date	Bank Statement \$	Payroll Sheet \$	Difference \$
October 15 th , 2019	139,336.45	127,889.34	11,447.11
November 30 th , 2019	154,489.93	145,168.25	9,321.68
December 15 th , 2019	328,720.61	319,713.90	9,006.71
January 30 th , 2020	175,112.79	153,672.56	21,440.23
March 30 th , 2020	156,638.53	132,042.28	24,596.25
June 30 th , 2020	161,774.11	125,304.96	36,469.15
July 30 th , 2020	155,345.39	172,029.95	(16,684.56)
Total	1,271,417.81	1,175,821.24	95,596.57

- 9.4** It is recommended that the Institute provide an explanation for the difference of Ninety Five Thousand Five Hundred Ninety Six Dollars and Fifty Seven Cents (\$95,596.57).

9.5 *BTVI PERFORMANCE APPRAISALS*

- 9.6** We reviewed BTVI's electronic performance appraisals tracker report for faculty and staff. Evaluations were performed annually; however, employment letters indicate that quarterly reviews are to be conducted.

9.7 The BTVI “General and Human Resources Policies and Procedures Manual” Section, “Human Resources Policies and Procedures Manual” made no mention of quarterly reviews being conducted.

9.8 It is recommended that the BTVI General and Human Resources Policies and Procedures Manual be updated/amended to include the performance for quarterly reviews.

BTVI RETIREES

9.9 Contractual retirees are on BTVI’s payroll as at October 2021 which equates to an annual expenditure of One Million Seven Hundred Two Thousand Sixty-Three Dollars (\$1,702,063.00) of BTVI’s annual gross payroll.

9.10 Contractual positions are given to retirees on a yearly basis pending approval. However, retired staff are currently re-engaged without following the established policy.

9.11 It is recommended that BTVI follow the Policy that states, “Retirees on contract should only be granted employment with the Institution for a period not exceeding one (1) year at a time; and no more than three (3) continuous years”, be adhered to.

BANK DEPOSITS

10.1 Requested Daily Cash Receipts were not made available in order to verify cash transfers.

10.2 It is recommended that all documents requested be made available during the audit to facilitate the audit process.

BANK RECONCILIATION STATEMENTS

11.1 The monthly Bank Reconciliation Statements for the Institute’s four (4) bank accounts were not reconciled in a timely manner. None of the Bank Reconciliation Statements were signed by the preparer.

11.2 It is recommended that Bank Reconciliations for all accounts be done in a timely manner. It is further recommended that the statements be signed and dated.

11.3 The bank restricted access to BTVI's Fund-raising account due to inactivity since January 1st, 2019. The account had a balance of Seven Thousand Five Hundred Fifty Nine Dollars (\$7,559.00), which the institute could not access. The Institute wrote the bank on February 18th 2020 to have the account restored; however, the account remains inaccessible.

11.4 It is recommended that BTVI seek to restore access to the account.

11.5 A former employee remains a signatory on the BTVI bank accounts.

11.6 It is recommended that BTVI have the former employee removed as a signatory to the bank account.

EMPOWER STUDENT - MANAGEMENT SOFTWARE

12.1 Empower is the student management software that manages and maintains student data such as Admissions, Records, Registrations, and Financial Accounts for Billings and Receivables.

EMPOWER MODULES NOT CURRENTLY BEING USED

12.2 The following modules are not currently being utilized:

- Executive Information;
- Inventory Control;
- Intern/Job Placement;
- Payroll/ Personnel;
- Human Resource;
- Protective Services; and
- Student Housing.

12.3 The Institute paid an amount of Ninety Six Thousand Six Hundred Fourteen Dollars and Fifty One Cents (\$96,614.51) to acquire Certification and License for use of the Empower software. Details are as follows:

Fiscal Periods	Amount (\$)
July 2020 – June 2021	27,834.02
July 2019 – June 2020	29,462.00
July 2018 – June 2019	39,318.49
TOTAL	96,614.51

12.4 It is recommended that the Institute use Empower to its fullest capacity and train its staff to effectively use its modules.

12.5 We examined the Student Billing/Receivables Income account document against the general ledger and noted the following:

Description	July 2020 – June 2021	July 2019 – June 2020	July 2018 – June 2019
Empower: Student Billing/Receivables	(597,612.30)	(1,108,498.87)	(1,865,129.04)
General Ledger: Student Billing/Receivables	7,716,627.81	9,035,228.04	9,008,142.18
TOTAL	7,119,015.51	7,926,729.17	7,143,013.14

12.6 It is recommended that the Student Billing/Receivables Income account be reconciled to the Institute General Ledger.

STUDENTS NOT PROPERLY RECORDED IN EMPOWER

12.7 A number of students were not properly recorded in Empower in relation to the National Center for Construction Education Research (NCCER) program.

12.8 Students were added to the scholarship list although the cut-off period had expired.

12.9 It is recommended that the institute follow its documented procedures when adding students to the Student Management System.

BALANCE WAIVED

12.10 The institute does not have policies in place to waive balances on student's

accounts. However, waivers can be done by the President or the A.V.P. of Finance, after which, documents are sent to the Department of Financial Services for filing.

12.11 It is recommended that the Institute implement a policy for waiving Student balances and that the Financial Services Department be notified upon waiver approval.

STUDENTS BALANCE WRITTEN OFF

12.12 Student balances can be written off solely by the President.

12.13 It is recommended that a policy be established for writing off student's balances.

SCHOLARSHIPS

12.14 The Government of the Bahamas, through BTVI, offered one thousand scholarships to students enrolled in full-time programs. The amount of \$2.6 million was allocated towards the initiative.

12.15 BTVI in the fall of 2018 through spring 2020 accrued scholarship expenses in the amount of Two Million Five Hundred Fifty Nine Thousand Nine Hundred Sixty Seven Dollars and Ninety Nine Cents (\$2,559,967.99). An amount of Three Hundred Eighteen Thousand Three Hundred Sixty Dollars and Twenty Four Cents (\$318,360.24) was billed during May 2020 although the program was closed. The unusually large accrued scholarship amounts was due to the addition of transfers to the scholarship list.

12.20 BTVI received \$1.3 Million Dollars and \$1.2 Million Dollars in December 2018 respectively from the Ministry of Education, totaling \$2.5 Million Dollar; the total charges invoiced were Two Million Two Hundred Forty One Thousand Six Hundred Seven Dollars and Seventy Five Cents (\$2,241,607.75) and resulted in a balance of Two Hundred Fifty Eight Thousand Three Hundred Ninety Two Dollars and Twenty Five Cents (\$258,392.25).

12.21 It is recommended that the Institute establish a policy that will assist in

eliminating the need to continually add transfers to the scholarship list after the cut-off period. It is further recommended that consideration be given to reestablishing a scholarship committee to bring about transparency.

TUITION GRANT/ GOVERNMENT OF THE BAHAMAS

- 13.1** The government introduced a tuition grant for qualified Bahamians. The BTVI programme “Be Your Own Boss” (BYOB) scholarship ended. The expectancy of the government was to provide tuition grants to approximately 1,200 students; however student participation fell short of that number.
- 13.2** The Ministry of Education provided the amounts of Eight Hundred Twenty Two Thousand One Hundred Forty Five Dollars (\$822,145.00) and Seven Hundred Ninety Five Thousand One Hundred Fifty Dollars (\$795,150.00) in December 2020 and Two Hundred Thirty One Thousand Nine Hundred Forty Seven Dollars and Fifty Cents (\$231,947.50) in April 2021, which totaled One Million Eight Hundred Forty Nine Thousand Two Hundred Forty Two Dollars and Fifty Cents (\$1,849,242.50).
- 13.3** It is recommended that the Institute follow its documented guidelines when issuing scholarships.

OUTSTANDING STUDENTS RECEIVABLES

- 14.1** Students at BTVI Abaco and Andros have made a number of payments, of which the Student Financial Services Division has no record of.
- 14.2** Island Coordinators in the Districts of Abaco and Andros were given receipt books. However, no funds were remitted to the Accounts Department.
- 14.3** It is recommended that the use of manual receipt books be minimized and a more reliable method for collecting fees be introduced to improve accountability and transparency.
- 14.4** A student was allowed to register while having an outstanding balance from previous semesters. In addition, students were allowed to register without a verification letter, transcript and Ministry of Education Grant evidencing good standing.
- 14.5** It is recommended that the documented policy for registering students be followed. It is further recommended that students be made to sign a formal agreement acknowledging their indebtedness to the Institute.

REFUNDS

- 15.1** Refunds are made with respect to tuition and registration fees; however, application repayments are not included in refunds. We noted differences in the totals for refunds recorded in the Empower Student Billing/ Receivables account to that of the Income Statement. Details are as follows:

Fiscal Period	Empower Student Management System \$	Income Statement \$	Differences \$
2018/2019	215,403.74	(198,049.36)	17,354.38
2019/2020	157,530.19	(41,520.56)	116,009.63
2020/2021	22,610.61	(1,861.11)	20,749.50
Total	395,544.54	(241,431.03)	154,113.51

- 15.2** It is recommended that application repayments be included in the refund item.

BTVI OUTSTANDING INVOICES

- 16.1** The Institute is owed an amount of One Million Seven Hundred Forty Nine Thousand Three Hundred Ten Dollars and Fifty Cents (\$1,749,310.50) from the Ministry of Education.
- 16.2** The outstanding amount of One Million Seven Hundred Forty Nine Thousand Three Hundred Ten Dollars and Fifty Cents (\$1,749,310.50) was invoiced and BTVI is awaiting payment of the same.
- 16.3** It is recommended that the outstanding amount of One Million Seven Hundred Forty Nine Thousand Three Hundred Ten Dollars and Fifty Cents (\$1,749,310.50) be paid to BTVI and indicated in the Balance Sheet under Accounts Receivables.

FIXED ASSET REGISTER

- 17.1** A Fixed Asset Register is not being maintained. However, the Institute has a Fixed Asset Continuity Schedule which indicates asset ending balances at the end of each fiscal period. In addition, no accounting for fixed assets and obsolete items are being performed.
- 17.2** It is recommended that the Institute establish and maintain a fixed asset register.

GASOLINE

- 18.1** Three (3) ultra-gas cards are attached to the account of which the following persons have access; the messenger (President Office), along with the Department of Maintenance and Stores. The account is not being reconciled.
- 18.2** It is recommended that the gas account be reconciled and closely monitored.

DAY CARE FACILITY

- 19.1** The Institute operates a Day Care Center and maintains a roster to document all children that utilize the facility. A review of the National Insurance Board records indicates the start date of the center as July 1st, 2014.
- 19.2** The Day Care Center should have discontinued its collections of payments in 2018 and payments channeled through the Accounts Department. However, accounting records indicated that funds were still being collected at the center.
- 19.3** It is recommended that BTVI Day Care Center maintain an electronic roster. Payments for services should be made directly to the Accounts Department.

STORES DEPARTMENT

- 20.1** An inventory listing is being maintained by the Institute. However, the listing was void of cost values. The Institute plans to implement an average costing system.
- 20.2** An inspection of the storeroom was conducted and we observed a number of obsolete items.
- 20.3** The bulk storeroom had a hole in its ceiling and was not properly ventilated, but was outfitted with three (3) industrial fans.
- 20.4** It is recommended that the storeroom ceiling be repaired and consideration be given for the storeroom to be relocated to a larger and more secured space. It is further recommended that an inventory/costing software system be implemented, in addition management should determine the procedure for discarding obsolete items.

BTVI BOOKSTORE

- 21.1** An Accounts Students Manager, at the time of our examination, was posted both in the BTVI Bookstore and the Accounts Department. There is no proper segregation of duties as the manager also supervises the semester ending inventory count and book listing. Additionally, the manager oversees the *cashiers* and the petty cash accounts.
- 21.2** It is recommended that management address the lack of segregation of duties by ensuring that these responsibilities are separated.

OBSOLETE BOOKS/COMPUTER SOFTWARE

- 22.1** The Bookshop has on hand obsolete books/ computer software. The Institution does not have a policy in place for ways to deal with items purchased and no longer needed.
- 22.2** It is recommended that the Institute establish a policy with vendors whereby items not used can be returned for a refund or credit.

INFORMATION TECHNOLOGY DEPARTMENT/ SURVEILLANCE CAMERAS

- 23.1** The results of the inventory counts are not being forwarded to the Accounts Department and as such the values of inventory items are not being captured in the financial statements.
- 23.2** It is recommended that a report documenting the values of the inventory counts be submitted to the Accounts Department, so as to accurately reflect the asset values in the balance sheet.
- 23.3** The resignation of the IT technician and the reassignment of the IT manager has resulted in a skill gap within the Department.
- 23.4** It is recommended that management review the staffing of the IT Department.
- 23.5** BTVI does not maintain a surveillance map showing all cameras on its Nassau campus. A diagram of all functional cameras was not provided.

23.6 It is recommended that both a network diagram and a surveillance map be designed and maintained.

CARIBBEAN DEVELOPMENT BANK

24.1 A Loan Agreement known as the, “Bahamas Technical & Vocational Institute Enhancement Project” was signed between the Caribbean Development Bank (CDB) and the Government of the Commonwealth of the Bahamas (GOCB) on October 29th, 2018. The amount of the loan is not to exceed Four Million Seven Hundred Forty Thousand Dollars (USD \$4,740,000.00).

24.2 The total estimated cost of the Project is Seven Million Two Hundred Sixty Thousand Dollars (USD \$7,260,000.00). The Government is to make an additional contribution of Two Million Five Hundred Twenty Thousand Dollars (USD \$2,520,000.00).

24.3 We were not provided with information to confirm that the following contractual clauses were fulfilled (a) A manager for Physical Plant was appointed before December 31st 2015, and (b) GOCB took out and maintain an insurance policy (as mandated by Section 7.06 of the agreement between BTVI and the Caribbean Development Bank).

24.4 It is recommended that documents requested be provided for review.

SMART CLASSROOM

25.1 The Tenders Board on December 1st, 2014 approved an award of contract to an architect firm to perform services in the sum of One Hundred Twenty Thousand Dollars (\$120,000.00). The amount was later revised to One Hundred Ninety Thousand Eight Hundred Eight Dollars Twenty Three Cents (\$190,808.23) that was disbursed as follows:

Date	Cheque Number	Payee	Amount (\$)
15 Sept 15	0963080	Ministry of Finance	25,800.00
15 Sept 15	0964329	Ministry of Finance	25,800.00
15 Sept 16	991881	Ministry of Finance	52,425.60
16 April 16	991881	Ministry of Finance	7,608.85
07 Sept 16	9626	BTVI	68,800.00
13 July 20	N/A	BTVI	10,373.78
		Total	190,808.23

- 25.2** Additional work in the amount of Ten Thousand Three Hundred Seventy Three Dollars and Seventy Eight Cents (\$10,373.78) was approved by the board and paid on July 13th, 2020.
- 25.3** The contract sum for the “Smart” building was Two Million Two Hundred Ninety Four Thousand Four Hundred Sixty Eight Dollars (\$2,294,468.00). The contractor received a mobilization fee of Five Hundred Seventy Three Thousand Six Hundred Seventeen Dollars (\$573,617.00) dated August 22nd 2016 and Five Hundred Fifty Thousand Dollars (\$550,000.00) dated January 11th, 2017, totaling One Million One Hundred Twenty Three Thousand Six Hundred Seventeen Dollars (\$ 1,123,617.00).
- 25.4** The contractor was overpaid an amount of Seven Thousand Thirty Four Dollars and Seventy Eight Cents (\$7,034.78) as the retainer amount was not withheld pending completion and resolution of defects.
- 25.5** The Ministry of Works wrote BTVI on June12th, 2020 giving a recommendation to suspend work and demolish the existing structure and to rebuild the facility using conventional construction.
- 25.6** An amount of \$1.5 Million Dollars was deposited into the operations account in January 2021 for the completion of the “smart” building; however, the Institute expensed an amount of Eight Hundred Seventy Five Thousand Dollars (\$875,000.00) for payrolls during August, 2021 that was not approved by the Ministry of Finance.
- 25.7** It is recommended that the Terms of the Agreement for the “smart” building project be reviewed and adhered to.

BAKER’S BAY WORKFORCE TRAINING & EMPLOYMENT INITIATIVE, ABACO ISLAND

- 26.1** The programme was to provide technical skills training in the areas of electrical, carpentry, masonry, and plumbing specific to Baker’s Bay. Enrollees were to follow a three (3) month technical programme with exposure to BTVI’s regular English and Math courses according to academic levels and needs.

26.2 BTVI Transaction by Account report indicates that the amount of Two Hundred Forty Five Thousand Five Hundred Fifty Nine Dollars and Fifty Five Cents (\$245,559.55) was posted on September 7th, 2016, leaving a balance of Four Hundred Sixteen Thousand One Hundred Sixty Dollars and Forty Five Cents (\$416,160.45). However, the Balance Sheet for the financial period ending July 2020 reflected an amount of Four Hundred Thirty Five Thousand Eight Hundred Sixty Dollars and Twenty Three Cents (\$435,860.23); a difference of Nineteen Thousand Six Hundred Ninety Nine Dollars and Seventy Eight Cents (\$19,699.78). As a result, we could not verify that all expenses were recorded.

26.3 It is recommended that BTVI explain and reconcile the difference between the amounts reflected in the balance sheet to that of the transaction by account report.

FREEMPORT CONTAINER PORT/ENGINEERING APPRENTICESHIP PROGRAM

27.1 An agreement was made on December 13th, 2017 between Freeport Container Port Limited and BTVI.

27.2 The Detail General Ledger and the Balance Sheet as at June 2019 indicated an amount of Twenty Eight Thousand Dollars (\$28,000.00) was received from the company; however, a copy of the BTVI Liabilities report document reflected an amount of Twenty One Thousand Dollars (\$21,000.00). Additionally, we observed that the Profit and Loss Statement show an amount of Twenty Two Thousand Seven Hundred Fifty Dollars (\$22,750.00) spend on the program at the time of our review.

27.3 It is recommended that an explanation be provided for the difference in the various financial reports.

GRAND BAHAMA SHIPYARD

28.1 The Grand Bahama Shipyard has afforded high school graduates an opportunity to join their apprentice programme that began in 2001. A total of sixty eight (68) apprentices were employed by the Shipyard. The agreement was dated March 2016.

28.2 A file was provided, however documents were not fastened, pages were not numbered and financial information was absent.

28.3 It is recommended that program files be properly maintained and complete in order to facilitate the audit.

BTVI CONTRACTS

29.1 A complete list of contracts from BTVI management was requested; however, they were not provided. As a result we were unable to perform the following procedures; determine the value of all contracts, the existence of contractual organizations, verification of agreements and test adherence to contractual agreements.

29.2 It is recommended that BTVI provide all contracts for review.

29.3 A review of BTVI monthly board minutes indicated that a discussion ensued to award a company a one time fee to initiate a Student Success Collaborative program in the amount of Twenty Two Thousand, Five Hundred Dollars (\$22,500.00). The Board did not document their agreement to pay the fee and to accept the terms. Payment was made to the company without the approval of the board.

29.4 It is recommended that the approval of the Student Success Collaborative contract be reviewed.

BTVI FIRE EXTINGUISHER PHYSICAL OBSERVATIONS

30.1 A site inspection was conducted of BTVI fire extinguishers. Fire extinguishers were absent in various locations at the Institute.

30.2 A company was hired to inspect and service all portable extinguishers. However, we observed that a number of fire extinguishers were overdue for inspection.

30.3 It is recommended that the management of BTVI ensure that areas without fire extinguishers be equipped. It is further recommended that the fire extinguishers that are past due for inspection be inspected.

BTVI ALIV/BATELCO CELLULAR LIST

31.1 BTVI is currently paying for a number of cellular phones in New Providence and in Freeport Grand Bahama.

31.2 A review of the Income Statement for the period under review indicates that a total of Three Hundred Eighteen Thousand One Hundred Seventy Five Dollars and Seventy Two Cents (\$318,175.72) was spent for telephone services. The Institute is also paying for MiFi services that allow certain staff to have personalized Wi- Fi access on the go.

31.3 It is recommended that Management establish a policy for the issuance of cell phones and MiFi services. The Institute should ensure that expenditures are in line with Value for Money (Economical, Efficient and Effective).

BTVI DONATION (\$200,000.00)

32.1 An anonymous gift of Two Hundred Thousand Dollars (\$200,000.00) was given to BTVI, to support technical trades training on Grand Bahama in the aftermath of Hurricane Dorian.

32.2 BTVI management noted that the donation is to support delivery of the National Centre for Construction Education and Research (NCCER) certified training by way of a mobile laboratory.

32.3 BTVI Act, 2010, Part III Governance of the Institute Section: 6 (d) states that the Institute may “accept, deposit or act as trustees or managers of any property of the Institute or any legacy, endowment, bequest, or gift to the Institute for the purpose of training or otherwise in furtherance of the work of the Institute and to invest any funds representing such property, legacy, endowment, bequest or gift, if not immediately required, in such security as the Board may deem fit”, no Ministry of Education nor Board approval was provided.

32.4 It is recommended that the BTVI Act, 2010 be adhered to and that the auditors be provided with evidence of the approval process.

CONCLUSION

33.1 The findings of our audit were brought to the attention of management at BTVI. There was an understanding that efforts would be made to address the concerns.

33.2 We express our gratitude to the President and staff for the courtesies extended to the audit team and the co-operation received during the audit process.

FREEPORT GRAND BAHAMA BTVI

FINDINGS AND RECOMMENDATIONS

ACCOUNTS COLLECTIONS SEPTEMBER 2020 THROUGH MAY 2021(BTVI NORTHERN BAHAMAS CAMPUS)

- 1.1** The total collection for the period September 2020 through May 2021 was One Hundred Five Thousand Nine Hundred Thirty Four Dollars and Forty Cents (\$105,934.40).

ADMINISTRATION

- 2.1** An Associate Vice President (AVP) is solely responsible for the administration and academic operations, such as student registration of BTVI Freeport Campus and the Islands of Abaco and Bimini.
- 2.2** **It is recommended that the BTVI review their Administrative structure.**
- 2.3** The AVP of the Freeport Campus is a Contractual Employee; whose contract began July 1st, 2014 and ended June 30th, 2019. However, a letter dated March 21st, 2019 was sent to the AVP advising a new renewal date of July 1st, 2019.
- 2.4** **It is recommended that BTVI ensures that all Contractual Employees are given formalized contracts.**

BEAUTY SALON

- 3.1** The Institute is renting a salon in the L.M.R. building, downtown for cosmetology practical classes. A copy of the rental agreement was not provided.
- 3.2** **It is recommended that the Rental Agreement be presented for audit review**

CAMERA SYSTEM ACCOUNTS OFFICE

- 4.1** The Accounts Office was not properly secured.
- 4.2** **It is recommended that a camera system be installed.**

DIRECT PAY TRANSACTIONS

- 5.1** We were informed that a number of Direct Pay Transactions could not be traced to the bank statement. In addition to, the deposits recorded in Empower.
- 5.2** **It is recommended that the Nassau campus be notified of all direct payments entered into Empower. It is further recommended that the accounts be reconciled to the bank statements.**

CREDIT CARD

- 6.1** Reconciliations are not being performed, charges are being made without receipts and documents to indicate that approval was obtained.
- 6.2** **It is recommended that the credit card account be reconciled in a timely manner.**

IMPREST

- 7.1** The Imprest was authorized for the Freeport campus in the amount of Five Hundred Dollars (\$500.00); however, we noted that it was increased to Two Thousand Five Hundred Dollars (\$2,500.00). However, in the month of October 2018 the replenishment amount increased to Two Thousand Eight Hundred Seventy-Two Dollars and Seventy-Five Cents (\$2,872.75).
- 7.2** **It is recommended that the Imprest Account be set at a fixed amount.**

PETTY CASH FREEPORT CAMPUS

- 8.1** Purchases were made for non-Petty Cash Items such a refrigerator and furniture.
- 8.2** **It is recommended that the Account's Policies and Procedures Manual be followed.**

MANAGEMENT RESPONSE

Thank you for the opportunity to review the DRAFT report related to BTVI. At this time, I would like to offer the following comments:

1. As discussed with the audit team, BTVI has had three (3) CFO's in the past six (6) years. In fact for 50% of the past six years that post has been vacant. This fact is material as context to the DRAFT report. Based on this fact, it has been very difficult to maintain the effective functioning of the financial affairs of BTVI.

My suggestion is that this area (Finance) be properly funded and staffed with individuals holding the appropriate credentials and training. Also, as a practical matter BTVI has increased enrollments substantially with very limited added budget support (personnel) to support this increased workload. A comprehensive HR and compensation review has just been completed (funded by the CDB loan) and it needs to be implemented as quickly as possible.

2. Reference is made in the report to the Fund Development Department. The comment related to access to the President is inaccurate. Regular meetings (at least monthly) are held with senior management as a group. Other meetings occur as required. In addition, the Office of the President has an open-door policy and in that regard, meetings are held regularly with FDD and others. My sense is that the concern is related to increasing the size of FDD, which is policy and budget matter.
3. For clarity, it would be useful to note that BTVI operates pursuant to the BTVI Act. The ACT requires a governing board. For six months that board was not in place. In some instances, actions pursuant to the suggestions and directions in the DRAFT report are now underway under the direction of the newly appointed Board. For example, the DRAFT report mentions an anonymous donation of \$200,000.00. The Board has directed added information on this donation be secured. For information, the donation was received via a reputable Bahamian law firm. If it is required, the donation can be returned.
4. In respect to the financial questions raised in the report, I believe many of these were discussed with our CFO (Gape). For information, our CFO is no longer with BTVI. However, my understanding in discussions with the audit team is that there has been evident improvement in many areas over the past two years. Of course, more improvement is required an additional research on

specific issues raised in the will require further input from Finance and other staff.

Overall this report provides a useful framework for improvements. Thank you for the opportunity to comment on the DRAFT.