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**REPORT OF THE AUDITOR GENERAL**

**ON THE**

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

**FOR THE**

**FISCAL YEAR ENDED 31 MARCH 2024**



## OFFICE OF THE AUDITOR GENERAL

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1 July 2025

AUD 7/24

Honourable Minister of Finance  
Ministry of Finance and Economic Management  
Government Headquarters  
Brades  
Montserrat

Sir,

In accordance with Sections 100 and 103 (2) of the Montserrat Constitution Order 2010 and Section 42(2) of the Public Finance (Management and Accountability) Act 2008, I forward herewith, for laying before the Legislative Assembly, my Report on the Public Accounts of Montserrat, and of other financial statements and accounts required to be audited by me in respect of the financial year ending 31 March 2024.

Respectfully

Marsha V. E. Meade  
**AUDITOR-GENERAL (Ag)**

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## ABBREVIATIONS USED

BOML	Bank of Montserrat Limited
BNTF	Basic Needs Trust Fund
CDB	Caribbean Development Bank
CAROSAI	Caribbean Organization of Supreme Audit Institutions
DITES	Department for Information and e-Government Services
ECCB	Eastern Caribbean Central Bank
EU	European Union
FCDO	Foreign and Commonwealth Development Office
GOM	Government of Montserrat
GYFCE	Golden Years Foundation for Care of the Elderly
HRMU	Human Resource Management Unit
IDI	INTOSAI Development Initiative
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IRD	Inland Revenue Department
MATLHE	Ministry of Agriculture, Trade, Lands, Housing & the Environment
MCWEL	Ministry of Communication and Works, Energy and Labour
MOEYAS	Ministry of Education, Youth Affairs & Sports
MOFEM	Ministry of Finance and Economic Management
MOHSS	Ministry of Health and Social Services
MCSA	Montserrat Civil Service Association
MFSC	Montserrat Financial Services Commission
MICA	Montserrat Info-Communication Authority
MLDA	Montserrat Land Development Authority
MPA	Montserrat Port Authority
MPS	Montserrat Public Service
MSSF	Montserrat Social Security Fund
MVO	Montserrat Volcano Observatory
MUL	Montserrat Utilities Limited
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PFMAA	Public Finance (Management and Accountability) Act
PFMAR	Public Finance (Management and Accountability) Regulations
SAI	Supreme Audit Institution
UKOT	United Kingdom Overseas Territories

## **PREAMBLE**

### **Vision Statement**

Our vision is “to be a proactive Supreme Audit Institution that helps the nation make good use of its resources.”

### **Mission Statement**

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

### **The Goal**

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



**REPORT OF THE AUDITOR GENERAL  
ON THE PUBLIC ACCOUNTS OF MONTSERRAT AND ON THE  
MINISTRIES, DEPARTMENTS AND STATUTORY AGENCIES  
FOR THE YEAR ENDING 31 MARCH 2024**

**QUALIFIED OPINION ON THE FINANCIAL STATEMENTS**

1. The Public Accounts of Montserrat for the financial year ended 31 March 2024 as defined by Schedule (Section 41) to the Public Finance (Management and Accountability) Act (herein after referred to as the PFMAA) have been audited. These Accounts comprise:

- Accounts to be submitted by the Accountant General;
- Accounts to be submitted by Accounting Officers.

2. In my opinion, except for the matters described in the Basis of Qualified Opinion paragraph, the accompanying financial statements referred to in paragraph one above present fairly, in all material respects, the financial assets and liabilities of the Government of Montserrat as at 31 March, 2024 and the revenue and expenditure of Government Ministries and Departments for the financial year ended 31 March, 2024 in accordance with the IPSAS cash-modified basis of accounting.

**BASIS FOR QUALIFIED OPINION ON THE FINANCIAL STATEMENTS**

3. The 2023-2024 Public Accounts were qualified for the following reasons:

- a) The fixed asset statement presented is materially misstated as not all transactions and assets were included; some do not have their correct economic values; and the depreciation policy was not consistently applied in some instances.
- b) Expenditures incurred without the authorization of a warrant provided by the Minister as mandated by Section 24 of the PFMAA.

4. The audit was conducted in accordance with accepted auditing standards, except for full independence of our Offices as required by ISSAI 10<sup>1</sup>. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

**RESPONSIBILITIES OF THE ACCOUNTANT GENERAL AND ACCOUNTING OFFICERS**

5. The Accountant General and Accounting Officers are responsible for the preparation and fair presentation of these financial statements in accordance with the accounting framework as

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<sup>1</sup> ISSAI 10 mandates that SAIs obtain full independence from the Executive Management of the Public Service. Our SAI has only partial independence as the budget for the Office of the Auditor General is controlled and managed by the Ministry of Finance and staff recruitment, management and dismissal are all managed by the Human Resource Management Unit.

prescribed by the Treasury, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

6. The Accountant General and Accounting Officers are also responsible for overseeing the financial reporting process of Ministries and Departments.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

7. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 103 of the Montserrat Constitution Order 2010 and section 42 (2) of the PFMAA.

8. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes her opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users take on the basis of these financial statements.

9. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgement and maintains professional skepticism throughout the audit. The Auditor General also:

- Obtains an understanding of management's risk assessment processes for identifying and managing risks of material misstatements whether due to fraud or error, based on an understanding of the Government of Montserrat and its environment, including the internal controls.
- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud can involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluates the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. The Auditor General communicates with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit of the public accounts for the year ended 31 March, 2024.

**SUBMISSION OF REPORT**

11. In accordance with Section 42 of the PFMAA, the Report is being submitted to the Minister of Finance for tabling in the Legislative Assembly.



**MARSHA V. E. MEADE  
AUDITOR-GENERAL (Ag)  
OFFICE OF THE AUDITOR-GENERAL  
MONTSERRAT  
1 JULY 2025**

## **CHAPTER 1 GENERAL MATTERS**

1.1 This chapter is intended to provide a broad overview of areas covered during the audit of the Public Accounts and the other audits undertaken. More detailed information, including control weaknesses and non-compliance with legal and other directives, can be found in Chapters 2 to 6. Chapter 7 will provide information on the operation of the Office of the Auditor General.

### **Constitutional and Legal Basis for the Audit**

1.2 The Auditor General has the responsibility of auditing the Public Accounts of Montserrat and of all public offices and public bodies established by an Act of Parliament and to provide a report on her findings to the Legislative Assembly as per Section 103 of the Montserrat Constitution Order<sup>2</sup> and Section 42(1) of the Public Finance (Management and Accountability) Act 2008.

### **Scope and Scale of the Audit**

1.3 This Report contains the findings of audits of the Statements mandated to be presented by the Accountant General and some of the accounts and transactions of Accounting Officers and Collectors of Revenue for the 2023-2024 fiscal year. These statements are for the central Government's Ministries and Departments only. Information of the audit status of statutory agencies and Government-owned companies is provided in Chapter 4.

### **Audit Objective**

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

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

### **Criteria and Standards Used**

1.5 The Public Finance (Management and Accountability) Act (PFMAA), 2008, and the Public Finance (Management and Accountability) Regulations (PFMAR), 2009, were the main criteria used to conduct this audit. INTOSAI Auditing Standards and the IPSAS cash-modified basis of accounting were the main guidelines used to conduct the audit.

### **Audit Approach and Coverage**

1.6 In order to express a professional opinion on the public accounts of the Government of Montserrat, audits are carried out in accordance with the International Standards of

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<sup>2</sup> See Appendix 2 for extract from Montserrat Constitution Order 2010

Supreme Audit Institutions (ISSAIs). Each audit is designed to provide assurance as to the propriety of the Government's financial transactions. Examinations of subsidiary books and records are conducted to determine the accuracy of the accounting records. 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 was also tested.

1.7 Sample testing, physical verification, cash surveys and site visits were employed as considered necessary within the constraints of available human resources.

1.8 We audited twenty-four statements that were prepared and presented in accordance with the PFMAA, with an additional two statements being prepared in line with IPSAS. At the audit planning stage, all 57 central government Ministries and Departments<sup>3</sup> were included in our sample. However, by adopting a risk-based approach, we focused the audit on those entities that had a performance materiality level<sup>4</sup> of 0.75% expenditure for the year<sup>5</sup>. As a result, Departments representing 97.4% of the GOM's total expenditures were subjected to substantive testing.

### **Summary of Significant Accounting Policies**

1.9 The Public Accounts are prepared on the modified cash basis of accounting. The cash method recognizes income when it is received and expenses when they are paid. The recording of government transactions falls into three main categories: Recurrent Revenue, Recurrent Expenditure and Capital Expenditure. Liabilities are recognized in the form of Deposits and Special Funds.

### **Audit Findings**

1.10 Where possible, audit results have been discussed with relevant accounting personnel at the Treasury Department and with Accounting Officers within Ministries/Departments. In each case, audit findings have been discussed at audit closure meetings and communicated via either an audit report or memoranda addressed to the relevant officers.

### **Conclusions from the Audit of the 2023-2024 Accounts**

1.11 As outlined in the audit certificate, the audit opinion on the Public Accounts for the financial year ending 31 March 2024, was qualified for the following reasons:

- a) **Qualification based on materiality.** As seen in my Audit Report above, we have issued a qualified audit opinion on the financial statements for the fiscal year 2023-2024 due

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<sup>3</sup> Ministries information would be included with their sub-units and presented at summary level for 15 Ministries and departments.

<sup>4</sup> Performance materiality level refers to 'the amount(s) set by the auditor to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements for the financial statements as a whole' does not lead to a material misstatement of the entire accounts.

<sup>5</sup> Any unit Ministry/Department with expenditure greater than \$1,129,110 was subjected to substantive testing.

to material misstatement within the Fixed Asset Statement. We are unable to place reliance on this statement which include valuations that were completed 20 years prior. In addition, there were instances where the depreciation was not consistently applied. We have not seen any significant progress with the re-valuation of GOM assets and not all assets belonging to the GOM were included in the said statement.

- b) **Qualification based on regulatory breach.** At the close of the fiscal year, there were two instances where monies were expended in excess of that authorized for the line item. The amounts over expended totaled \$14,036. This represents a breach of the financial regulations which requires that all expenditures be authorized by warrant under the hand of the Minister, Section 24 of PFMAA. It is incumbent on Accounting Officers to regularly monitor expenditure and we recommend that timely reconciliations be undertaken to prevent over-expenditures.

### Analysis of financial Statements

1.12 **Revenue Collected.** The overall revenue for the year totaled \$159,098,330, which was \$11,201,243 more than the amount collected in the previous financial year. Taxes on Income, Profits and Capital Gains and Taxes on Arrears recorded the largest increases when actual collection was compared against budget.

1.13 **Summary of Recurrent Revenue.** A brief summary of Recurrent Revenue is given below.

Recurrent Revenue for Fiscal Year 2023-2024				
	Approved Estimates 2024 \$	Actual Revenue 2023 \$	Actual Revenue 2024 \$	Increase (Decrease) \$
Tax Revenue	46,284,500	51,054,854	50,560,991	(493,863)
Non-Tax Revenue	7,239,500	6,249,880	8,444,031	2,194,151
Special Budgetary Assistance	97,024,000	90,592,353	100,093,307	9,500,955
<b>Total Revenue</b>	<b>150,548,000</b>	<b>147,897,087</b>	<b>159,098,330</b>	<b>11,201,243</b>

1.14 **Expenditure Control.** In addition to the Appropriation Act, a number of Supplementary Estimates and Virement Warrants were issued to facilitate recurrent expenditure management.

1.15 **Recurrent Expenditure.** Total Recurrent Expenditure for the financial year was \$157,058,576. This was \$11,263,631 or 8% more than the expenditure incurred in the prior financial year. Goods and Services and Transfers and Subsidies had significant increases of \$13.4M and \$5.4M respectively.

1.16 **Summary of Recurrent Expenditure.** A brief summary of the Recurrent Expenditure (by type of expenditure) is given below.

Recurrent Expenditure for Fiscal Year 2023-2024				
	Approved Estimate 2024 \$	Actual Expenditure 2023 \$	Actual Expenditure 2024 \$	Increase (Decrease) \$
Personal Emoluments	51,720,700	47,644,585	49,734,927	2,090,342
Pension & Gratuities	16,258,300	13,979,713	16,192,396	2,212,683
Goods & Services	58,717,100	42,839,231	56,215,716	13,376,485
Transfers & Subsidies	23,605,500	17,586,857	23,003,367	5,416,512
Social Services	5,276,000	4,633,935	5,232,543	598,608
Other Expenditure	5,678,900	7,869,933	5,525,829	(2,344,104)
Debt	1,195,800	1,231,143	1,153,797	(77,346)
<b>Total</b>	<b>162,452,300</b>	<b>135,785,397</b>	<b>157,058,576</b>	<b>21,273,180</b>

1.17 **Payment of Invoices.** We investigated a population of 22,6488 invoices to determine whether payments were made within the policy deadline. We found that 7,715 invoices were paid by the target deadline and 11,926 invoices were paid within eight to thirty days. However, 3,007 invoices remained outstanding after thirty days; this was a slight increase of 60 invoices when compared to the prior financial year.

#### Summary of the Government's Financial Performance.

1.18 **Surplus.** For this financial year, a surplus of \$2.04M was reported, a reduction of \$0.06M when compared with the previous year. A summary of the GOM's financial performance over the 2022-23 and 2023-24 fiscal years is provided below.

	2022-2023 EC\$	2023-2024 EC\$
Revenue	147,897,087	159,098,330
Expenditure	145,794,945	157,058,576
Surplus/(Deficit)	2,102,142	2,039,754

#### Summary of Government Financial Position

1.19 **Cash Position.** Details of cash available at the end of the fiscal year, together with the prior-year comparison, are provided below.

Description	Balances (EC\$) 31 March 2023	Balances (EC\$) 31 March 2024
Consolidated Fund	4,871,638	14,414,256
Development Capital Fund	25,626,550	24,074,698
Miscellaneous Funds	7,464,846	7,541,240
<b>TOTAL</b>	<b>37,963,034</b>	<b>46,030,194</b>

**1.20 Development (Project) Expenditure.** With respect to capital expenditure, the Appropriation Warrants authorized \$95,804,600 to be spent on project works undertaken during the fiscal year. Supplementary Estimates and reallocations totaling \$12,725,700 increased the amount to \$108,530,300. Actual expenditure was \$25,969,507, which was 23.9% of the amount allocated. Expenditure utilization ranged from a high of 50.8% in the Office of the Deputy Governor to a low of 10% in the Office of the Premier and 13% in the Ministry of Communication and Works respectively. As Departments fail to utilize the funding received, there is a risk that funding partners may withhold additional funding for current projects or refuse to enter into any new arrangement.

**1.21 Arrears of Revenue.** Despite the write-off totaling over \$21M during the reporting year, we are noting that the Arrears of Revenue balance for this reporting year stands at \$13.7M. It is my opinion that this figure will increase if the appropriate collection measures are not implemented. We are recommending that an internal assessment be carried out and that stringent debt collection methods be initiated at the relevant Ministries and Departments.

**1.22 Public Debt.** This refers to payments for external and domestic debts with associated interest payments. For this fiscal year, a total of \$1.1M was paid as total debt. Balances for external and domestic debt are reported as \$6.9M and \$0.6M, respectively. Overall, public debt remains very low, both as a percentage of the annual budget, and as a percentage of Gross Domestic Product.

**1.23 Decrease in Outstanding Liabilities.** Sec 68(2) of the PFMAAR states that “Expenditure properly chargeable to the account of a given year must, as far as possible, be met within that year and must not be deferred for the purpose of avoiding an excess on the amount provided in the estimates”. Outstanding liabilities for goods and services stood at \$202,716 representing a decrease when compared with outstanding amounts at the end of the prior fiscal year. The total Government Savings Bank un-settle deposits amounted to \$1.08M.

**1.24 Contingent Liabilities.** These relate to possible outcomes of litigation charges brought against the Government and amounted to \$4.7M at the end of the reporting period and the possibility remains that the above total estimation may increase.

### **Other Financial Audits**

**1.25 Lateness of Audited Accounts.** Statutory Agencies and Government-owned companies are required to compile their financial statements and to submit them for audit within 3 months of the close of the fiscal year. The Government of Montserrat through the Ministry of Finance & Economic Management maintains oversight over these entities. Although there has been some improvement in the submission of accounts and subsequent finalization of the audits, there are some entities that are too far behind in their reporting.

## Performance and Special Audits

1.26 **S.D.G. 3.d: Strong and Resilient Public Health Systems:** This study examined the governance, the efficiency and the effectiveness of the management of the systems of public health in Montserrat. Within the United Nations' 17 Sustainable Development Goals (SDGs), we focused on S.D.G. #3 (Good Health for All), and part d: Resilient Public Health Systems (including the sub-theme of AMR), with an emphasis on the planning, preparation for, and mitigation of, national and international risks to human health. Of special interest was the theme of the lessons of recent public-health emergencies (see Chapter 5) and the extent to which these have been, or could be, used to strengthen Montserrat's delivery of public-health services. Overall, we found several satisfactory aspects of governance and operations, especially (a) in the MOHSS's early planning for the COVID-19 pandemic, (b) interdepartmental collaboration and stakeholders' engagement throughout the pandemic, and (c) the Cabinet's rapid response in approving related public-health S.R.O.s and other measures and timely updates as each one expired.

1.27 In terms of efficiency, transparency, and accountability, we found a few areas requiring immediate improvement: e.g., (1) a trend of large healthcare staffing gaps and financial constraints; (2) shortfalls in achieving most areas of the Sustainable Development Plan (2008 to 2020); and (3) the difficulties in balancing effective response to COVID-19 with a mandate to maintain the full range of regular public health-services. The MOHSS is accountable to the GOM and reports regularly to the MOFEM, the Monitoring & Evaluation Unit, and, ultimately, to the Cabinet and the Legislative Assembly. However, we found that some GOM Departments were late/non-compliant in reporting, and that communication with the general public and other stakeholders was limited in some areas, with implications for adequately identifying, including, reaching, and serving some vulnerable groups.

1.28 The Government of Montserrat's Sustainable Development Plan 2008 to 2020 identified Human Development, including public health, as one of the pillars for rebuilding and for growing the island's economy. Environmental Management and Disaster Preparedness form another pillar of the SDP. Together, these two pillars are critical for national resilience against public-health emergencies, disasters, and international risks to human health. Among the measures of effectiveness, under the MOHSS's leadership during the past three years, we found that (a) the capacity for on-island surveillance and swabbing increased, (b) the negotiations with the Cuban Government filled several gaps in the MOHSS's healthcare workforce, and (c) the skills and equipping of the public laboratory were upgraded, enabling rapid local testing for COVID-19, instead of relying on overseas testing.

1.29 **Inland Revenue Department:** This study examined the governance, the efficiency, the effectiveness and the quality of service of the Inland Revenue Division (hereinafter, the IRD). Overall, the evidence gathered reveals that there are satisfactory aspects of governance and structure. The IRD is a division within the MCRS; the MCRS reports to the MOFEM on its operations and on the results of all matters of taxation.

1.30 In terms of effectiveness, efficiency, and accountability, we found a number of areas requiring immediate improvement: e.g., (1) a large backlog of tax assessments & tax-refunds to be completed; (2) low productivity and under-trained employees at the lower and middle

levels; (3) inadequate staffing in assessments, collections and compliance (e.g., as a result of vacancies, turnover, and reduced numbers of posts); and (4) lack of enforcement with tax laws. Operations within the IRD are loosely woven and excessively flexible. The Division is lagging digitally. It is struggling in the areas of record-keeping and of being responsive to stakeholders' requests in a timely manner.

1.31 The Government of Montserrat's Sustainable Development Plan (SDP) 2008 to 2020 identified economic management as its number one strategic goal. The GOM's Policy Agenda 2021/2024 and the MOFEM's Strategic Plans 2020/2021 and 2022/2023 identified the following areas as pillars for rebuilding and for growing Montserrat's economy: (i) Develop strategies for addressing obstacles to doing business and implement sequenced plans for the removal and mitigation of these obstacles; (ii) Sectoral resources unlocked for business development, investment promotion, and trade-facilitation aimed at stimulating economic growth; and (iii) An environment that fosters prudent economic management, sustained growth, a diversified economy and the generation of employment opportunities. These strategic priorities and national outcomes are directly related to the MCRS and form part of its Operational Plan. As one measure of effectiveness, for the past five financial years (2018 to 2022) the MCRS was mandated to account for over 80% of locally generated revenue via taxes and fees; this goal was met at a steady 84% average. IRD is a large contributor to this result.

For further details on the above Performance/Special Audits, see Chapter 5.

## **IT Audits**

1.32 **Integrated Telecommunications Management Software:** The Integrated Telecommunications Management System was introduced in 2014 to enable the Montserrat Information and Communications Authority to digitize its main operational activities. This post implementation benefits review was conducted to determine whether (a) the software system met the Authority's work objectives and delivered the anticipated benefits; (b) the system was upgraded since it was implemented and (c) the MICA has any plans for future enhancement of the software.

1.33 Our review revealed that the system provides the MICA with the tools to meet its work objectives and benefits but the system is underutilized. Thus, with regard to objective (a) we could not determine whether the full benefits as outlined were achieved. However, through walk thru tests and observations, it was determined that the software streamlined the former manual and automated services. It was also found to be well-designed and user-friendly. With respect to (b) we found that the MICA detected and reported inconsistencies which were later modified by the Contractor. In relation to objective (c) there are plans to integrate the software system with the online payment system – PayPal, to enable direct payments in order to reduce the related expenses and speed up the process of issuance of licences.

1.34 **Statistical Package for Social Sciences:** As technology advances, the Government of Montserrat's Ministries, Departments and Agencies have become increasingly dependent on

computerized information systems to carry out their operations to process, maintain, and report essential information. In 1998, the Statistical Package for Social Sciences was acquired to facilitate and to expedite the processing of the collated raw data and the generation of statistical reports.

1.35 Our review revealed that the Statistics Department has benefitted significantly from the implementation of this software. Over the years, the software has been upgraded to reflect the changing requirements of the Department. The software is also used along with other types of software to perform various tasks.

For further details on the above I.T. Audits, see Chapter 6.

## CHAPTER 2 TREASURY ACCOUNTS FOR FY 2023-2024

2.1. **PFMAA Mandate.** Section 41(1) of the PFMAA 2008 requires the Accountant General<sup>6</sup> within the Treasury Department to prepare several statements making up the Public Accounts and to submit them to the Auditor General for audit examination. As per the PFMAA, the accounts were to be submitted within 4 months of the financial year end. The first draft of the accounts was received on 31 July, 2024. A synopsis of the Statements received, and findings of our audit exercise will be highlighted throughout this Chapter.

2.2. **Timeliness and Usefulness of Public Accounts Information.** For accountability and decision-making purposes, it is important that financial information be accessible to key stakeholders and the general public in a timely manner. Further, for information to be useful, the International Public Sector Accounting Standards (IPSAS) state that it should be presented within 6 months of the financial year.

2.3. **Target Audit Completion Date Not Kept.** Given the extended vacant post of the Auditor General, coupled with other vacancies and issues, we could not meet the target completion date of having audited accounts by the end of January, 2025.

### **Basis of Accounts Preparation**

2.4. The financial statements preparation is largely governed by the PFMAA. They are also compliant with the IPSAS – Cash Modified Basis Part 1. The cash basis of accounting recognizes revenues when they are received and expenditures when they are paid. The current cash basis system used by the Government of Montserrat (GOM) does not allow the true financial position of the GOM to be reflected in a Statement of Financial Position.

### **Primary Statements Received**

2.5. Twenty-eight statements were submitted for audit to meet the PFMAA’s mandate and to produce the accounts to meet the IPSAS standards. Some statements are replicas of others but they are produced differently. At other times, the statements are produced at both summary and detailed levels. All the statements were audited. To minimize repetition, however, we will report only on those that we consider to be the primary statements.

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

2.6. Table 1 below highlights movements in financial assets and liabilities over the period 1 April 2022 – 31 March 2024.

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<sup>6</sup> See Appendix 1 for accounts to be submitted by the Accountant General

**Table 1**  
**Consolidated Fund**  
**Statement of Assets and Liabilities**

	2023 \$	2024 \$	Increase/ (Decrease) \$
<b>Assets</b>			
Cash	37,963,034	46,030,194	8,067,160
Investments	15,284,849	15,215,537	(69,312)
Advances	518,024	528,652	10,628
<b>Total</b>	<b>53,765,906</b>	<b>61,774,382</b>	<b>8,008,476</b>
<b>Taxpayers' Equity</b>			
Deposits	19,340,010	25,399,324	6,059,314
Consolidated Fund	34,425,896	36,375,058	1,949,162
<b>Total</b>	<b>53,765,906</b>	<b>61,774,382</b>	<b>8,008,476</b>

2.7. **Investments.** The net reduction in Investments of \$69,312 comprised of a small decrease in the Bank of Montserrat Limited share price and an increase in the RAC investments. During the reporting year, the GOM received payments totaling \$207,916 resulting from the Radio Antilles Corporation investments.

2.8. At the close of the fiscal year, there were 8 education related savings account held at the Montserrat Building Society Limited reflecting a total balance of \$35,837. The majority of the signatories are no longer working within the Public Service and the majority of these institutions are not operational.

2.9. **Deposits.** Movements on deposits include a decrease in Miscellaneous Deposits of \$328,645 from the prior year's balance.

2.10. **Consolidated Fund.** The Consolidated Fund can be likened to the equity section of a Statement of Financial Position with a private sector institution. It is being presented here as there is no individual statement to reflect this. Table 2 below provides an overview of the Consolidated Fund.

**Table 2**  
**Consolidated Fund**

	2023 \$	2024 \$
Balance brought forward	40,642,549	34,425,896
Fund Adjustments	(8,318,794)	18,406
Recurrent Revenue	147,897,087	159,098,330
Recurrent Expenditure	(145,794,945)	(157,058,576)
Surplus/(Deficit)	2,102,142	2,039,753
Transfer of Local Costs	-	(108,997)
<b>Balance carried forward</b>	<b>34,425,896</b>	<b>36,375,058</b>

- (i) **Fund Adjustments.** These are adjustments made to the Consolidated Fund to allow underlying accounts to show a true and fair view. It is made up of the exchange losses on the Crown Agents account held in pound sterling amounted to \$18,406.

2.11. **Surplus/(Deficit).** Recurrent revenue collected was more than the recurrent expenditure collected resulting in a surplus of \$2,102,142 as is shown below.

	(EC\$)
Receipts	159,098,330
Less Expenditures	157,058,576
<b>Surplus/(Deficit)</b>	<b>2,039,753</b>

2.12. **Transfer of Local Costs.** For this fiscal year, the transfer of local funds, that is contributions to local projects amounted to \$108,997.

#### *Statement of Cash Flows*

2.13. Total cash available at fiscal year-end amounted to \$46,030,194. Table 3 below provides an overview of the cash flows from the various activities undertaken by the Government. As it can be seen, the net cashflow for this fiscal year was \$8,067,162.

**Table 3**  
**Statement of Cash Flows**

Particulars	2023	2024
	EC\$	EC\$
Net Cash Outflows from Operating Activities	7,246,834	(789,390)
Net Cash Inflows from Investing Activities	(16,797,265)	9,177,417
Net Cash Inflows from Financing Activities	31,291	(320,867)
<b>Net Cash Inflows</b>	<b>(9,519,140)</b>	<b>8,067,162</b>
<b>Add: Balance brought forward at 1 April, 2023</b>	<b><u>47,482,174</u></b>	<b><u>37,963,034</u></b>
<b>Balance carried forward at 31 March, 2024</b>	<b><u>37,963,034</u></b>	<b><u>46,030,194</u></b>

#### *Statement of Cash Receipts and Payments*

2.14. **Reconciliation of Accounts.** We noted that at the end of the fiscal years, we noted some improvements with stale-dated cheques, in addition, there were a number of unsigned reconciliation statements. The TCF2 E-Commerce Bank Account and the Development Capital Fund Account were kept in good order.

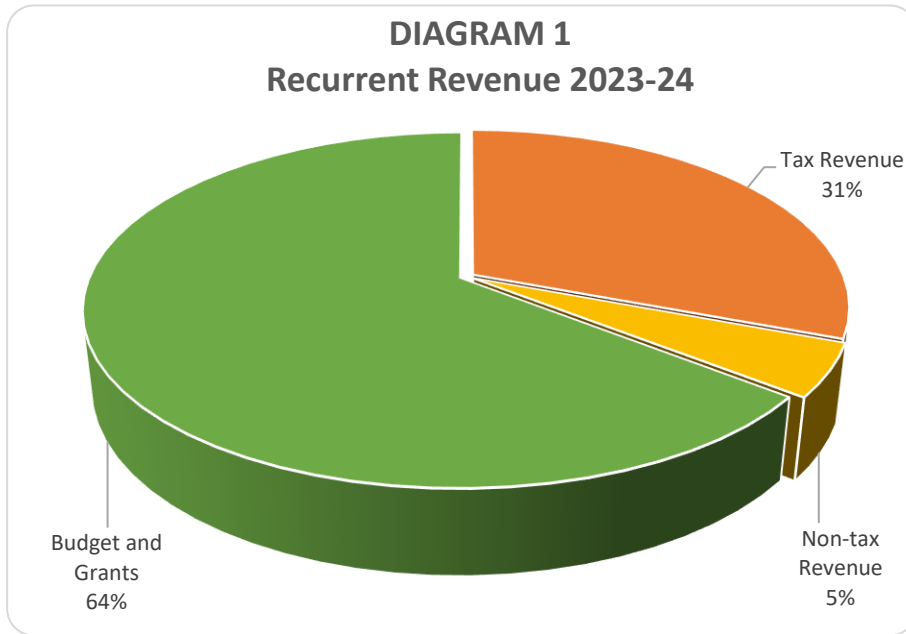
2.15. The cash can be further broken down into its sources and uses and compared with those of the last fiscal year as shown in Table 4 below.

**Table 4**  
**Statement of Cash Receipts and Payments**

<b>Receipts (Sources)</b>	<b>2023</b>	<b>2024</b>
	<b>EC\$</b>	<b>EC\$</b>
Tax Revenue	51,054,854	50,560,991
Non-tax Revenue (Other)	6,073,674	8,336,224
External Assistance – Budgetary Aid	90,592,353	100,093,307
External Assistance – Development Grants	23,312,038	32,248,469
Capital Receipts	37,605	3,600
Receipts from Investments	207,914	173,519
Net Receipt Advances and Deposits	92,890	(339,273)
<b>Total Receipts</b>	<b>171,371,327</b>	<b>191,076,837</b>
<b>Payments (Uses)</b>		
Personal Emoluments	47,239,196	49,734,927
Pensions, Gratuities and Other Benefits	13,934,726	16,192,396
Goods & Services	48,510,552	56,215,716
Transfers and Subsidies	24,586,386	23,003,369
Social Services	4,969,381	4,969,381
Other Expenditure	5,204,224	5,525,829
Debt	1,350,481	1,153,797
Capital Expenditure – Development Fund	32,452,031	21,792,977
Revenue Expenditure – Development Fund	<u>2,581,891</u>	<u>4,176,530</u>
<b>Total Payments</b>	<b><u>180,828,868</u></b>	<b><u>183,028,083</u></b>
Cash flow Increase/(Decrease)	(9,457,541)	8,048,754
Exchange rate impact on Crown Agents a/c	<u>(61,600)</u>	<u>18,406</u>
<b>Net Cash flow Increase/(Decrease)</b>	<b>(9,519,140)</b>	<b>8,067,162</b>
<b>Add: Cash at the Beginning of the Year</b>	<b><u>47,482,174</u></b>	<b><u>37,963,034</u></b>
<b>Cash at the End of the Year</b>	<b><u>37,963,034</u></b>	<b><u>46,030,194</u></b>

*Statement of Recurrent Revenue*

2.16. **Appropriated Revenue.** For this fiscal year, \$150,548,000 was allocated as Recurrent Revenue collection. Actual revenue collected amounted to \$159,098,330, an increase due primarily to the collection of Withholding, Income and Company Arrears Taxes. Diagram 1 below provides an insight into major revenue flows.



2.17. **Revenue Surpluses and Shortfalls.** Revenue collections showed an overall surplus of \$8,550,330 when actual collection is compared against budget. Table 5 below records surpluses or shortfalls in the various categories of revenue.

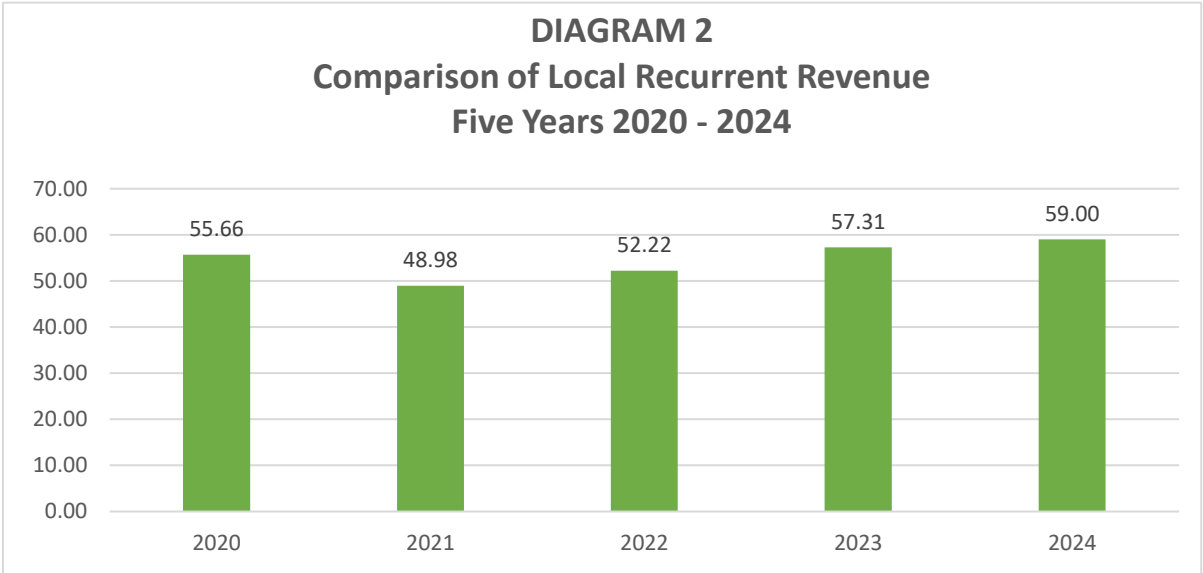
**Table 5**  
**Revenue Surpluses and Shortfalls**

SOURCE OF REVENUE	BUDGETED EC\$	ACTUAL EC\$	SURPLUS EC\$	SHORTFALL EC\$
Taxes on Income, Profit & Capital Gains	18,075,700	22,252,198	4,176,498	0
Taxes on Property	775,000	693,165	0	81,835
Taxes on Domestic Goods & Services	2,061,000	2,184,665	123,665	0
Licences	3,010,500	3,392,117	381,617	0
Taxes on International Trade & Transaction	21,362,300	20,858,982	0	503,318
Arrears of Taxes	1,000,000	1,179,863	179,863	0
Fees, Fines and Permits	2,764,700	4,359,679	1,594,979	0
Rents, Interest and Dividends	1,485,400	883,185	0	602,215
Reimbursements	1,052,000	1,386,578	334,078	0
Other Revenue	1,936,900	1,814,588	0	122,312
Budgetary Aid and Grants	97,024,000	100,093,307	3,069,307	0
<b>TOTAL</b>	<b>150,548,000</b>	<b>159,098,330</b>	<b>9,860,009</b>	<b>1,309,679</b>
<b>Net Surplus/(Shortfall)</b>			<b>8,550,330</b>	

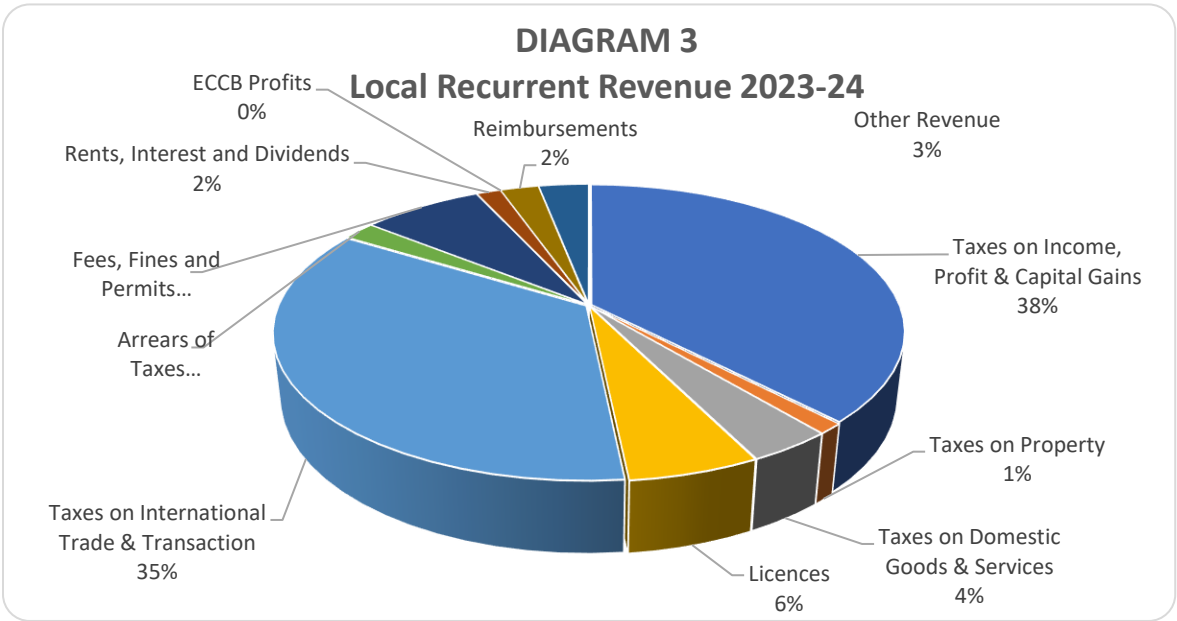
2.18. **Total Recurrent Local Revenue.** Projected Recurrent Local Revenue was \$53,524,000. Actual collection was \$59,005,022, resulting in a surplus of \$5,481,022 when compared to

authorized collections for the year. Further analysis revealed an increased collection of \$0.82M, when compared to the prior fiscal year.

2.19. The collection of local tax saw a sharp decline in 2020-2021 followed by a steady increase in the ensuing years; 2021 - 2024 depicted in the graph below.



2.20. Actual Local Recurrent Revenue collected can be split into Tax and Non-Tax elements. For this fiscal year, Tax Revenues collected were \$50.6M whilst Non-Tax Revenue amounted to \$8.4M. Diagram 3 below shows local revenue collected by type of revenue stream, with percentages, for the 2023-2024 fiscal year.



2.21. **Special Budgetary Assistance.** Approved special budgetary assistance was projected to be \$97,024,000. Actual receipts amounted to \$100,093,307, resulting in an increase of \$3,069,307.

2.22. Table 6 below is intended to show the pattern and the amounts received for budgetary assistance over the reporting period.

**Table 6**  
**Budgetary Aid 2023-24**

Date	Particulars	Receipt #	£	EC\$
05/06/2023	1 <sup>st</sup> Tranche 2023-24	71332	11,013,450	35,984,244
08/09/2023	2 <sup>nd</sup> Tranche 2023/24	72680	7,602,989	25,009,272
07/09/2023	2 <sup>nd</sup> Tranche 2023/24	73002	1,060,621	3,487,957
12/12/2023	3 <sup>rd</sup> Tranche 2023/24	75987	7,283,358	24,081,695
07/03/2024	4 <sup>th</sup> Tranche 2023/24	78233	<u>3,435,884</u>	<u>11,530,140</u>
	<b>Total Budgetary Aid</b>		<b><u>30,396,301</u></b>	<b><u>100,093,307</u></b>

*Statement of Recurrent Expenditure*

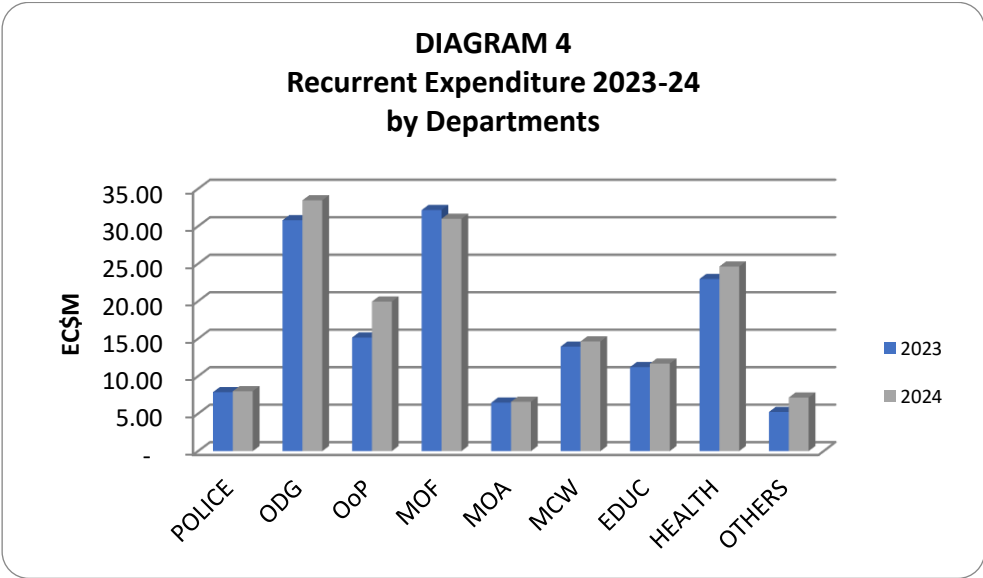
2.23. **Appropriation and Expenditure Control.** Supplementary Appropriation Bill 2022/2023 was passed by the Legislative Assembly on the 30<sup>th</sup> day of May 2023 and the preceding provisional warrant authorized recurrent expenditure of \$150,548,000. Supplementary estimates valuing \$11,904,300 were approved to increase the authorized amount to \$162,452,300. Virement Warrants were also authorized to allow Accounting Officers to move monies between Subheads under their control.

2.24. **Actual Expenditure.** Monies spent to acquire goods and services over the reporting period amounted to \$157,058,576 leaving an unspent balance of \$5,393,724. However, when compared to monies actually spent for the previous fiscal year, we observed a 8% increase.

2.25. Diagram 4 below shows actual Recurrent Expenditure by Ministries and Departments. Those Departments that do not form part of any Ministry, except for Royal Montserrat Police Service, are grouped under Others<sup>7</sup>. They are primarily non-ministerial departments.

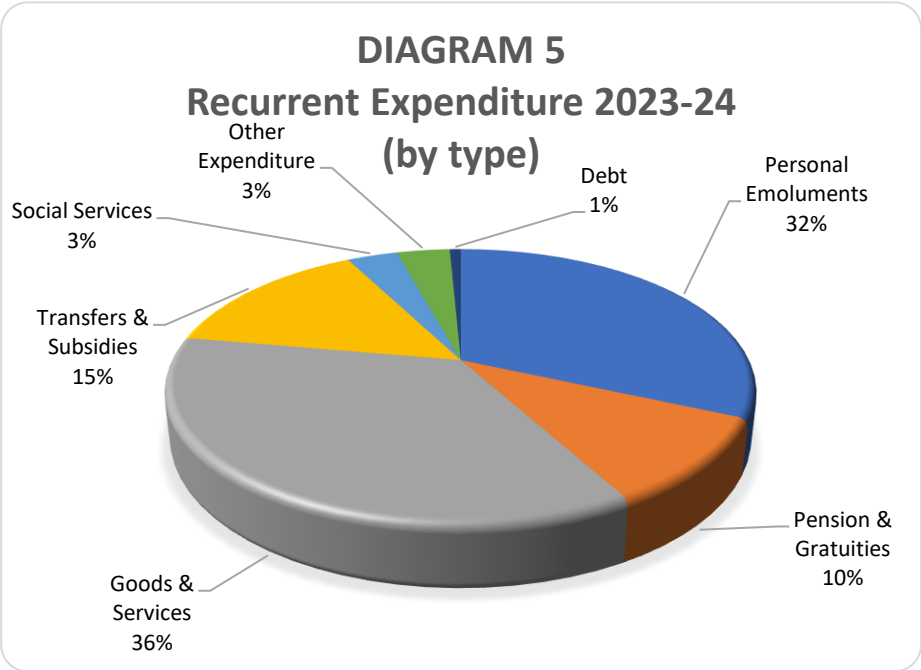
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<sup>7</sup> These departments include the Magistrate Court, Supreme Court, Legal Department, Legislature, Office of the Auditor General and the Office of the Director of Public Prosecution.



2.26. **Trend of Expenditure Usage.** Over the years, Personal Emoluments and Goods and Services were the major categories of expenditure, utilizing 34% of expenditure per category. A trend analysis has indicated that, for the year under review, Recurrent Expenditure continued to be utilized in a similar pattern.

2.27. **Expenditure Classified by Type.** Diagram 5 below shows expenditure classified by type and gives relative percentages used per classification.



2.28. **Over Expenditure.** The Public Finance (Accountability and Management) Regulations 2009, require Accounting Officers to ensure that the spending amounts that are provided in the Estimates are not exceeded. This directive has not been complied with, as expenditure lines have been exceeded on three subheads across three Ministries, namely Office of the Premier, Ministries of Agriculture and Education resulting in overspending on line-items totaling \$14,036.

*Statement of Assets and Liabilities of the Development Fund*

2.29. The assets and liabilities of the Development Fund are provided below in Table 8.

**Table 8**  
**Assets and Liabilities of the Development Fund: Fiscal year 2023-24**

ASSETS	2023 EC\$	2024 EC\$
British Development Aid Claims Outstanding (1)	5,482,527	2,485,520
Donor Agencies Expenditure Outstanding (2)	9,317,592	1,338,194
Consolidated Fund Receivable	<u>17,513,405</u>	<u>23,901,364</u>
<b>TOTAL ASSETS</b>	<b><u>32,313,524</u></b>	<b><u>27,725,078</u></b>
<b>LIABILITIES</b>		
Deposits Within the Development Fund (3)	40,401,094	35,812,648
Local Funds (4)	10,094	10,094
British Development Claim Deposits (1)		
Consolidated Capital Fund	3,624,221	(14,485,623)
Development Fund Adjustment		
Add Revenue Over Expenditure	<u>(11,721,885)</u>	<u>(8,097,664)</u> <u>6,387,959</u> <u>(8,097,664)</u>
<b>TOTAL LIABILITIES</b>	<b><u>32,313,524</u></b>	<b><u>27,725,078</u></b>

**Development Fund Revenue**

2.30. **Contributions Toward Capital Development Projects.** Various Agencies provided contributions to facilitate implementation of capital projects. These contributions are highlighted in Table 9 below.

**Table 9**  
**Development Fund Revenue: Fiscal Year 2023-24**

Agency	Amount Received EC\$
Foreign, Commonwealth and Development Office	20,625,354
Caribbean Development Bank	11,163,488
European Union	245,163
Local	108,997
Darwin	183,380
University of Lancaster	31,083
<b>TOTAL</b>	<b>32,357,466</b>

*Statement of Development Fund Expenditure*

2.31. **Appropriation Accounts.** The Legislative Assembly authorized \$95,804,600 to allow expenditures on capital projects for the fiscal year. Supplementary Appropriations for a total of \$12,725,700 were added during the year to increase the Revised Appropriations to \$108,530,300. Actual spending for the year amounted to \$25,969,507 being 24% of the authorized capital expenditure for the year.

2.32. **Development Expenditure by Ministries.** Development expenditure, for the reporting period, is presented by department in Table 10 below.

**Table 10**  
**Development Expenditure: Fiscal Year 2023-24 (by Ministries)**

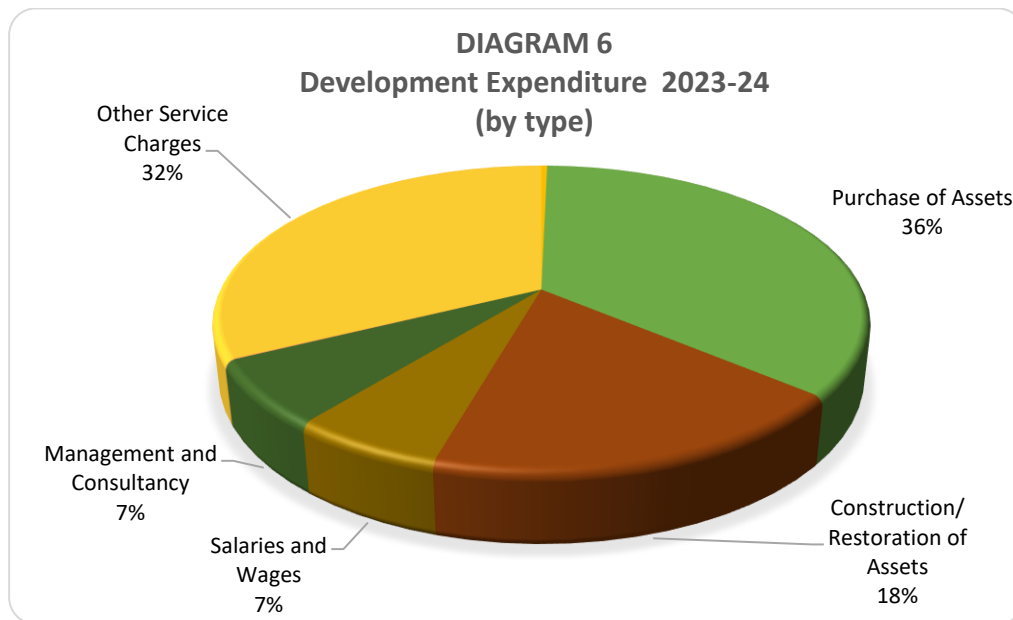
Ministry/Department	Authorized EC\$	Actual EC\$	% Used
Office of the Deputy Governor	180,900	91,902	51
Office of the Premier	1,487,500	158,324	11
Cabinet Secretariat	60,500	0	0
Ministry of Finance	21,092,800	10,432,929	49
Ministry of Agriculture	3,431,500	1,287,189	38
Ministry of Communications & Works	49,346,000	6,486,045	13
Ministry of Education	2,759,400	662,494	24
Ministry of Health	<u>30,171,700</u>	<u>6,850,624</u>	23
<b>TOTAL</b>	<b><u>108,530,300</u></b>	<b><u>25,969,507</u></b>	<b>24</b>

2.33. **Development Expenditure by Funding Agent.** Table 11 below provides a view of authorized expenditure and recorded results for the Development Fund, by funding agency.

**Table 11**  
**Comparison of Development Fund Estimates and Results: Fiscal Year 2023/24**

Development Fund Expenditure	Authorized EC\$	Actual EC\$	Variance EC\$
FCDO	44,772,300	17,628,376	27,143,924
EU	32,172,500	4,775,824	27,396,676
LOCAL	253,000	108,997	144,003
CDB	30,065,900	2,945,452	27,120,448
DARWIN	182,900	191,582	(8,682)
OPEP	28,000		28,000
UoL	41,000	6,574	34,427
UNICEF	36,200		36,200
UoE	100		100
CEFAS	10,100		10,100
JNCC	102,000		102,000
UOLA		18,007	(18,007)
RESEMBID	866,300	294,694	571,606
<b>TOTAL</b>	<b>108,530,300</b>	<b>25,969,507</b>	<b>82,560,793</b>

2.34. **Development Expenditure by Type.** Diagram 6 below provides an overview of how the monies were spent.



### *Statement of Advances*

2.35. Advances are monies owed to the Government of Montserrat for various reasons. A decrease of \$10,628 is recognized when compared to the amount outstanding at the end of the prior reporting period. The categories of advances and their amounts are listed below.

Details	2023 EC\$	2024 EC\$	Increase/(Decrease) EC\$
Personal Advances	329,166	347,400	18,234
Outstanding Imprests	31,146	19,277	(11,869)
Other Gov't & Administrations	<u>157,711</u>	<u>161,974</u>	<u>4,263</u>
<b>TOTAL</b>	<b><u>518,023</u></b>	<b><u>528,651</u></b>	<b><u>10,628</u></b>

### *Statement of Deposits*

2.36. Included under this heading is the Development Fund Receivable account, which has shown an increase \$6,387,959. The Miscellaneous Deposits account registered a decrease of \$328,645 when compared to the prior year balance.

### *Statement of Public Debt*

2.37. **External Debt.** This statement focuses on guaranteed external obligations to the Caribbean Development Bank. At the close of the fiscal year, Total External Public Debt amounted to \$6,942,980.

2.38. Principal repayment on external debt was recorded as \$623,484, this being 1.06% of actual local recurrent revenue. This is well within the ECCB's debt sustainability threshold of 60% of the Government's revenues.

2.39. Interest payments for the year on external debt amounted to \$172,864, this being 0.29% of actual local recurrent revenue for the year.

2.40. Overdue and other interest charges amounted to \$962 for this reporting period.

2.41. No new external debt was undertaken, or loans guaranteed, during this reporting period.

2.42. **Domestic Debt** – These are monies owed to local institutions and repaid by the Ministry of Finance and Economic Management. At the end of the reporting period, the amount due to these institutions was \$648,656. Individual balances are shown in Table 12 below.

**TABLE 12**  
**Summary of Domestic Debt as at 31 March 2024**

Institution	Particulars	Balance Owed as at 1 April 2023	Principal Paid during year	Interest Paid during year	Balance Owed as at 31 March 2024
MSSF	Davy Hill Housing Project	473,313	157,771	14,495	315,542
MUL	MONLEC Generating Set	499,671	166,557	15,302	333,114
	<b>TOTAL</b>	<b>972,984</b>	<b>324,328</b>	<b>29,798</b>	<b>648,656</b>

*Statement of Contingent Liabilities*

2.43. This refers to provisional estimates of the costs arising from possible litigation of activities brought against a few Ministries/Departments. Contingent Liabilities at the end of the fiscal year amounted to \$4,713,373.

*Statement of Outstanding Liabilities*

2.44. At the end of the reporting period, Outstanding Liabilities for goods and services worth \$204,798 were reported. An outstanding contribution \$26,726 was due to a regional entity, however 1,083,281 was still owing to depositors of the now defunct Government Savings Bank, a reduction of \$34,461 when compared to the prior year balance. This brings the total of outstanding liabilities to \$1,314,805.

*Statement of Arrears of Revenue*

2.45. **Stock of Arrears of Revenue.** Arrears of Revenue, as presented by the Treasury Department, stood at \$13,755,369 at the end of the fiscal year and are itemized as follows:

**Table 13**  
**Arrears of Revenue**

Subhead and Account Description	Mar-23	Mar-24
110-13005 Audit Fees	1,500	
130-13020 Magistrate’s Court		2,340
150-13599 Rents		40,700
152-13001 Advertising and Broadcasting Fees	47,817	23,661
205-12210 Trade Licences	11,770	11,808
206-11001 Company Tax	19,284,885	3,696,519
206-11002 Income Tax – Personal	13,380,510	2,040,627
206-11501 Property Tax	3,684,620	3,772,734
207-16099 Money Order Reimbursements	590	590
300-13022 Real Estate Licences	1,500	5,500
300-16015 Fisheries Receipt		1,325
300-16038 Lease of Government Lands	130,255	14,059
350-12209 Telecom Licences	464,330	468,682
351-13032 Public Works Department’s Laboratory	26,146	28,576
352-16039 Revenue - Re-Saleable Stock	23,544	28,326
352-16041 Revenue - Mechanical Spares	22,062	30,587
352-16042 Revenue - Plant & Workshop Operation	104,866	109,173
353-13032 Aircraft Landing Fees	3,331	0
353-13037 Scenic Flights	331,119	951
353-13502 Concessions Rental - Airport	3,330	780
353-16019 Navigational Charges	6,168	18
355-13027 Work Permit Fees	9,950	18,400
450-16018 Hospital Receipts	477,905	532,717
454-14505 Reimbursements	2,499,319	2,930,297
<b>TOTAL</b>	<b>40,585,167</b>	<b>13,755,369</b>

2.46. **Decreased Arrears.** When we compare the Arrears of Revenue balance for this reporting period with that of the previous year, we note a significantly large decrease of \$26,829,798 which was mainly due to a write off of public money under Section 54 of the Pubic Finance (Management and Accountability Act (CAP.17.07).

2.47. **Write-off of Arrears.** The Resolution of the Legislative Assembly to Write Off Public Money S.R.O. 3 of 2024 authorized the write-off of \$21,222,737, which was for items that had been outstanding for a number of years and were deemed uncollectible. Despite the write-offs, it is my firm opinion that this figure will continue to increase if the appropriate collection measures are not implemented.

No.	Details	Amount EC\$
1.	Income tax arrears (persons who have permanently relocated from Montserrat)	1,461,891
2.	Income tax arrears (deceased persons)	299,722
3.	Income tax arrears (companies struck off the Register of Companies)	1,018,601
4.	Income tax arrears for the year 2016 and income tax arrears before the year 2016	18,442,524
<b>TOTAL</b>		<b>21,222,737</b>

### *Statement of Assets*

2.48. **Statements of Fixed Assets Materially Misstated.** We completed a sample review of the Statement of Fixed Assets against the Mobile Assets Register. There were some major findings where a number of class A assets were not included in the Statement of Fixed Assets as noted below and these were subsequently included by the Treasury Department:

**(i) Office of the Deputy Governor.**

- Two photocopiers were purchased for \$34,000 and \$36,000 respectively and were not included in the total purchase value for Office Equipment – A on the Statement.

**(ii) Ministry of Communications, Works, Labour & Energy**

- 15 boat trailers with a total value of \$374,932 were not recorded on the Statement.
- A generator with purchase value \$392,823 was excluded from the total purchase value for Machinery & Tool - A on the Statement.

**(iii) Office of the Premier**

- A Toyota Hilux Truck 2023 costing \$98,000 was omitted from the total purchase value on the Statement.

**(iv) Ministry of Finance & Economic Management**

- A printer valuing \$37,985 was omitted from Statement.

2.49. We found instances where the depreciation was not consistently applied. We have not seen any significant progress with the re-valuation of assets that were valued more than 23 years ago and not all assets belonging to the GOM were included in the said statement.

2.50. **Statement of Net Worth of Statutory and Other Entities.** The GOM injected grants totaling \$13M into the operation of statutory and other agencies for the fiscal year as noted in the table below. In order to ensure good governance and greater accountability, it is important that these accounts be up-to-date. A Statement of Net Worth was submitted; however, some entities' accounts are not up-to-date and have not been audited for years.

Long delays in reporting and accountability can lead to high level of errors, material omissions, fraud and/or corruption. Unaudited accounts can impact the decision making of the various Governing Boards.

**Table 14**  
**Grants to Statutory Organizations: Fiscal Year 2022/23**

Statutory Organizations	EC\$
Montserrat Volcano Observatory	6,751,245
Montserrat Land Development Authority	225,400
Montserrat National Trust	426,000
Financial Services Commission	769,200
Montserrat Arts Council	1,137,900
Montserrat Info Communication Authority	357,000
Montserrat Philatelic Bureau	155,000
Montserrat Community College	1,446,500
Golden Years Home	675,000
Local Airlines	180,000
Other	1,165,345
<b>Total</b>	<b>13,288,590</b>

2.51. The Government of Montserrat makes grant and contribution payments to other local, regional and international institutions, private sector and non-governmental organizations. These sums amounted to a total of \$9,714,778 during this fiscal year.

*Statement of Investments*

2.52. The PFMAA requires the presentation of a statement detailing the Government's investments at the end of the fiscal year. This statement was presented with a total investment value of \$16,160,722.

*Statement of Undrawn External Assistance*

2.53. The balance of undrawn external assistance presented amounted to \$98M.

## CHAPTER 3 RETURNS BY ACCOUNTING OFFICERS FOR FY 2023-2024

3.1 **General Directive.** In accordance with Section 41 (b) of the PFMAA, Accounting Officers are required to submit the accounts set out in paragraph 2 of the Schedule to the Act<sup>8</sup>. It states that “each Accounting Officer shall within three months prepare and submit to the Minister and the Auditor General, with a copy to the Accountant General, in respect of the financial year and in respect of the votes, revenues, resources and monies for which the accounting officer is responsible, the accounts and information set out in paragraph 2 of the Schedule to this Act.”

3.2 Both Paragraph 2 of the Schedule, and the Accountant General’s directives require Accounting Officers to submit the following:

- a) An Appropriation Account showing services for which monies were expended;
- b) A Statement of Commitments Outstanding for the supply of goods and services;
- c) A Statement of Revenues Received for each source of revenue’
- d) A Statement of Arrears of Revenue
- e) A Statement of Performance providing each class of output
- f) A list of all outstanding commitments;
- g) Any other statements that the Accountant General may from time to time require, such as:
  - Statement of Fixed Assets
  - Statement of Inventory
  - Statement of Estimated Assistance and 3<sup>rd</sup> Party Settlements
  - Statement of Undrawn External Assistance
  - Statement of Contingent Liabilities.

3.3 In accordance with Section 8(2) of the PFMAA, the Accountant General has the responsibility for the compilation and management of the accounts of the Government. In keeping with that responsibility, the Accountant General gives general directives and instructions to Accounting Officers on which statements are to be submitted and on how the accounts/statements are to be prepared. He has opted to call the full suite of statements the Annual Returns. Thus, in addition to the statements above, he has requested the following:

- Statement of Fixed Assets
- Statement of Inventory
- Statement of Estimated Assistance and 3<sup>rd</sup> Party Settlements
- Statement of Undrawn External Assistance
- Statement of Contingent Liabilities.

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<sup>8</sup> See Appendix 4 for submissions required from Accounting Officers.

## Submission of Annual Returns

3.4 The PFMAA requires that Annual Returns are to be submitted to the Accountant General with a copy to the Auditor General within 3 months after the end of the fiscal year. We received Annual Returns from most Accounting Officers within the stipulated deadline.

### *Statement of Appropriation Accounts*

3.5 In accordance with Paragraph 2 of the Schedule, Accounting Officers are charged with preparing an Appropriation Account to show how the monies granted to support the operations are expended.

3.6 **Recurrent Expenditure.** During the financial year 2023-2024, expenditure was incurred under 15 Votes of expenditure as outlined on the Statement of Detailed Expenditure included within the Treasury Department's Statements. Recurrent Expenditure incurred by Ministry/Department is shown in Table 13.

**Table 13**  
**Recurrent Expenditure for Fiscal Year 2023-2024**  
**(by Department)**

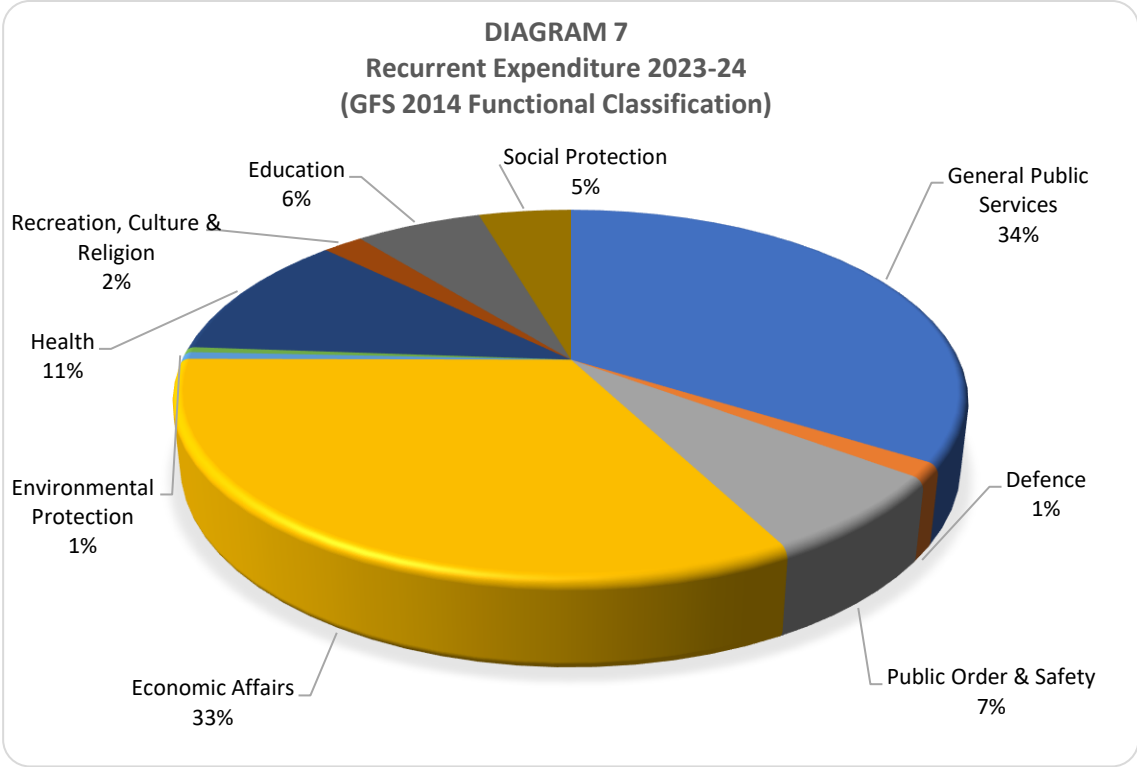
Vote	Details	Revised	Actual	Variance	Actual
		Estimate	Expenditure		Expenditure
		EC\$	EC\$	EC\$	%
05	Police	8,508,100	8,000,338	507,762	5.1
07	Legal	1,519,700	1,310,322	209,378	0.8
08	Magistrate's Court	234,400	185,430	48,970	0.1
09	Supreme Court	1,103,500	968,272	135,228	0.6
10	Legislature	1,610,200	1,529,984	80,216	1.0
11	Office of the Auditor General	1,330,200	1,169,817	160,383	0.7
12	Office of the Deputy Governor	34,088,400	33,461,611	626,789	21.3
13	Public Prosecution	780,500	598,043	182,457	0.4
15	Office of the Premier	20,796,000	19,950,100	845,900	12.7
17	Cabinet Secretariat	1,444,600	1,389,194	55,406	0.9
20	Ministry of Finance & Economic Mgt.	32,628,700	30,986,476	1,642,224	19.7
30	Ministry of Agric., Housing, Lands & Env.	6,662,100	6,583,508	78,592	4.2
35	Ministry of Communications & Works	14,743,500	14,629,648	113,852	9.3
40	Ministry of Educ., Youth Affairs & Sports	12,278,600	11,678,686	599,914	7.4
45	Ministry of Health & Social Services	24,723,800	24,617,148	106,652	15.7
	<b>Total</b>	<b>162,452,300</b>	<b>157,058,576</b>	<b>5,393,724</b>	<b>100</b>

3.7 Recurrent Expenditure Variances, in summarized form, together with the prior year's comparatives, are detailed below:

	2023	2024	Increase/(Decrease)
	EC\$	EC\$	EC\$
Authorized Expenditure	148,066,900	162,452,300	14,385,400
Actual Expenditure	<u>145,794,945</u>	<u>157,058,576</u>	<u>11,263,631</u>
Unspent Balance	<u>2,271,955</u>	<u>5,393,724</u>	<u>3,121,769</u>

**3.8 Recurrent Expenditure Utilization.** When reviewing the above, one will note that both the authorized spending and the actual expenditures increased when compared with the previous fiscal year’s figures. However, in terms of expenditure utilization, we note a decrease of 1.8 percentage-point in the utilization of budget allocation, with utilization moving from 98.5% in fiscal year 2022-2023 to 96.7% in 2023-2024.

**3.9 Recurrent Expenditure by Functional Classification.** Diagram 7 below provides a further analysis of expenditure incurred by GFS functional classification. Expenditure was generally in line with projections at the beginning of the year as outlined in the Budget Speech for the fiscal year 2023-2024.

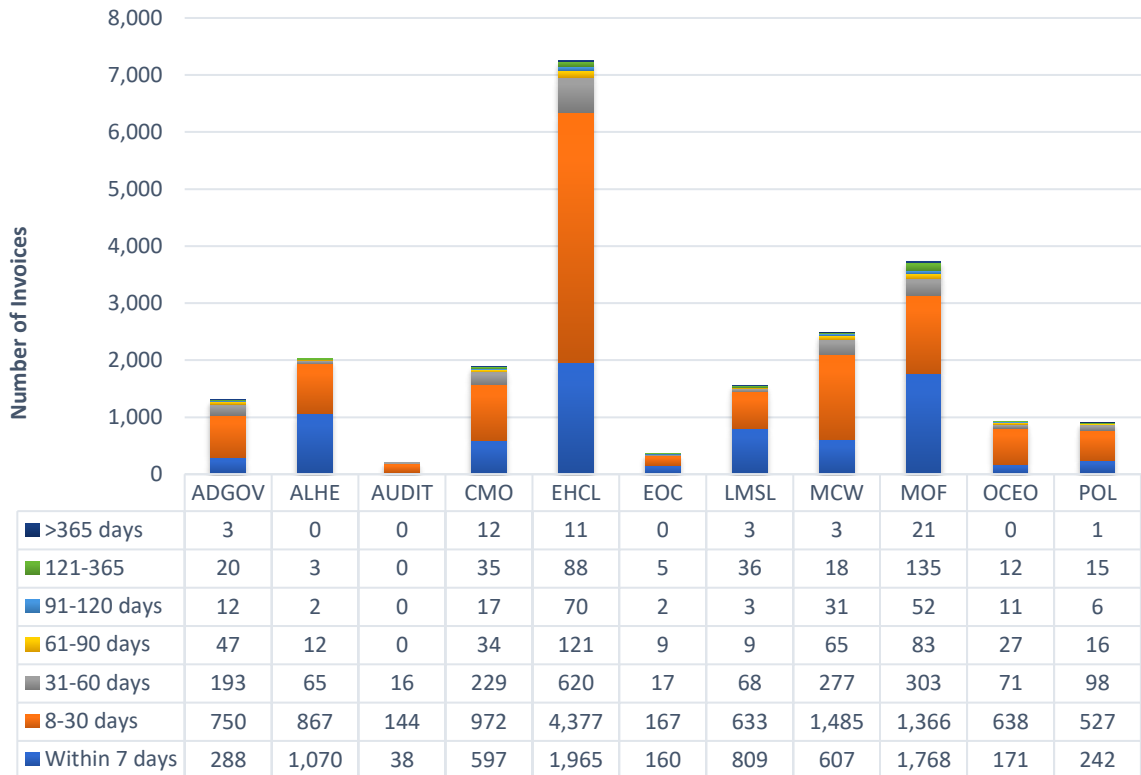


**3.10 Payment of invoices.** An analysis was conducted of the Ministries and Department’s payment of invoices over the reporting period to determine whether they were adhering to the GOM’s payment policy. We investigated 22,648 invoices to determine when payments were made. We found that 19,641 were paid within 30 days and 3,007 were paid after 30 days.

**3.11 Extended Payment to Suppliers.** We are noting that Ministries and Departments are creating invoices and then taking an inordinate length of time to complete their respective internal processes or to submit the related workgroup batch to the Treasury Department for approval. This then results in the system showing a significant number of invoices outstanding for extended periods.

**3.12** The diagram below shows the payment pattern of invoices for selected Ministries/Departments.

## Paid Invoices Selected Ministries/Departments Fiscal Year 2023-2024



### *Statement of Outstanding Liabilities*

3.13 **Total Outstanding Liabilities.** These amounted to \$1,314,805 and represented a decrease of \$78,260 when compared with outstanding amounts at the end of the prior fiscal year.

3.14 **Outstanding liabilities for goods and services supplied.** These amounted to \$204,798 and represented a decrease of \$70,529 when compared with the outstanding amounts at the end of the prior fiscal year.

3.15 Section 68(2) of the PFMAR states that “Expenditure properly chargeable to the account of a given year must, as far as possible, be met within that year and must not be deferred for the purpose of avoiding an excess on the amount provided in the estimates”.

3.16 We have seen a vast reduction in the outstanding liabilities for Ministries/Departments. Using a sample of entities that had outstanding bills amounting to more than one percent of total outstanding liabilities, the results of our investigation into the reasons for non-payment in the correct accounting year are detailed below.

Ministry/Department	Work completed late or bills received late for processing	Insufficient funds	Awaiting response from HRMU	Late reconciliation with entity	Invoices rejected by Treasury	Other	Total EC\$
AGC	525						525
MCRS	16,993						16,993
MHSS		29,521		13,455		8,830	51,806
OAG	1,704	106					1,810
HRMU						5,360	5,360
ODG	24,123						24,123
DMCA	2,226	4,304				3,940	10,470
MAHLE	19,776	350					20,126
SUPREME COURT	2,038			3,685		2,415	8,138
MOFEM	973					17,501	18,474
MCWLE	724						724
OP	26,590	16,223				3,438	46,250
<b>TOTAL</b>	<b>95,672</b>	<b>50,504</b>		<b>17,140</b>		<b>41,484</b>	<b>204,798</b>

3.17 **Bills Outstanding due to Insufficient Funds.** An amount of \$50,504 or 25% of the bills sampled was reported as outstanding due to insufficient funds.

3.18 **Outstanding Liability – GSB Unsettled Deposits.** Liabilities outstanding to the depositors of the now defunct Government Savings Bank amounted to \$1,083,281.

*Statement of Revenue Received*

3.19 **Local Recurrent Revenue.** Emphasis is placed here on the collection of local revenues that are within the control of Accounting Officers. Thus, revenues collected locally by Ministries/Departments and non-Ministerial Departments are presented in Table 14 below.

**Table 14**

**Local Revenue Collected by Ministry/Department Fiscal Year 2023-2024**

Vote	Details	Budgeted Amount \$	Actual Collection \$	Variance \$
05	Police	631,100	296,441	(334,659)
08	Magistrate Court Service	55,000	27,523	(27,477)
09	Supreme Court	100,500	34,223	(66,277)
10	Legislature	2,000	3,724	1,724
11	Audit Office	60,000	40,600	(19,400)
12	Office of the Deputy Governor	440,700	404,356	(36,344)
15	Office of the Premier	968,000	2,364,206	1,396,206
20	Min. of Finance & Econ. Mgt.	46,052,800	50,010,230	3,957,430
30	Min. of Agriculture	1,208,000	1,373,057	165,057
35	Min. of Communication & Works	3,303,600	3,586,398	282,798
40	Min. of Education, Youth Affairs & Sports	202,000	247,054	45,054
45	Min. of Health and Social Services	500,300	617,211	116,911
	<b>TOTAL</b>	<b>53,524,000</b>	<b>59,005,022</b>	<b>5,481,022</b>

3.20 **Increased Collections.** When compared to collections of the prior fiscal year, we note an increase of \$316,288 in actual local revenues. Additionally, the table also shows that actual collections of local revenue well exceeded their budgeted amounts for this fiscal year.

*Statement of Arrears of Revenue*

3.21 **Decreased Arrears of Revenue.** These amounted to \$13,755,369 and represented a significant decrease of \$26,829,798 when compared with outstanding amounts at the end of the prior fiscal year. This was mainly due to the Resolution to Write Off Public Money, S.R.O. No. 3 of 2024, to write-off of \$21,222,737, which was for items that had been outstanding for a number of years and were deemed uncollectible.

*Statement of Development Expenditure*

3.22 **Capital Expenditure Utilized.** The Appropriation Warrants authorized spending of \$108,530,300. Actual expenditure was \$25,969,507, this being 24% of the amount allocated. Expenditure utilization ranged from a high of 51% in the Office of the Deputy Governor to no capital expenditure being recorded in the Cabinet Secretariat. The overall utilization has improved from prior fiscal years.

## **CHAPTER 4 OTHER FINANCIAL AUDITS**

4.1 This Chapter will provide an update on the status of financial audits of the Public Accounts, of Government-owned Companies, and of Statutory Agencies. An update will also be given on the status of other financial audits undertaken by the Office of the Auditor General and private audit firms along with audits of some entities receiving significant sums from the public purse.

4.2 Financial audits are undertaken to provide an independent opinion on whether the financial statements prepared and presented by management are free from material misstatements and whether they are presented in accordance with the applicable financial reporting framework.

4.3 Our primary focus here is to report on the status of financial audits at the end of the reporting period. However, we will also report on audits that were undertaken, finalized, and tabled after that date, but before our Report on the Public Accounts for fiscal year 2022/2023 was completed.

### **Public Accounts of Montserrat**

4.4 The Report on the Public Accounts for the fiscal year ending 31 March, 2023 was completed and tabled in the Legislative Assembly on the 1 January, 2025. The audit opinion was qualified for material misstatements and arrears listing containing significant amounts that were deemed uncollectible.

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

4.5 The audited Financial Statements (Corporate) for the year ended 31 March 2021 will be audited in the 2025-26 fiscal year. This entity's status represents 4 years of arrears.

4.6 The audited Financial Statements (Housing Stock) for the year ended 31 March 2023 was tabled on 21 January 2025. The statements for the year ending 2024 is currently being audited. This entity's status represents fully current compliance.

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

4.7 The audited Financial Statements for the financial year ending 31 March 2022 was completed and the audit of 2023 is in progress. This entity's status represents 3 years of arrears

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

4.8 The audit of the Financial Statements for the financial year ending 31 March 2024 is in progress. This entity's status represents 1 year of arrears.

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

4.9 The audit of this entity's Financial Statements for the financial year ending 2023 is being finalized. This entity's status represents 2 years of arrears

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

4.10 The Financial Statements for the financial year ending 31 March 2022 were completed and are awaiting the Board's approval and finalization. This entity's status represents 3 years of arrears

#### **Montserrat Info-Communication Authority (MICA)**

4.11 The audit of the MICA's Financial Statements for the financial year ending 31 March 2020 was tabled in the Legislative Assembly on 22 April 2024. The audit for the 2021 financial year was completed and is being finalized. This entity's status represents 4 years of arrears.

#### **Montserrat Volcano Observatory (MVO)**

4.12 The audit of the MVO's Financial Statements for the financial year ending 31 March 2018 and 2019 were completed and is being finalized. This entity's status represents 5 years of arrears.

#### **Bank of Montserrat Limited (BOML)**

4.13 The Bank Management has provided us with published copies of the audited Financial Statements for the fiscal year ending 30 September 2024. This entity's status represents fully current compliance.

#### **Montserrat Arts Council (MAC)**

4.14 The Financial Statements for the financial year ending 31 March 2017 were audited and will be submitted to the Legislative Assembly. This entity's status represents 7 years of arrears and requires urgent attention to be brought up-to-date.

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

4.15 We are awaiting the submission of the draft Financial Statements for the financial year ending 31 March 2016 for audit. This entity's status represents 8 years of arrears and requires urgent attention.

#### **Montserrat National Trust (MNT)**

4.16 The Financial Statements for the financial year ending 31 March 2024 was tabled in the Legislative Assembly on 24 June 2025. This entity's status represents fully current compliance.

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

4.17 The Financial Statements for the years ending 2014 to 2024 are outstanding. This entity's status represents 11 years of arrears and requires most urgent attention.

### **Basic Needs Trust Fund (BNTF)**

4.18 The audited Financial Statements for the financial year 2020 was tabled in the Legislative Assembly on 21 January 2025. This entity's status represents 4 years of arrears.

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

4.19 The Financial Statements for the financial year ending 30 September 2017 and 2018 were audited and subsequently in the Legislative Assembly on 21 January 2025. This entity's status represents 6 years of arrears and requires urgent attention to be brought up-to-date.

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

4.20 The Financial Statements for the fiscal year ending 31 March 2023 were tabled in the Legislative Assembly on 21 January 2025. This entity's status represents 1 year of arrears.

### **Montserrat Girl Guides Association (MGGA)**

4.21 The audit of the MGGA's Financial Statements for the financial year ending 31 December 2021 and 2022 is in progress. This entity's status represents 4 years of arrears.

### **St. Augustine Primary School (SAPS)**

4.22 We are awaiting the submission of the draft Financial Statements and accompanying source documents for the financial year ending 31 August 2015 for audit. This entity's status represents 9 years of arrears and requires urgent attention to be brought up-to-date.

### **Cross Cutting Issues**

4.23 The status of audits for Statutory Agencies, State-Owned Enterprises and the Bank of Montserrat – a limited liability company, at the time of drafting this report is shown. Notably, there has been significant improvement in entities ensuring the completion of the audited accounts.

**Table 15**  
**Outstanding Audits for Statutory Bodies and State-Owned Enterprises**

ENTITY	Year(s) Outstanding									
	2014 & 15	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial Services Commission									√	√
Basic Needs Trust Fund							√	√	√	√
Montserrat Arts Council				√	√	√	√	√	√	√
Montserrat Community College		√	√	√	√	√	√	√	√	√
Montserrat Info-Communication Authority							√	√	√	√
Montserrat Land Development Authority – Corporate							√	√	√	√
Montserrat Land Development Authority – Housing Stock										√
Montserrat National Trust										
Montserrat Philatelic Bureau	√	√	√	√	√	√	√	√	√	√
Montserrat Port Authority										
Montserrat Social Security Fund								√	√	√
Montserrat Utilities Limited								√	√	√
Montserrat Volcano Observatory						√	√	√	√	√
Bank of Montserrat Limited										

4.24 **Slow responses to queries and/or requests for adjustments.** We have noted a number of occasions where responses to queries or requests for adjustments to the accounts take an inordinately long time in coming. It is management’s responsibility to ensure that they make timely responses to auditors’ queries and to make requested changes promptly, thus ensuring that audits are concluded in a timely manner.

## CHAPTER 5 PERFORMANCE/COMPLIANCE AUDITS

5.1 Performance Audits review matters of (1) efficiency and effectiveness; (2) governance; (3) value for money; (4) quality of service to the public; (5) waste; (6) probity; (7) financial prudence; and (8) project management practices. The resulting reports are submitted to Accounting Officers and are intended to identify good practices; to raise issues and concerns; and to make recommendations for improvements where necessary. They are then sent to the Legislative Assembly to facilitate general oversight of public entities. They are subsequently published via multiple channels to allow the public and all other stakeholders to be informed and to hold the Government accountable for its use of public funds and for the satisfactory delivery of public projects, goods and services.

5.2 This Chapter provides a synopsis of the performance audits undertaken during the reporting period. The audit topics were influenced by stakeholders' concerns raised in the news, on social media; or directly with us.

### Standards used

5.3 The standards and guidelines used to guide work in this area were developed by the International Organization of Supreme Audit Institutions (INTOSAI). These were supported by the Performance Audit Manual for United Kingdom Overseas Territories (UKOTs) developed and provided by the United Kingdom National Audit Office (UKNAO).

## S.D.G. 3.d: Strong and Resilient Public Health Systems

### Overview

5.4 Countries around the world are accountable for their progress towards the United Nations' Sustainable Development Goals (2015 to 2030). In this inaugural study of Montserrat's implementation of the SDGs, we focused on the SDG 3.d to assess the island's public-health systems and their planning and preparedness for, and response to global and national threats to human health. This study was complex and challenging both in its scope and the range and types of data to be obtained, analyzed and assessed, and in the number of stakeholders to engage directly and/or to consider in the course of this nationally important audit. The COVID-19 pandemic provided a perfect opportunity to review Montserrat's resilience and to improve it further with the lessons from the past few years' experiences and outcomes. Next are a few of the major findings and lessons and where to find more about them and others within the report.

### What we found

5.5 **Effective policy-response, but gaps remain in the legislative framework.** During the pandemic, the GOM quickly enacted public-health orders and updates as each S.R.O. expired. Several new laws, programmes, and/or policies have been introduced, and some old ones

have been updated to strengthen public health, social services, preparedness for disasters, and national planning. [See Chapter 2.] However, laws and policies are not all fully coherent, and various budgets and strategic plans do not yet completely integrate the SDP. Of great concern is the lack of explicit links to the SDGs, or clear plans for their implementation. This creates high risks for further lags in achieving either the updated SDP (2023 to 2035) or the SDG 2030 Agenda.

**5.6 Gaps in data and reporting.** The MOFEM has established robust reporting frameworks for all Departments. The MOHSS has been compliant; however, several of the GOM's Departments have been late or incomplete in their reporting (e.g., Quarterly Reports). Gathering of health-related data is regular in some areas, but very inefficient, relying heavily on paper-forms and manual processes. Some helpful publishing of data has been happening, but comprehensive and up-to-date SDG-related statistics and health-related data were not available, in several instances, either from the MOHSS or from the national Statistics Department. [See Chapter 6.] We also found that the MOHSS and other stakeholders had not robustly documented or acted upon experiences and lessons learned from recent public-health crises, thus risking the loss of valuable institutional memory, and undermining the data-driven identification and seizing of opportunities for [i] improving inter-Departmental/Ministerial policy-coherence, [ii] joint planning, [iii] optimal budgeting, and [iv] more effective collaboration. These are critical elements for achieving whole-of-Government coherence, integration, and effective outcomes.

**5.7 Continuing shortages of healthcare workers.** Every year, the MOHSS faces turnover of employees (e.g., retirements and emigration), multiple vacant posts, and a very limited local pool of qualified persons to fill all posts. Overseas recruitment has been necessary, but faces several challenges, including regional and international competition for healthcare workers in all technical and specialist categories. Collaboration with the Government of Cuba (years 2020 to 2022) helped to fill from 13 to a maximum of 20 vacancies across Secondary Healthcare and Primary Healthcare, but many other vacancies remained. The challenges of long-term vacancies were compounded by periods of leave for filled posts. One impact of COVID-19 was required periods of quarantine when healthcare workers &/or their households had positive test-results during the pandemic. The pandemic greatly increased the demand for healthcare, while further shrinking the supply of healthcare workers and services.

**5.8 Early planning and strong, but costly policy responses to COVID-19.** The MOHSS's planning for epidemics spanned more than a decade prior to the COVID-19 pandemic. Hence, the MOHSS was able to update past plans to mitigate the impact of COVID-19 when it arose as a new public-health threat. [See Chapters 2, 5, and 6.] However, there were high social and economic costs from prolonged and repeated closure of businesses, displacement of private-sector workers, and resulting needs for public welfare to a rapidly increasing number of vulnerable persons/households.

**5.9 Early COVID-19 related cases and deaths were minimized; risk remain.** Early planning, early response, sustained public-health measures, as well as generally high levels of co-operation and compliance by businesses and by households, led to very low case-numbers (only 13 in all of year 2020) and only 2 COVID-19 deaths from March, 2020, to December, 2021. However, in the third pandemic year, extremely contagious variants arose, causing a large spike in local confirmed cases, including 6 related deaths, during year 2022.

### **What should be done**

**5.10 Strengthen data-management and reporting.** The MOHSS/GOM should (1) review existing systems and capabilities for the collection, storage, and analysis of data, and optimize the formats and usefulness of reporting across the public sector. (2) Improve data-management skills and capacity across the public sector. (3) Ensure that the data being collected by Departments are accurate, timely, relevant to the SDP and the SDGs, and reliable. (4) Enable broader sharing of data between Departments to improve coherence, co-operation, and alignment of plans and activities, thus saving time and costs, while improving decision-making, policies' outcomes, and projects' and programmes' impacts. (5) Implement more frequent and more accessible reporting both across the public service and to/for other stakeholders, including vulnerable groups. These efforts will improve engagement of stakeholders, build trust in public officers and institutions, and boost transparency and accountability throughout the public sector.

**5.11 Urgently accelerate efforts to close capacity-gaps in public healthcare.** Given the large numbers of healthcare-related vacancies and their average duration over the past several years, it is urgent for the GOM, including the MOFEM, the HRMU/ODG, and the MOHSS, individually and collectively, to address the issues identified as barriers to recruitment and to retention of employees. Building on the successful partnership with Cuba during two years of the COVID-19 pandemic, (a) deepen existing partnerships and explore new ones within the O.E.C.S., the CARICOM, the U.K., and beyond, and (b) expand the number of effective initiatives for local training as well as overseas capacity-building (e.g., telemedicine, secondments, internships, e-learning platforms, virtual coaching and mentoring, regionally shared training of healthcare workers), to fill posts, and create and sustain new capacity in high-priority areas in line with the SDP and to achieve the SDGs.

**5.12 Better include and address the needs of vulnerable groups.** Expand the range of stakeholders identified and included in planning, in formulating policies, and in delivering programmes and services. By embedding the full spectrum of service-providers' and end-users' inputs in new initiatives, and by acting upon their feedback on past and current ones, all Departments can better align resources and service-delivery to stakeholders' different needs: e.g., physical challenges, mental challenges, those for whom English is a foreign

language, low-income/unemployed households, the elderly, persons with various disabilities, those with limited mobility/access to transportation, et cetera.

**5.13 Prioritize health-promotion and disease-prevention.** In line with the national vision of “A healthy and wholesome Montserrat”, and the SDGs’ ambition of improving the health and the quality of life for all persons, leaving no one behind, it is essential to reshape the paradigm of the public-health policies, budgets, practices, and systems gradually away from increasingly expensive, reactive secondary care, and towards low-cost, high-impact, and proactive primary care. This requires a major improvement in the quality and quantum of the allocations of people, funding, and planning to health-promotion, healthy lifestyles, disease-prevention, nutrition, and wellness. Chronic diseases worsen the impact of crises, and have a far greater cumulative cost socially, economically, and fiscally.

### **Audit Conclusion**

5.14 Most of the 22 National Outcomes of the SDP (2008 to 2020) were not achieved, including for health. However, important progress was gradually made in strengthening the public-health system from emergency mode, in the aftermath of the volcanic crises, to a more fit-for-purpose and sustainable mode. The GOM’s interim strategic planning framework (2021 to 2022) and the new SDP period (2023 to 2035) are expected to align more closely and more explicitly to the SDGs, intensifying the focus on the twin achievements of national goals and the global SDGs. There is nearly universal health-coverage, including free primary healthcare services to children and senior citizens. By contrast, secondary care is limited, and tertiary health-services are not available, often requiring expensive overseas medical travel/evacuations. Moreover, large gaps remain within the island’s public healthcare workforce, infrastructure, and information-systems.

5.15 With funding in place, and planning on schedule, The New National Hospital Project is one of the most important public projects in Montserrat’s redevelopment, and the largest ever investment in the public-health system. With opening by year 2025, it will likely position Montserrat to make a large leap forward towards the 2030 Agenda. Other initiatives (e.g., digital archives; health-information system; improved diagnostics; transformation of care-delivery; and expanded laboratory capabilities) promise to reduce gaps in public-health staffing and resourcing. Yet, other gaps must be closed across the public sector to achieve the whole-of-Government resilience that both the SDP and the S.D.G. goals require to minimize the costs and the socio-economic impacts of future public-health emergencies and of natural/other disasters.

## The Inland Revenue Department

### Overview

5.16 The Inland Revenue Division is a unit within the Montserrat Customs and Revenue Services. Through the Montserrat Customs and Revenue Services (Enabling) Act No. 6 of 2017, the Inland Revenue Division is mandated by law and otherwise to collect assigned revenues by way of direct taxes and fees and to provide such other assigned service on behalf of the Government of Montserrat. Key operational oversight and funding for the IRD are provided by the Ministry of Finance and Economic Management (MOFEM).

### Main Findings

5.16 **Large and growing backlog of assessments & tax-refunds.** Consistent large return processing backlogs over the past decade highlights how dramatically tax-payers are impacted as this essential process continues to falter. The number of returns filed each year for the past five years has decreased by 23%. (for refund, priority is oldest except in cases of medical).

5.17 **Actual tax population remains unknown.** Some of the contributing factors include: outdated client-records, unrecorded deaths, cases of emigration, changes of residential address, changes of employer, new businesses/employees not registered with the IRD, and inadequate communication with tax-payers. Frequently, a lack of timely information-sharing across public entities (e.g., the GOM's Treasury Dept., the IRD, the Montserrat Social Security Fund, and the Financial Services Commission) means that any one Department's information about individuals and about businesses is incomplete, inaccurate, and not consolidated to give a true net picture of Government-wide obligations and refunds per tax-payer.

5.18 **Up to year 2022, tax-payers filed tax-returns on paper and in person.** The division is heavily reliant on its staff and other limited resources to process all paper submissions. The large accumulation of decades of paper-forms and physical taxpayer files creates a continuing risk to employees' health and to the quality and security of files. There are also mounting costs and risks to maintain the storage of so many records. It is very inefficient internally to the IRD and inconvenient to the tax-payers to have to use these archaic modes of paper-forms and manual processes. Surveyed taxpayers gave instances that they submitted documents to the IRD and they were misplaced or lost; in other cases, tax-payments were made but either were not applied to the taxpayers' accounts, or were incorrectly applied.

5.19 **Overall, the IRD has a satisfactory governance framework in place and oversight for its operations.** The Director General of the Montserrat Customs and Revenue Division has immediate oversight for operations within the Inland Revenue Division. There are clear lines

of reporting and accountability as the Deputy Comptroller and other managers report to the Comptroller, who reports to, and is held accountable by, the Director General. Divisional meetings are held quarterly and include all employees. Managers' meetings are held every six months.

**5.20 The Tax Advisory Board and the Montserrat Customs & Revenue Commissioners rarely function.** Meetings are very infrequent and there is no evidence that minutes are formally kept. The Board secretaries average 1 to 2 times per year for meetings held. The Tax Advisory Board comprises (a) the Director of MCRS as the ex-officio Chairperson, (b) the Financial Secretary (MOFEM) or his/her designate, (c) The Comptroller of Customs and Excise, (d) The Comptroller of Inland revenue, and (e) Three members appointed on the advice of cabinet. The Board of Commissioners comprises five Commissioners. The two entities are responsible for providing advice to the GOM on tax-matters and for adjudicating cases in which taxpayers appeal assessments from the IRD, respectively. There are clear lines of reporting and accountability as the members report to, and are held accountable by, the MCRS Director General.

### **Key Recommendations**

**5.21 Strengthen the IRD's efficiency and revenue capacity.** The IRD and the MCRS should advocate through the Financial Secretary and the Minister of Finance for the soonest equipping of the IRD/MCRS with a Compliance Unit and a Legal Unit. Given the tens of millions of dollars of annual revenues at stake, and the estimated large losses of revenues both from tax-delinquency (including non-reporting and under-reporting of assessable incomes) and from uncollected assessed amounts, consistent and effective enforcement requires dedicated professionals in these functional areas. This will help to minimize new arrears of taxes owed, while reducing the large backlog of uncollected taxes assessed in previous years. The experience of other jurisdictions proves that these investments quickly repay themselves and become more than self-funding. Having more qualified, experienced, and dedicated officers for each of these major functions will allow the existing staff to refocus on their core areas of responsibility and competence, rather than being split across functions.

**5.22 Urgently reduce the backlog of Tax-Assessments & Tax-Refunds.** The IRD should design and implement a plan of action with clear milestones to reduce the backlog of tax-assessments and tax-refunds much faster; this should also be reported to the public to aid in accountability and transparency. The focus should shift from stopgap measures to choosing methods and technologies that will be sustainable and suitable for Montserrat's tax population. This requires the full staffing of the IRD and, in particular, the restoration of adequate resourcing of the Tax Assessment Unit, including accredited training and professional development for all officers. It also requires the MOFEM to seek the Cabinet's

approval and the FCDO's full support to do appropriate budgeting for tax-refunds each year, correcting the repeated shortfalls in funds allocated versus the known levels of tax-refunds owed to tax-payers. Prompt disbursement of tax-refunds further encourage early/prompt reporting, filing, and tax-compliance, spurring the potential growth of local revenues.

**5.23 Further enhance the IRD's accountability and transparency at all levels.** For example, the IRD should (a) convene a regular forum with businesses, acting on their feedback, (b) use multiple channels of communication with individual tax-payers and the public, improving their knowledge of tax-laws and procedures, while addressing queries, concerns, and complaints, and (c) report to the public each year on its performance and progress. This would extend the IRD's and the MCRS's transparency beyond the annual financial audits that are reported to the Legislative Assembly.

### **Audit Conclusion**

5.24 Overall, the IRD has a clear legislative framework and governance structure in place for its operation. However, in practice, we have noted several inefficiencies in operations, prolonged vacancies, insufficient training and productivity of the junior employees, and largely dormant boards/committees. There are large and recurring financial gaps between [a] budgeted tax revenues and tax-refunds and, on the other hand, [b] the actual revenues collected and the actual refunds disbursed each year. Cumulatively, many millions of dollars of revenues have not been collected, owing to factors such as non-filing of returns, late filing of returns, and under-reporting of incomes, but also from the very long periods taken by the IRD to process tax-returns that it has received. This does nothing to encourage compliance. Furthermore, the IRD has acknowledged other contributing factors: e.g., [1] its lack of enforcement (partly because the IRD has neither a dedicated Compliance Department nor a Legal Department), [2] few cases of prosecutions, [3] delayed prosecutions (which can ultimately be nullified if they breach the 6-year statutory limit), and [4] years of not forfeiting/auctioning properties for seriously delinquent tax-payers.

5.25 In practice, the Cabinet/GOM makes most of the key decisions affecting taxation, including determining the types of taxes the IRD oversees, and sets the rates of taxes, fees and interest that the Division administers. Thus, the IRD is unable to make certain decisions for itself that would allow the Division to achieve its full mandate. There are patterns of outdated tax-laws and procedures in the IRD's operations, the MCRS Enabling Act, and the ICT Act that require more regular reviews. After years of research and effort by the IRD and MCRS, with the technical assistance of CARTAC, important enhancements to tax-laws have been drafted, approved by the Cabinet, and reached First Reading in the Legislative Assembly. It is long overdue that the Legislative Assembly conclude these important amendments through Third Reading and into effective law to support the IRD and the MCRS in operational

efficiencies and being more effective in assessments and collections. Improvements from paper-based operations, and more use of widely available electronic systems and technologies, are vital for a smoother delivery of service to the public, and enhanced efficiency.

5.26 For full details of these audits, please visit our website at <http://oag.gov.ms> under Publications or our Facebook page at Office of the Auditor General, Montserrat.

## **CHAPTER 6 IT AUDITS**

6.1. The objective of the IT Audit is to ensure that the government receives value from Information Technology (IT) investments and that the associated security risks are properly managed. This chapter will therefore provide a synopsis of the work undertaken by the IT Audit Unit during the reporting period.

### **Standards Used**

6.2. The standards and guidelines used for these audits include the use of applicable government auditing standards for IT audits, (ISSAIs), together with COBIT 4.1, FISCAM, NIST, and the IDI Handbook for IT Audits.

## **Information Technology Audit on Montserrat Info-Communications Authority Integrated Telecommunications Management System**

### **Overview**

6.3 Spectrum is the scarce resource that enables internet connectivity, mobile phones, aircraft and shipping communications plus broadcasters on AM/FM and TV frequencies, along with a host of other telecommunications practices. Spectrum Management is the process of regulating the use of radio frequencies to promote efficient use and to gain a net social benefit. The radio spectrum is an important limited resource. Therefore, all entities and persons using radio frequency for, or in relation to, the operation of a telecommunications network or providing a telecommunications service, must obtain authorization for the use of such frequency. The Montserrat Info-communications Authority (MICA) is the regulatory body for the spectrum (or radio frequency bands) that is used on the island.

### **Main Findings**

6.4 **Logical access security risk.** The staff and select members of the Board have their own unique user ID and password to log into the office computers and the iTMS system.

However, some members of the staff practice sharing their unique log-in credentials to their iTMS user account, with provisional administrative staff. The sharing of unique login credentials is a very poor and risky practice, as dishonest or disgruntled temporary employees can conduct fraudulent and underhanded activities under the guise of being one of MICA's authorized users.

**6.5 No backup generator.** There is no backup generator at the building complex where the MICA is located. Therefore, in the event of loss of electrical power, the MICA's employees are unable to gain access to their personal computers and the iTMS system.

**6.6 Self-Serve feature still in testing phase.** Currently, the Self-Serve online portal is still in the testing phase since 2019. It was pointed out that the testing phase was delayed by the onset of the COVID-19 pandemic in 2020; and by a very low rate of participation of the MICA's clients in the testing of the online portal. There is a draft ICT Policy; however, it is not a recognized policy for regulating the ICT initiatives undertaken and implemented by the Ministry of Education.

**6.7 Business continuity measures.** There is a contingency measure in place that enables the MICA's staff to continue to use the iTMS system if the local service providers' Internet service is interrupted, via a system-specific URL address. This is reliant on network connectivity between the office computers and the intranet server. The MICA's employees have indicated that although they are aware of this contingency measure, they have not been using the URL address when there is disruption to the Internet connectivity.

## **Recommendations**

**6.8 Creation of temporary user accounts and better password management.** Both the Corporate Secretary and Executive Manager have the Administrative rights and privileges (and were trained), to create iTMS user accounts, and to assign the appropriate system user access rights and job role privileges for users. Hence, it would be practical for them to create and to issue restricted/limited user access to provisional staff, instead of continuing to share personal login credentials, which poses a high security risk.

**6.9 Procurement of a back-up generator.** The MICA should consider making a business case to the owner of the building, and/or to the GOM, for the procurement and maintenance of a small back-up generator for continuity of the Authority's business operations. This auxiliary source of power will ensure the maintenance of network connectivity between the MICA's computers and its local server, and direct access to the iTMS system in the event of power outages; especially during the aftermath of inclement weather.

**6.10 Re-commencement of testing the Self-serve online portal.** The MICA's staff should renew their efforts to solicit the assistance of the customers to test the Self-serve online portal, in order to expedite the implementation process of this module. Clients can be contacted via local telephone calls, or by posting of the guidelines on how to use the test feature, on the MICA's website.

**6.11 Use of business continuity measure to access iTMS.** The MICA should commence using the system-specific URL address (reactive measure) that was provided by the contractor, to gain direct access to the iTMS system for continuity of business, whenever there is a disruption in Internet connectivity.

### **Audit Conclusion**

**6.12** The Office of the Auditor-General has determined that the web-based Integrated Telecommunications Management System, is very comprehensive, well-designed, and user friendly. The customized iTMS system provides the MICA's staff with the required tools to meet the Authority's work objectives, including the anticipated benefits of system.

**6.13** This audit has concluded that iTMS system is underutilized. We also found that the employees' level of knowledge regarding the modules and the offered features is fairly basic, although training and a detailed Users Guide were provided by the contractor. It is highly anticipated that the implementation of the Self-Serve module, and the successful recruitment of a Spectrum Management Engineer, will increase the regularity and the scale of how the software is used. A strong regulatory framework is in place, but in practice, the Ministry of Education and the Montserrat Secondary School, have failed to meet the necessary requirements of registration, maintenance, write off and disposal of the Interactive Whiteboards and related devices.

## **Information Technology Audit of the Statistics Department: Statistical Package for Social Sciences**

### **Overview**

**6.14** In 1997, the Central Statistical Office (CSO) collaborated with the Department for International Development (DFID) [now known as the Foreign, Commonwealth & Development Office (FCDO)] on a population-count project. One of the issues that the CSO encountered, at the time, was the lack of data-processing software that could manipulate and analyze the collected census and/or survey data. Therefore, it was customary for the Statistics Department to seek assistance from overseas entities with the processing and

analysis of the data, which would take several months, and, in some instances, years to complete.

6.15 The SPSS software was highly recommended by the former DFID to facilitate and expedite the processing and analysis of collated raw data, and the generation of the Statistical reports, within a few months of the census or survey exercises.

## **Main Findings**

6.16 **Features.** The SPSS software is a very comprehensive, user-friendly, statistics processing tool, which enables the raw census and survey data to be manipulated and analysed. The windows contain highly visible Graphical User Interface (GUI) icons, such as contained and action buttons; navigation tabs; text fields for data input; simple drop-down menus and dialogue boxes for selection; error notification and informational messages. The software is compatible with Operating Systems such as Microsoft Windows, Macintosh, and Linux; and with data management programmes. The statistical data can therefore be imported to SPSS from other statistical analysis programmes, and in various files formats.

6.17 **Good Governance.** Although all levels of the SDM's staff are trained to use the SPSS software, only five senior Statisticians actually use the SPSS software for analysing, validating, and cleaning of the quantitative data collated from census and survey interviews, questionnaires, and observations.

6.18 **Infrequent use of the SPSS software to conduct in-house departmental censuses and surveys.** The SPSS was at one time the sole statistical analysis tool at the Statistics Department for performing exploratory analysis, cleaning, and final analysis of statistical data. However, in recent times, the software was used infrequently, and, in the past decade, it was applied three times for in-house censuses and surveys performed by the SDM, which were: the 2011 *Population Housing Census*, the 2018 *Labour Force Census*, and the 2020 *Labour Force Survey*.

6.19 **Collaborations with external entities.** From time to time, the SDM collaborates with other governmental Ministries/Departments to provide support with the analysis and cleaning of the quantitative survey data; and to ensure that the results are accurate, and of high quality. The Statistics Department has teamed up on surveys with the Ministry of Finance, the Ministry of Health, and most recently the Ministry of Agriculture, Lands, Housing, and Environment (MALHE). Notably, the SDM is currently providing ongoing support to the Ministry of Communication, Works, Labour and Energy (MCWLE). The SDM has also worked closely with external organizations and individuals in 'one-off' projects; for example: the Office of the Opposition, the Montserrat National Trust, and assisting a local college student.

## **Audit Conclusion**

6.20 The Office of the Auditor General has determined that the proprietary open source SPSS is very comprehensive, well-designed and user-friendly. The software has been successfully used by the organization for two decades to manipulate, clean, and analyze Montserrat's raw statistical data; and to achieve the Statistics Department's work objectives as outlined in *CAP 6.02 Statistics Act* of 2013.

6.31 For full details of these audits, please visit our website at <http://oag.gov.ms> under Publications or our Facebook page at Office of the Auditor General, Montserrat.

## **CHAPTER 7 AUDITOR GENERAL'S OVERVIEW OF AUDIT OFFICE**

### **Strategic Assessment**

7.1. This Chapter will highlight the work of our Office and matters affecting our operation during reporting year. It is included here to allow our stakeholders to get a better view of our operations thereby allowing for transparency and accountability.

### *Governance Arrangements*

7.2. Our preliminary work plans are usually shared with the Public Accounts Committee (PAC) and its input is sought for other areas that could be included. For audit work, I report to the Legislative Assembly, through the Ministry of Finance and the Clerk of the Legislative Assembly's Office. For administrative matters, I report to the Governor. Internally, the Audit Managers assisted the Auditor-General (Ag) in managing the department where necessary. Of major concern is that the substantive post of Auditor General has remained vacant since May, 2021. This, together with some other vacancies and issues, posed continuing challenges in fulfilling our mandate in a timely manner.

### *Legal Environment*

7.3. Sections 103 of the Montserrat Constitution Order 2010 provides guidance on the functions of the Auditor General and by extension that of her office. Perusal of this section will highlight that the Auditor General is mandated to audit and to report on the public accounts of Montserrat and of all public offices, including the Courts, the central and local government administrations, universities and higher education institutions, and any public corporations or other bodies established by an Act of Parliament. This is supported by the Public Finance (Management and Accountability) Act (PFMAA), 2008, which outlines the accounts to be audited by the Auditor General.

7.4. The Constitution Order, 2010, also allows the Auditor General to conduct value-for-money audits where the economy, the efficiency and the effectiveness of Government's systems, operations, and transactions are assessed.

7.5. We also operate in accordance with the Public Finance (Management and Accountability) Act, (PFMAA) 2008, and other laws and regulations that affect our work.

### **Risk Assessment and Management**

7.6. The OAG manages risks to the achievement of both financial and operational objectives. The senior management team ensures that our risk register is kept under review and that there are appropriate management practices in place to mitigate the risks identified. We have identified our main risks and have grouped these under challenges. These risks are listed in the OAG's fiscal risk register. We endeavor to review the register semi-annually and amend it where necessary. It is important for risk assessment to be undertaken to assist us in achieving our objectives, while recognizing where we lack full capacity and resourcing.

## **Strategic Plan Progress**

7.7. Our 2 Main Strategies for the 2023-24 financial year were:

- a) Performing requisite audits and report on the public accounts of Montserrat and of all public offices in accordance with the Montserrat Constitution 2010. This is an on-going activity and involves performing our core function as the External Auditors for the Government of Montserrat.
- b) Establishing the Montserrat National Audit Office to ensure an independent audit office that facilitates accountability and transparency. Again, this did not come to fruition in this reporting year.

7.8. The core activities of the OAG will continue to be the financial audits of the Government and its agencies; and performance audits reporting to the Legislative Assembly on the economy, the efficiency and the effectiveness of public spending. Holding the Government to account for its spending and for providing value for money in public services endures as our fundamental area of focus. Overall, we have had mixed results in accomplishing our strategic goals for the year. Some of the challenges we faced that impacted our achievement are highlighted below.

### **Challenges faced during the year**

7.9. We faced many challenges during the year. The most prominent of these were:

- Shortage of staff
- Untimely feedback from Auditees
- Ongoing accommodation Issues
- Intermittent utility outages

### **OAG's Financial Performance**

7.10. Approved revenue amounted to \$60,000. Actual collection was \$6,000.

7.11. Our budgetary allocation for the fiscal year 2023-24 was \$1,364,400. Actual expenditure totaled \$1,165,267, leaving an unexpended amount of \$199,133.

7.12. As in prior years, material expenditures continue to be compensation of employees and acquisition of goods and services, utilizing 63% and 17% of the budget, respectively.

### **Human Resource Management and Development**

7.13. The OAG employs 16 persons: 13 are auditors and 3 are supporting staff. The composition of our staff is outlined in Appendix 6.

7.14. With respect to performance management and succession planning, we continue to follow ISSAI 1220, to monitor the work of the staff, and to provide feedback on an assignment basis. We also continue to focus on our capacity development initiatives to enable staff skills

to be continuously upgraded to meet the challenges of an ever-changing audit environment. To that end, 6 employees were engaged in various professional development programmes. Additionally, the staff participated in general public service in-service training; in-house training; and attendances at regional/international conferences, virtual meetings or workshops.

**Workforce Performance**

7.15. The following table shows the work undertaken together with its state of completion during the fiscal year.

**Tabled Reports**

Type of Audit	Quantity
IT Audit	2
Performance Audit	2
Financial Audit <ul style="list-style-type: none"> <li>• Statutory/Private</li> <li>• Public Accounts</li> </ul>	2 (covering 4 years) 1
Compliance Audit	2
Special Audit	1

**Acknowledgements and Appreciation**

7.16. I extend sincere thanks to the various stakeholders who provided financial and other technical assistance that allowed us to undertake various capacity development initiatives. These initiatives were integral to the improving of our skills and allowed us to deliver higher quality of audit products. These stakeholders include the GOM, its Learning and Development Unit, FCDO, IDI, CAROSAI and its member organizations, the UK National Audit Office, and, by extension, the UK Overseas Territories Project.

7.17. None of the audit work could have been achieved without the indelible assistance of the members of staff, who are responsible for conducting many aspects of the audit assignments. I say thank you for your contribution despite the many challenges encountered during the fiscal year.



**MARSHA V. E. MEADE**  
**AUDITOR-GENERAL (Ag)**  
**OFFICE OF THE AUDITOR-GENERAL**  
**MONTSERRAT**  
**1 JULY 2025**

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**APPENDIX 1**  
**GOVERNMENT OF MONTSERRAT**  
**Consolidated Fund - Statement of Assets and Liabilities as at March 31, 2024**  
**(with comparative figures for March 31, 2023)**

<b>FINANCIAL ASSETS</b>	<b>Notes</b>	<b>2023</b>	<b>2024</b>
Consolidated Fund Accounts	2	4,871,638	14,414,256
Operating Account at ECCB	3	228,306	229,248
Development Capital Fund Account	4	25,626,550	24,074,698
Crown Agents # 2 Account	5	2,289,842	2,289,842
Fiscal Reserve - A/C # 1 Tranche ECCB	6	4,693,675	4,769,127
Volcano Relief Bank Accounts	7	253,022	253,022
Equity – Bank of Montserrat Limited	8	14,764,996	14,764,996
RAC Grenada Bond	9	519,853	450,541
Personal Advances	10	329,166	347,700
Outstanding Imprest	11	31,146	19,277
Advances to Other Governments & Administration	12	157,711	161,974
<b>TOTAL ASSETS</b>		<b>53,765,906</b>	<b>61,774,382</b>

**CONSOLIDATED REVENUE FUND**  
**Statements of Assets and Liabilities as at March 31, 2024**  
**(with comparative figures for March 31, 2023)**

	Notes	2023	2024
<b>LIABILITIES</b>			
Miscellaneous Deposits	13	1,811,646	1,483,001
Development Fund Payable	14	17,513,405	23,901,364
Special Funds	15	<u>14,959</u>	<u>14,959</u>
<b>TOTAL LIABILITIES</b>		<b>19,340,010</b>	<b>25,399,324</b>
 <b>THE CONSOLIDATED FUND</b>			
Balance at the start of the Year		40,642,549	34,425,896
Fund Adjustments	16	(8,318,794)	18,406
Revenue (recurrent) for the Year		147,897,087	147,897,087
Expenditure (recurrent) for the Year		<u>(145,794,945)</u>	<u>(145,794,945)</u>
Surplus/(Deficit)		2,102,142	2,039,753
Transfer to Local Costs	17	<u>-</u>	<u>(108,997)</u>
<b>TOTAL CONSOLIDATED FUND</b>		<b>34,425,896</b>	<b>36,375,058</b>
<b>TOTAL</b>		<b><u>53,765,906</u></b>	<b><u>61,774,382</u></b>

The Notes to the Public Accounts form an integral part of these accounts. Refer to the Public Accounts

*Accountant General, Montserrat*

**CASH FLOW STATEMENT as at March 31, 2024**  
**(with comparative figures for March 31, 2023)**

<b>Cash Flows from Operating Activities</b>	<b>Notes</b>	<b>2023</b>	<b>2024</b>
<b>Cash Receipts for:</b>			
Tax Revenues	18	51,054,854	50,560,991
Non-Tax Revenues	19	6,073,674	8,336,224
Budgetary Aid and Grants	20	90,592,353	100,093,307
Revenue Receipts Development Projects		7,460,327	380,772
<b>Cash Paid for:</b>			
Recurrent Expenditure (Excluding SCAF)	21	(145,352,482)	(155,984,154)
Revenue Expenditure Projects		(2,581,891)	(4,176,530)
<b>Net Cash flows from Operating Activities</b>		<u>7,246,834</u>	<u>789,390</u>
<b>Cash Flows from Investing Activities</b>			
	22		
<b>Cash Receipts for:</b>			
Capital Project Receipts		15,851,711	31,867,697
Receipts for Sale of Tangible Assets		37,605	3,600
Investing Receipts Financial Assets		207,914	173,519
<b>Cash Paid for:</b>			
Capital Projects		(32,452,031)	(21,792,977)
Other Fixed Assets (SCAF)		(442,463)	(1,074,422)
<b>Net cash flows from Investing activities</b>		<u>(16,797,265)</u>	<u>9,177,417</u>
<b>Cash Flows from Financing Activities</b>			
	23		
(Increase)/Decrease in Advances		(62,831)	(10,628)
Increase/(Decrease) in Deposits		155,721	(328,645)
Effect of exchange rate changes on cash and cash equivalents	5	(61,600)	18,406
<b>Net Cash flows from financing activities</b>		<u>31,291</u>	<u>(320,867)</u>
<b>Net cash flows</b>		(9,519,139)	8,067,162
<b>Cash and cash equivalents at the beginning of the period</b>		<u>47,482,174</u>	<u>37,963,034</u>
<b>Cash and cash equivalents at the end of the period</b>		<u><b>37,963,034</b></u>	<u><b>46,030,194</b></u>

*Accountant General, Montserrat*

**Statement of Cash Receipts and Payments for the Government of Montserrat  
as at March 31, 2024**

Receipts	Notes	2023	2024
<b>Tax Revenue</b>			
Taxes on Income, Profits and Capital Gains		23,122,280	23,035,262
Taxes on Property		1,034,701	1,089,964
Taxes on Domestic Goods & Services		2,027,254	2,184,665
Licences		3,157,605	3,392,117
Taxes on International Trade & Transactions		21,713,014	20,858,982
<b>Total Tax Revenue</b>	18	<b>51,054,854</b>	<b>50,560,991</b>
<b>Non-Tax Revenue</b>			
Rents and Interest and dividends	19	904,291	778,978
External Assistance - Budgetary Aid	20	90,592,353	100,093,307
External Assistance – Development Grants	20	23,312,038	32,248,469
Fees, Fines and Permits	19	2,116,173	4,359,679
Reimbursements	19	805,544	1,386,578
Other Receipts Recurrent	19	2,247,666	1,810,988
Capital Receipts	24	37,605	3,600
Receipt from Investment	22	207,914	173,519
Net Receipt Advances and Deposits	26	92,890	(339,273)
<b>Total Non-Tax Revenue</b>		<b>120,316,473</b>	<b>140,515,846</b>
<b>Total Receipts</b>		<b>171,371,327</b>	<b>191,076,837</b>
<b>Payments</b>			
Personal Emoluments	21	47,239,196	49,734,927
Pension, Gratuities and Other Benefits	21	13,934,726	16,192,396
Goods & Services	21	48,510,552	56,215,716
Transfers and Subsidies	21	24,586,386	23,003,369
Social Services	21	4,969,381	5,232,543
Other Expenditure	21	5,204,224	5,525,829
Debt	21	1,350,481	1,153,797
Capital Expenditure (Development Fund)	25	32,452,031	21,792,977
Revenue Expenditure (Development Fund)	25	2,581,891	4,176,530
<b>Total Payments</b>		<b>180,828,868</b>	<b>183,028,083</b>
Cash flow Increase/(Decrease)		(9,457,541)	8,048,754
Adjustments for: Crown Agents Sterling A/c	5	(61,600)	18,406
Total Adjustments		<b>(9,519,139)</b>	<b>8,067,162</b>
<b>Cash at the Beginning of the Year</b>		<b>47,482,174</b>	<b>37,963,034</b>
<b>Cash at the end of the year</b>		<b>37,963,034</b>	<b>46,030,194</b>

**Consolidated Statement of Comparison of Budget and Actual Amounts as at March 31, 2024**  
**(Budget Approved on a Cash Basis)**  
**(Economic Classification of Payments)**

	Notes	Original Budget	Final Budget	Actual 2024	Budget Variance	Actual 2023
<b>Cash Inflows</b>						
Taxation	18	46,284,500	46,284,500	50,560,991	(4,276,491)	51,054,854
Non-Tax	19	5,302,600	5,302,600	6,629,443	(1,326,843)	3,964,609
Other receipts	19	1,936,900	1,936,900	1,814,588	122,312	2,285,271
<b>Grants:</b>						
Budgetary Aid	20	97,024,000	97,024,000	100,093,307	(3,069,307)	90,592,353
Development Grants	20	95,804,600	108,530,300	32,357,466	76,172,834	23,312,038
<b>Total Inflows</b>		<b>246,352,600</b>	<b>259,078,300</b>	<b>191,455,796</b>	<b>67,622,504</b>	<b>171,209,125</b>
<b>Cash Outflows</b>						
Personal Emoluments Pensions, Gratuities & Other Benefits	21	56,890,800	51,720,700	49,734,927	1,985,773	47,239,196
Goods & Services	21	13,832,200	16,258,300	16,192,396	65,904	13,934,726
Transfers and Subsidies	21	50,396,900	58,717,100	56,215,716	2,501,384	48,510,552
Social Services	21	18,521,500	23,605,500	23,003,369	602,131	24,586,386
Other Expenditure	21	4,593,200	5,276,000	5,232,543	43,457	4,969,381
Debt	21	4,953,000	5,678,900	5,525,829	153,071	5,204,224
Capital Expenditures	21	1,360,400	1,195,800	1,153,797	42,003	1,118,907
	25	95,804,600	108,530,300	25,969,507	82,560,793	35,033,923
<b>Total Outflows</b>		<b>246,352,600</b>	<b>270,982,600</b>	<b>183,028,083</b>	<b>87,954,517</b>	<b>180,597,294</b>

**CONSOLIDATED FUND - April 2021 to March 2024**  
**Annual Abstract of Receipts and Payments**

	ESTIMATE	TOTAL AUTHORISED	ACTUAL REVENUE	SURPLUS (SHORT FALL)
<b>1A - Tax Revenue</b>				
110: Taxes on Income, Profits and Capital Gains	18,075,700	18,075,700	22,252,198	4,176,498
115: Taxes on Property	775,000	775,000	693,165	(81,835)
120: Taxes on Domestic Goods & Services	2,061,000	2,061,000	2,184,665	123,665
122: Licences	3,010,500	3,010,500	3,392,117	381,617
125: Taxes on Int'l Trade & Transactions	21,362,300	21,362,300	20,858,982	(503,318)
129: Arrears of Taxes	1,000,000	1,000,000	1,179,863	179,863
<b>Total Tax Revenue</b>	<b>46,284,500</b>	<b>46,284,500</b>	<b>50,560,991</b>	<b>4,276,491</b>
<b>1B - Non-Tax Revenue</b>				
130: Fees, Fines and Permits	2,764,700	2,764,700	4,359,679	1,594,979
135: Rents, Interest and Dividends	1,485,400	1,485,400	883,185	(602,215)
140: ECCB Profits				-
145: Reimbursements	1,052,500	1,052,500	1,386,578	334,078
150: Budget and Grants	97,024,000	97,024,000	100,093,307	3,069,307
160: Other Revenue	1,936,900	1,936,900	1,814,588	(122,312)
<b>Total Non-Tax Revenue</b>	<b>104,263,500</b>	<b>104,263,500</b>	<b>108,537,338</b>	<b>4,273,838</b>
<b>TOTAL RECURRENT REVENUE</b>	<b>150,548,000</b>	<b>150,548,000</b>	<b>159,098,330</b>	<b>8,550,330</b>
<b>Development Revenue:-</b>				
02. British Dev. Aid Grants - Local	31,028,900	33,825,100	20,625,354	(13,199,746)
04. European Union	26,682,500	29,171,100	245,163	(28,925,937)
10. Local	242,300	495,300	108,977	(386,303)
17. UNICEF	30,700	36,200		(36,200)
30. OTEP	28,000	28,000		(28,000)
31. DARWIN	182,900	234,900	183,380	(51,520)
32. JNCC	50,000	50,000		(50,000)
36. FCO	6,814,000	13,878,000		(13,878,000)
38. CDB	3,000,000	30,060,500	11,163,488	(18,897,012)
39. UOL	2,900	8,700		(8,700)
40. UOE		100		(100)
43. CEFAS	10,100	10,100		(10,100)
46. RESEMBID	700,000	700,000		(700,000)
47. UOLA	32,300	32,300	31,083	(1,217)
<b>TOTAL DEVELOPMENT REVENUE</b>	<b>95,804,600</b>	<b>108,530,300</b>	<b>32,357,466</b>	<b>(76,172,834)</b>

## CONSOLIDATED FUND - April 2023 to March 2024

### Annual Abstract of Receipts and Payments

	ESTIMATE	TOTAL AUTHORISED	ACTUAL EXPENDITURE	SAVINGS/ (EXCESS)
<b>CONSOLIDATED FUND EXPENDITURE:-</b>				
05 Police & Fire	8,503,100	8,508,100	8,000,338	507,762
07 Legal	1,859,700	1,519,700	1,310,322	209,378
08 Magistrates Court	234,400	234,400	185,430	48,970
09 Supreme Court	908,500	1,103,500	968,272	135,228
10 Legislature	1,610,200	1,610,200	1,529,984	80,216
11 Office of the Auditor General	1,410,200	1,330,200	1,169,817	160,383
12 Office of the Deputy Governor	31,988,400	34,088,400	33,461,611	626,789
13 Department of Public Prosecution	870,500	780,500	598,043	182,457
15 Office of The Premier	12,657,400	20,796,000	19,950,100	845,900
17 Cabinet Secretariat	1,614,600	1,444,600	1,389,194	55,406
20 Min. of Finance and Economic Mgt	31,739,600	32,628,700	30,986,476	1,642,224
30 Min. of Agriculture, Lands, Housing, Environ.	6,917,500	6,662,100	6,583,508	78,592
35 Min. of Communications & Works	14,743,500	14,743,500	14,629,648	113,852
40 Min. of Education, Youth Affairs, Sports	12,278,600	12,278,600	11,678,686	599,914
45 Min. of Health & Community Services	23,211,800	24,723,800	24,617,148	106,652
<b>TOTAL CONS. FUND EXPENDITURE</b>	<b>150,548,000</b>	<b>162,452,300</b>	<b>157,058,576</b>	<b>5,393,724</b>
<b>DEVELOPMENT EXPENDITURE:-</b>				
12 Office of the Deputy Governor	180,800	180,900	91,902	88,998
15 Office of the Premier	1,487,500	1,487,500	158,324	1,329,176
17 Cabinet Secretariat		60,500		60,500
20 Min. of Finance & Economic Management	14,338,300	21,092,800	10,432,929	10,659,871
30 Min. of Agriculture, Lands, Housing, Environ.	735,400	3,431,500	1,287,189	2,144,311
35 Min. of Communications & Works	47,312,400	49,346,000	6,486,045	42,859,955
40 Min. of Education, Youth Affairs, Sports	1,750,200	2,759,400	662,494	2,096,906
45 Min. of Health, Community Services	30,000,000	30,171,700	6,850,624	23,321,076
<b>TOTAL DEVELOPMENT EXPENDITURE</b>	<b>95,804,600</b>	<b>108,530,300</b>	<b>25,969,507</b>	<b>82,560,793</b>

**GOVERNMENT OF MONTSERRAT**  
**DEVELOPMENT FUND**  
**STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2024**  
**(with comparative figures as at March 31, 2023)**

<b>ASSETS</b>	<b>Notes</b>	<b>2023</b>		<b>2024</b>
BRITISH DEVELOPMENT CLAIMS OUTSTDG	1		5,482,527	2,485,520
DONOR AGENCIES EXPENDITURE OUTSTD	2		9,317,592	1,338,194
CONSOLIDATED FUND RECEIVABLE			<u>17,513,405</u>	<u>23,901,364</u>
<b>TOTAL ASSETS</b>			<b><u>32,313,524</u></b>	<b><u>27,725,078</u></b>
<b>LIABILITIES</b>				
DEPOSITS WITHIN THE DEVELOPMENT FUND	3		40,401,094	35,812,648
LOCAL FUNDS	4		10,094	10,094
BRITISH DEVELOPMENT CLAIMS DEPOSITS	1			
CONSOLIDATED CAPITAL FUND		3,624,221	(14,485,623)	
ADD: REVENUE OVER EXPENDITURE		<u>(11,721,885)</u>	<u>(8,097,664)</u>	<u>6,387,959</u>
<b>TOTAL LIABILITIES</b>			<b><u>32,313,524</u></b>	<b><u>27,725,078</u></b>

NOTES TO THE BALANCE SHEET:

- (1) SUM OF THE BALANCES FOR BDD AND WISTS
- (2) SUM OF ALL DEBIT BALANCES EXCEPT BDD AND WISTS
- (3) SUM OF ALL CREDIT BALANCES EXCEPT BDD, WISTS & LOCAL
- (4) SEE DETAILS

**APPENDIX 2  
(extract from)**

**2010 NO.2474**

**THE MONTSERAT CONSTITUTION ORDER 2010**

**PART VIII  
FINANCE**

**Financial control and accounts**

shall provide the Legislative Assembly with such reports, information and accounts as may be necessary to ensure that the Assembly is kept fully informed at all times of the state of the economy of Montserrat and the finances of the Government.

(2) The Legislature shall make provision by law for the regular publication of accounts of the Consolidated Fund and any other public funds and for the laying of such accounts and any reports on them before the Legislative Assembly.

**Auditor-General**

101. (1) There shall be an Auditor General for Montserrat.

(2) Power to make appointments to the office of Auditor General is vested in the Governor, acting after consultation with the Public Accounts Committee of the Legislative Assembly.

(1) Power to remove the Auditor General from office is vested in the Governor, acting in accordance with subsections (4) to (6).

(2) The Governor shall remove the Auditor General from office if:

(a) The Auditor General violates any law concerning the ethics of public leaders; or

(b) The Auditor General becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with creditors, or otherwise makes an assignment of remuneration for the benefit of creditors.

(3) If the Legislative Assembly in a resolution addressed to the Governor resolves that the Auditor General is unable to perform the functions of his or her office due to misconduct, incapacity, or incompetence-

(a) The Governor shall appoint a special tribunal which shall consist of a Chairman and not less than two other members; but the Chairman and at least half of the other members shall be persons who hold or have held office as a judge of a court having unlimited jurisdiction in civil and criminal matters in any part of the

Commonwealth or Ireland or a court having jurisdiction in appeals from such a court;

(b) The special tribunal shall inquire into the matter and report on the facts thereof to the Governor and recommend whether or not the Auditor General should be removed from office.

(4) If the special tribunal appointed in accordance with subsection (5) recommends to the Governor that the Auditor General should be removed from office then the Governor shall remove him or her from office.

(5) If the question of removing the Auditor General from office has been referred to a special tribunal under subsection (5), the Governor, acting in his or her discretion, may suspend the Auditor General from the exercise of the functions of that office and such suspension shall cease to have effect if the special tribunal recommends to the Governor that the Auditor General should not be removed.

(6) The Auditor General may resign his or her office by writing under his or her hand addressed to the Governor.

#### **Position and remuneration of Auditor General**

102. (1) The Auditor General shall by virtue of his or her office be an officer of the Legislative Assembly.

(2) The terms and conditions of employment including the remuneration and allowances of the Auditor General shall be set from time to time by a resolution of the Legislative Assembly proposed by the Chairman of the Public Accounts Committee of the Assembly, but any remuneration and allowances shall not be less than the average rate paid to the Financial Secretary

(3) The remuneration and allowances of the Auditor General shall be charged on and paid out of the Consolidated Fund.

#### **Functions of Auditor General**

103. (1) The Auditor General shall audit and report on the public accounts of Montserrat and of all public offices, including the courts, the central and local government administrations, universities and higher education institutions, and any public corporations or other bodies or organizations established by an Act of the Legislature, and may conduct financial and value for money audits in respect of any project involving public funds.

(2) The Auditor General shall submit to the Legislative Assembly annually a report of the accounts audited by him or her under subsection (1) for the immediately preceding financial year.

(3) For purpose of subsection (2) the Auditor General and any person authorized by him or her shall have a right of access at all reasonable times to all such documents as appear to him or her to be necessary for the purposes of the audit, and shall be entitled to require from any person holding or accountable for any such documents such information and explanation as he or she thinks necessary for those purposes.

(4) In the exercise of his or her functions, the Auditor General shall not be subject to the direction or control of any other person or authority.

### **National Audit Office**

104 (1) The Legislature shall by law make provision for the establishment of an independent National Audit Office headed by the Auditor General.

(2) The budget for the National Audit Office shall be charged on and paid out of the Consolidated Fund, and must at all times be adequate to enable the full performance of the functions conferred on the Auditor General by the Constitution or any other law.

(3) The accounts of the National Audit Office shall be audited and reported on by an auditor appointed by the Legislative Assembly.

***Judith Simpson***  
**Clerk of the Privy Council**

**Appendix 3**  
**Accounts to be submitted by the Accountant General**  
(Extract from the Public Accounts Management and Accountability Act)

The following accounts shall be submitted to the Auditor General and the Minister by the Accountant General—

- (a) a balance sheet showing the consolidated assets and liabilities of all public funds and other entities wholly funded through the Consolidated Fund;
- (b) a consolidated statement of the cash flow for all public funds and other entities wholly funded through the Consolidated Fund showing the revenues, expenditures, and financing for the year;
- (c) a balance sheet showing the assets and liabilities of the Consolidated Fund;
- (d) a balance sheet showing the assets and liabilities of the Development Fund;
- (e) a statement of the cash flow for the Consolidated Fund showing the revenues, expenditures, and financing of the fund for the year;
- (f) a statement of cash flow for the Development Fund showing the revenues, expenditures, and financing of the fund for the year;
- (g) a summary statement of revenue and expenditure, being a summary of all the statements signed by accounting officers under paragraphs 2(a) and (c) of this Schedule;
- (h) a statement of the amounts outstanding at the end of the year in respect of the Public Debt;
- (i) a statement of the amounts guaranteed by the Government at the end of the financial year in respect of bank overdrafts, loans, public loan issues and other contingent liabilities;
- (j) a summary statement of revenue and expenditure of the Consolidated Fund and Development Fund, being a summary of all the statements signed by accounting officers under paragraphs 2(a) and (c) of this Schedule;
- (k) a statement of the amount outstanding at the end of the year in respect of loans issued by the Government;
- (l) a statement of investments held by the Government at the end of the year showing the original cost and current value;
- (m) a statement of the net worth of all statutory bodies as at the end of the financial year;
- (n) a statement of losses of public moneys and stores written-off and claims abandoned during the financial year and the authority for such write off or abandonment;
- (o) a statement of losses of public moneys and stores reported during the year whether written-off or not;
- (p) a summary statement of arrears of revenue for each revenue head, being a summary of the statements of arrears of revenue signed by accounting officers under paragraph 2(d) of this Schedule;
- (q) a summary statement of commitments outstanding for the supply of goods and services for each vote at the end of the financial year being a summary of the amount included for such commitments in the statement signed by accounting officers under paragraph 2(b) of this Schedule;

- (r) a summary statement of stores and other assets for each vote, being a summary of the statement of assets signed by accounting officers under paragraph 2(e) of this Schedule; and
- (s) any other statement and in the form the Legislative Assembly may from time to time require.

## Appendix 4

### Accounts to be submitted by accounting officers

(Extract from Public Finance Management and Accountability Act)

The following accounts shall be submitted to the Accountant General by accounting officers—

- (a) an appropriation account signed by the accounting officer showing the services for which the moneys expended were voted, the sums actually expended on each service, and the state of each vote compared with the amount appropriated for that vote by the Legislative Assembly;
- (b) a statement signed by the accounting officer and in the form the Accountant General may direct containing the amount of commitments outstanding for the supply, goods, and services at the end of the financial year and any other information the Minister may require;
- (c) a statement of revenues received signed by the accounting officer and in the form the Accountant General may direct showing the amount contained in the estimates of revenue for each source of revenue, the amount actually collected and containing an explanation for any variation between the revenues actually collected and the amount estimated;
- (d) a statement of arrears of revenue signed by the accounting officer showing the amount outstanding at the end of the financial year for each source of revenue and containing information in the form the Accountant General may direct; a nil return should be submitted if appropriate;
- (e) a statement of assets signed by the accounting officer containing details and values of all unallocated stores under his control at the end of the financial year, together with the details and values of any other classes of assets under the control of the accounting officer as the Accountant General may from time to time determine;
- (f) a statement of performance providing each class of outputs provided during the year signed by the accounting officer that— (i) compares that performance with the forecast of the performance contained in the estimates laid before the Legislative Assembly under section 19(1)(b)(iii); and (ii) gives particulars of the extent to which the performance criteria specified in that estimate in relation to the provision of those outputs was satisfied;
- (g) a list of all outstanding commitments or bills remaining unpaid at the end of a financial year; and
- (h) any other statements and in the form the Accountant General may from time to time require.

**APPENDIX 5  
OFFICE OF THE AUDITOR GENERAL - ORGANISATION CHART**

