



## P R E S S   R E L A S E

**Philipsburg** – On January 14<sup>th</sup>, 2018, the General Audit Chamber presented its report to Parliament regarding the Compliance Audit of the 2016 Financial Statements of the Government of Sint Maarten. We review the financial statements of Government on an annual basis. It is a legal requirement that we examine the financial statements and issue a report to Parliament. Examining the annual financial statements of St. Maarten is one of our fundamental tasks. While the budget is a forecast of public income and expenditure, the financial statements indicate the actual amount of money collected and spent. The report is an important instrument for Parliament to use. After all, Parliament discharges ministers of their financial responsibility. By granting discharge, Parliament approves of the ministers' financial management and their accounting thereof.

The 2016 Financial Statements were issued quite late by Government: they were due on September 1<sup>st</sup>, 2017. While we understand that Government's priority is rebuilding in the aftermath of the hurricanes of 2017, the fact remains the Council of Ministers approved these statements in October 2018. Subsequently, the financial statements were presented to SOAB on November 16<sup>th</sup>, 2018. The delay negatively impacts Parliament's ability to review the financial management for fiscal year 2016, and as such, reduces Parliament's discharge of ministers to a formality. It should be noted that the Minister of Finance is not authorized to unilaterally postpone the legal deadline for presentation of the financial statements. If the responsibility for the financial cycle remains absent, financial management will not improve.

Similar to recent years, the audit results for fiscal year 2016, are worrisome. Information presented is not sound, substantiation of the use of public funds is minimal, spending of public money was unlawful, and there is a lack of accountability to Parliament. There was one area of slight improvement. Compared to 2015, the 2016 Financial Statements contain fewer errors. However, the deficiencies in the financial management, remain unresolved. For practically every line item, there is uncertainty in either the accuracy and/or completeness of the reported amounts.

We specifically examined public procurement for fiscal year 2016. The National Accountability Ordinance requires detailed rules to govern public tendering. These rules have not been drafted since the inception of the country on October 10<sup>th</sup>, 2010. As a result, the process of public tendering is not uniformly organized across ministries. Also, the ministries were unable to provide us with information and documentation required to confirm compliance with the National Accountability Ordinance. In our opinion, the ministries are not 'in control' of public funds as far as public tendering is concerned.

Our audit results, SOAB's audit opinion and their audit report, indicate that Government's financial management is not in order, and not been so from the inception of the country on October 10<sup>th</sup>, 2010. In the preface of the 2016 Financial Statements, the Minister of Finance claims that the informational value of the statements has significantly improved. We do not share this opinion.

In the interest of sound financial management, it is important that Government recovers as soon as possible.

The report "Compliance Audit: 2016 Financial Statement of Sint Maarten" is published in both English and Dutch and is available on the website of the General Audit Chamber ([www.arsxm.org](http://www.arsxm.org)).

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