

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



**AUDIT REPORT
ON THE ACCOUNTS OF
NICHOLL'S TOWN DISTRICT**

FOR THE PERIOD
JULY 2018 – FEBRUARY 2021

Reference No.**OAG/C.9/1/044**.....



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

**Permanent Secretary
Ministry of Transport & Local Government
Nassau, Bahamas**

September 27th, 2022

**RE: AUDIT REPORT – NICHOLL’S TOWN DISTRICT FOR THE PERIODS
JULY 2018 – JUNE 2019, JULY 2019 – JUNE 2020 & JULY 2020 – FEBRUARY 2021**

We conducted an audit of the subject accounts for the period July 2018 to February 2021.

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

Our audit was carried out on a sample basis. Our findings along with our recommendations are set out in the attached report. These points arose from our audit procedures designed for purpose of forming an opinion on Government accounts. Consequently, our work did not involve a detailed review of all weaknesses that exist, or all improvements that might be made.

Sincerely,

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

Terrance S. Bastian (Mr.)
Auditor General

CEB/ nt/lc
Attch.

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

**AUDIT REPORT – NICHOLL’S DISTRICT
FOR THE PERIODS
JULY 2018- JUNE 2019, JULY 2019 –JUNE 2020 & JULY 2020 - FEBRUARY 2021**

INTRODUCTION

An audit of the Central and Local Government accounts of the Nicholl’s Town District for the period July 2018 through February 2021 was carried out during the week of April 12th - 15th 2021. The audit covered the expenditure documentation procedures and the accounting system.

OBJECTIVES

The objectives of the examination were to determine whether:

- (a) Revenue was collected and deposited on a timely basis;
- (b) Accounting records were properly and accurately maintained;
- (c) Expenditure vouchers were completed, proper supporting documents attached, payments were properly approved and amounts fairly recorded in the underlying accounting records;
- (d) Funds had been applied for the intended purposes by the Legislature; and
- (e) The Financial Administration and Audit Act, 2010, The Financial Regulations, 1975, The Local Government Act, 1996, The Treasury’s Accounting Procedural Manual, and the Manual of Local Government Procedures and other directives were being complied with.

SCOPE

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

METHODOLOGY

The audit was conducted by interview, observation and examination of documents.

FINDINGS AND RECOMMENDATIONS

1.0 BANK BALANCES AS OF 14TH JANUARY, 2021

1.1

ACCOUNT NAME	BANK BALANCE (\$)
Central Government Recurrent	459,028.40
Local Government Current	86,760.71
Consolidated Fund Account #25024 B\$	16,413.75
Consolidated Fund Account #25024 US\$	6,609.00
Deposit Fund Expenditure B\$ (30th November, 2020 to 31st December 2020).	81,577.93
Deposit Fund Income	477.30

1.2 We requested the bank statements with respect to the above listed accounts for the period July, 2018 to January, 2021. However, we were not provided with the statement for the Deposit Fund Expenditure B\$ account; a statement was obtained for the period November 30th to December 30th, 2020 as indicated in the table above.

IMPLICATION

Inability to verify transactions and agree balances.

1.3 It is recommended that bank statements for all Administrator's accounts be produced and presented for review during the audit.

2.0 SAFE AND DOCUMENTS

2.1 During our inspection of the safe and documents in the Administrators' office, we observed the following:

Treasury General Receipts Books

RECEIPT BOOKS		
BEGINNING RECEIPT NUMBER	ENDING RECEIPT NUMBER	BOOK AMOUNT
574051	574300	4
574601	575000	8
578001	578400	8
579001	580000	20
		40

Nicholl's Town Local Govt.

BLANK CHEQUE SHEETS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	SHEETS AMOUNT
002900	003000	100
		100

Nicholl's Town Central Govt. Recurrent Acc.

BLANK CHEQUE SHEETS		
BEGINNING CHEQUE SHEET No.	ENDING CHEQUE SHEET No.	SHEETS AMOUNT
32206	33200	985
		985

Nicholl's Town central Govt. Recurrent Account

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
25600	25649	1
29800	33599	69
		70

Nicholl's Town Deposit Fund

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
19350	20999	33
		33

Nicholl's Town Central Govt. Capital Account

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
101	300	2
		2

Nicholl's Town Local Govt. Capital Account

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
1	50	1
		1

Disaster Recovery Sub-Committee

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
101	300	2
		2

Berry Island Local Govt. Reserve Exp. Account

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
1	100	1
		1

Berry Island Central Govt. Exp. Account

CHEQUE BOOKS		
BEGINNING CHEQUE No.	ENDING CHEQUE No.	CHEQUE BOOK AMOUNT
6600	7399	16
		16

Bahamas Postal Service

TMO SHEETS		
BEGINNING RECEIPT NUMBER	ENDING RECEIPT NUMBER	BOOK AMOUNT
353700	353710	10
374488	380000	551
408301	408546	245
		806

- 2.2** The above listed cheque books and blank sheets are no longer in use and Scotiabank Nicholl's Town, has ceased commercial operations in the District and transferred all accounts to its Thompson Boulevard branch in New Providence. As a result, new bank accounts were opened on May 1st, 2021.

IMPLICATION

Cheques are valid (in date with account information) and pose a potential risk.

- 2.3** It is recommended that the cheque books/blank sheets be discarded. The Public Treasury should be notified to begin the process of having the documents destroyed.

3.0 *CENTRAL GOVERNMENT REMITTANCES: JULY 2018 – JUNE 2019, JULY 2019 JUNE 2020, JULY 2020 – APRIL 2021*

Allocation for July 2018-June 2019

DEPARTMENTS	HEAD No.	ALLOCATION \$	EXPENDITURE \$	BALANCE \$
Youth, Sports & Culture	47	14,000.00	13,832.25	167.75
Labour	48	13,105.00	12,420.83	684.17
Social Services	44	149,040.35	147,685.88	1,354.47
Post Office	51	19,685.99	17,861.80	1,824.19
Parliamentary	12	1,000.00	1,000.00	-
Local Government	18	130,700.00	126,054.03	4,645.97
Finance	21	135,472.18	120,993.33	14,478.85
Treasury	22	518.03	420.06	97.97
Customs	23	3,425.00	3,425.00	-
Immigration	30	8,925.00	7,313.25	1,611.75
Police	31	10,178.56	10,126.90	51.66

DEPARTMENTS	HEAD No.	ALLOCATION \$	EXPENDITURE \$	BALANCE \$
Ministry of Works	33	9,083.40	8,806.68	276.72
Education	35	498,475.40	498,475.40	-
Road Traffic	54	5,060.00	5,011.11	48.89
Agriculture	57	25,000.00	20,935.00	4,065.00
Ministry of Health	66	25,219.43	25,136.51	82.92
Total Allocation 2018-2019		1,048,888.34		
Total Expenditure 2018-2019			1,019,498.03	
Balance				29,390.31

3.1 The Central Government remittances received for July 2018 through June 2019 was \$1,048,888.34 compared to expenditure of \$1,019,498.03. The expenditure was below the remittance by \$29,390.31 or 2.8%.

3.2 A noticeable balance of \$14,478.85 was observed from the Ministry of Finance. This balance remains from the Feeder programme of which amounts of \$90,000.00 and \$40,000.00 were for North and South Andros respectively.

Allocation for July 2019-June 2020

DEPARTMENTS	HEAD No.	ALLOCATION \$	EXPENDITURE \$	BALANCE \$
Youth, Sports & Culture	47	14,000.00	13,998.60	1.40
Labour	48	12,465.00	12,464.21	0.79
Social Services	44	111,432.72	111,432.25	0.47
Post Office	51	3,603.70	3,521.06	82.64
Parliamentary	12	5,000.00	4,988.50	11.50
Local Government	18	95,825.00	95,594.99	230.01
Finance	21	100,000.00	21,693.18	78,306.82
Treasury	22	11,022.48	11,102.92	(80.44)
Customs	23	2,245.00	2,239.75	5.25
Immigration	30	16,400.00	10,356.51	6,043.49
Police	31	12,502.10	12,501.43	0.67
Ministry of Works	33	11,005.04	10,957.79	47.25
Dept. of Education	35	472,763.00	472,740.82	22.18
Ministry of Education	38	52,708.00	52,707.00	1.00
Road Traffic	54	3,970.00	3,969.39	0.61
Agriculture	57	150,000.00	90,000.00	60,000.00
Ministry of Health	66	21,874.40	21,873.93	0.47
Total Allocation 2019-2020		1,096,816.44		
Total Expenditure 2019-2020			952,142.33	
Balance				144,674.11

- 3.3** The Central Government remittances received for July 2019 through June 2020 totaled \$1,096,816.44 compared to an expenditure of \$952,142.33. The expenditure was below the remittance by \$144,674.11 or 13%.
- 3.4** An amount of \$100,000.00 was received in the District on 15th April 2020 for Covid-19 related expenditures. A balance of \$78,306.82 remained at the end of our audit.
- 3.5** The balance of \$60,000.00 indicated under the Ministry of Agriculture and Marine Resources Head number 57 resulted from the allocation received outside of the fiscal year and payments were effected in the subsequent period.
- 3.6** Additionally, the balance of \$6,043.49 remained under Head 30, Department of Immigration, due to the Department having to conduct less repatriation exercises.

Allocation for July 2020-April 2021

DEPARTMENTS	HEAD No.	ALLOCATION \$	EXPENDITURE \$	BALANCE \$
Youth, Sports & Culture	47	2,000.00	1,996.96	3.04
Labour	48	10,980.00	8,296.60	2,683.40
Social Services	44	181,581.15	134,821.40	46,759.75
Post Office	51	4,974.80	4,671.00	303.80
Parliamentary	12	-	-	-
Local Government	18	32,450.00	25,870.28	6,579.72
Finance	21	-	-	-
Treasury	22	6,784.07	6,770.14	13.93
Customs	23	2,500.00	774.24	1,725.76
Immigration	30	9,300.00	726.06	8,573.94
Police	31	17,857.62	13,188.48	4,669.14
Ministry of Works	33	11,278.60	7,518.47	3,760.13
Dept. of Education	35	473,333.50	295,154.85	178,178.65
Ministry of Education	38	168,400.00	168,370.00	30.00
Road Traffic	54	1,552.60	211.00	1,341.00
Agriculture	57	-	-	-
Ministry of Health	66	11,039.80	9,320.11	1,719.69
Total Allocation 2020-2021		934,032.14		
Total Expenditure July 2020 -April 2021			677,689.59	
Balance				256,341.95

- 3.7** The Central Government remittances received for July 2020 through April 2021 was \$934,032.14 compared to expenditure \$677,689.59 up to April 2021.
- 3.8** The balances under the Ministry of Social Services & Urban Development of \$46,759.75 and the Department of Education \$178,178.65 are expected to be fully used in the fiscal period ending June 2021.

4.0 CENTRAL GOVERNMENT RECONCILIATION SUMMARY

- 4.1** A review of the Reconciliation Summary reflected a beginning balance of \$649,404.82 and an ending balance of \$692,433.43 as at December 31st 2020.
- 4.2** The Summary Report indicated an amount of \$10,290.00 dated October 31st, 2018 of which no description was given.
- 4.3** Further, an amount of \$446.91 was noted on the Summary Report as un-cleared transactions in the fiscal period 2018; however, no details were given.

DATE	2018 AMOUNT
31-July-18	30.00
31-Aug-18	130.00
31-Aug-18	30.00
31-Oct-18	117.60
31-Oct-18	105.31
31-Oct-18	34.00
Total	\$ 446.91

IMPLICATION

Transactions should be identified and cleared in the fiscal period.

- 4.4 It is recommended that reconciliations be performed at regular intervals and all transactions identified.**

5.0 CENTRAL GOVERNMENT TRANSACTION BY ACCOUNT REPORT

- 5.1** The Central Government transaction by account report was completed to April 13th, 2021 for all agencies. However, we observed no posting of quarterly allocations in the Central Government Cashbook for the period July 2020 to April, 2021.
- 5.2** The Central Government cashbooks did not indicate carried/brought forward balances for the period under review.

IMPLICATION

Cash inflows/outflows are not known.

- 5.3** It is recommended that Section 5 subsection 5.1 & 5.2 in the Family Island Central Government Accounting Procedures be adhered to “the clerk is to record allocation amounts received from the Treasury, in addition to the date of transfer, the Treasury transmittance number, amount transfer and Head/Department related to the allocation”.

6.0 CENTRAL GOVERNMENT CASHBOOK

- 6.1** While confirming the accuracy of the Central Government cashbook recordings for the months of July 2018 through December 2018, we noted expenditure totals written in pencil.
- 6.2** The cashbook for the Central Government account did not indicate carried forward balances as follows:

MONTH/YEAR	CASH BOOK PAGES
July, 2018	7471-7473
August,2018	7474-7483
September,2018	7484-7487
October,2018	7488-7494
November,2018	7495-7498
December,2018	7499-7500

IMPLICATION

Transactions can be erased and manipulated.

6.3 It is recommended that records of all expenditure totals and balance carried forward amounts be written in ink and reviewed/backed up elsewhere in the event of fire or theft.

6.4 While examining the Central Government cashbook series (19406 -19409) in the months of August 2020 and September 2020, we noted a continuous number sequence in the ledger, i.e. payment voucher number 320 was posted at the beginning of September,2020 after payment voucher number 319 at the end of August, 2020.

IMPLICATION

The true cash position may not be accurate.

6.5 It is recommended that the cashbook be properly reviewed for accuracy; in an effort to keep track of all receipts and payments on a monthly basis.

6.6 Further, our examination revealed that Treasury bank transfers were not reflected in the cashbook for Central Government Recurrent Account; however, were posted in the Transaction by Account ledger. Details are as follows:

INVOICE ID	INVOICE DATE	ORIGINAL ID	VOUCHER ID	PAYMENT AMOUNT \$
035/A9310CR/20/07/2020	20-Jul-20	EDUC	62723	87,517.50
030/A9310CR/20/07/2020	20-Jul-20	IMMI	21421	4,500.00
054/A9310CR/13/07/2020	13-Jul-20	RDTR	17050	475.00
000000188472	19-Aug-20	MPWO	A9310CR	7,843.60
044/A9310CR/14/07/2020	14-Jul-20	DOSS	113199	5,725.00
044/A9310CR/16/07/2020	16-Jul-20	DOSS	113220	38,400.00
044/A9310CR/20/07/2020	20-Jul-20	DOSS	113253	16,152.00
022/A9310CR/14/07/2020	14-Jul-20	GOBH	387611	337.78
048/A9310CR/15/07/2020	15-Jul-20	LABO	9596	3,595.00
000000190988	16-Sep-20	POLI	A9310	3,810.00
000000190987	16-Sep-20	POLI	A9310	2,372.80
044/A9310/14/01/2021	14-Jan-20	DOSS	114704	48,903.20
030/A9310/15/01/2021	15-Jan-21	IMMI	21966	1,900.00
031/A9310CR/04/01/2021	04-Jan-21	POLI	221416	982.64

INVOICE ID	INVOICE DATE	ORIGINAL ID	VOUCHER ID	PAYMENT AMOUNT \$
031/A9310CR/04/01/2021	04-Jan-21	POLI	221417	4,678.57
000000209845	17-Feb-21	MPWO	94938	935.00
033/A9310/05/02/2021	02-Feb-21	MPWO	95013	2,500.00
			Total	230,628.09

IMPLICATION

Cash inflows not properly reflected.

6.7 It is recommended that Treasury bank transfers be posted to the cashbook in a timely manner.

7.0 LOCAL GOVERNMENT CURRENT ACCOUNT

7.1 The Local Government Reconciliation Summary for the Current Account was presented for the period ending July 1st, 2020. However, summaries for August 2020 through February 2021 were not produced as the office did not receive the corresponding bank statements.

IMPLICATION

Increase risk of incorrect reporting.

7.2 It is recommended that the Reconciliation Summary Statements be brought up to date in order to identify differences between the bank balance and the cashbook.

7.3 During our audit of the Local Government Expenditure Bank Account, we noted a reconciliation summary for the period ending December 1st, 2017 (outside of the reporting period). The statement indicated opening/ closing balances in the amounts of \$95,070.18 and \$74,429.82 respectively. It is our understanding that the closing balance of \$74,429.82 in the account related to an accumulation of funds over the years.

IMPLICATION

Misstatements in Reconciliation Summaries before December 2017.

7.4 It is recommended that the Public Treasury be notified of the excess funds on the Local Government Account to ensure compliance with the Local Government Act.

8.0 CONSOLIDATED FUND ACCOUNT

8.1 During our audit of the Consolidated Fund Account, we observed that revenue receipts for the month of March 2021, totaling \$13,120.54 were given to customers generated in Quickbooks rather than official receipts. **According to the Bahamas Government Accounting Procedural Manual Section 8.6.3, “An official Treasury receipt is prepared to credit the funds to the assigned account.”**

IMPLICATION

Cash received may not be reconciled to the Cashbook or to official receipts and counterfoils.

8.2 It is recommended that official authorized Treasury receipts be used for collecting revenue.

9.0 DEPOSIT FUND ACCOUNT

9.1 During our audit of the Deposit Fund Expenditure/Income Cashbooks, both journals were posted up to December 2020; as a result, the journals were not properly maintained. **The Financial Regulations (chapter 359 section 21 subsection 4), “every accounting officer shall be subject to these regulations and shall perform such duties, keep such books and records and render such accounts as are prescribed by these regulations or directed by the Treasurer.”**

IMPLICATION

Improper accounting for funds held in escrow.

9.2 It is recommended that the Deposit Fund Expenditure/Income Cashbooks be brought up to date and properly maintained.

9.3 Treasury Form Number 1A (Voucher 9) dated 24th May 2019 in the amount of \$2,479.94 with respect to sales of Telegraph Money Orders for the period May 20th through 24th, 2019 was brought to account on Postal Advice Note NA 32604. The Deposit Fund Expenditure Cashbook; however, did not indicate that the amount was posted.

IMPLICATION

Cashbook balance understated; amount reported may not be correct.

9.4 It is recommended that due care and attention be exercised during posting to the Cashbook.

9.5 General Form Number 4, Bahamas "G" (Voucher 4) dated 15th February 2019 in the amount of \$3,695.00 with respect to payments of Telegraph Money Orders during the period of February 12th through 15th, 2019 was brought to account on Postal Draft Note number 15312. The amount was not reflected in the Deposit Fund Expenditure Cashbook.

IMPLICATION

Cashbook balance understated.

9.6 It is recommended that the balance in the Cashbook be amended.

10.0 ADMINISTRATION COMPLEX/RESIDENCE - REPAIRS

10.1 The Administration Complex and Residence, North Andros sustained damages, in the aftermath of Hurricane Matthew in October, 2016. Furthermore, due to heavy rainfall, rain water leaks in the office building.

10.2 The Ministry of Works conducted an inspection in October 18th, 2017 of the residence and determined that the entire roof was compromised. In addition the sheetrock ceiling was completely destroyed.

10.3 The Ministry of Finance approved an amount of One Hundred Thousand (\$100,000.00) to the District in the month of September 2017 for hurricane preparedness. A total of Thirteen Thousand Four Hundred Fifty Nine and Sixty Cents (\$13,459.60) was spent leaving a balance of Eighty Six Thousand Five

Hundred Forty Dollars and Forty Cents (\$86,540.40). A former Administrator requested to use the funds to effect the repairs; however, permission was not granted.

- 10.4** The Treasury Department requested that the balance of the Hurricane funds be remitted to Nassau. A scope of works and bids was submitted to the Department of Local Government to begin repairs to the Administration Complex and residence; however, more than Five (5) years later the repairs have yet to be done.

IMPLICATION

Buildings' continued exposure to elements may result in a financial loss.

- 10.5 It is recommended that repairs to the Administration Complex and Residence be performed.**

11.0 THE NATIONAL JOB CREATION SKILLS AND ENHANCEMENT PROGRAMME (NJCEP)

- 11.1** Eighty Nine (89) individuals participated in the National Job Creation and Skills Enhancement Program. None of the participants were given employment contracts for the period 2020/2021.

IMPLICATION

Established re-engagement policy not followed.

- 11.2 It is recommended that official letters be given to participants, in a timely manner.**

12.0 INDEPENDENCE 46 & 47 CELEBRATION

- 12.1** The North Andros District received amounts of \$11,000.00 and \$5,500.00 respectively during the fiscal periods 2018/2019 and 2019/2020 to host the 46th and 47th Independence celebrations.

12.2 The District spent an amount of \$10,902.42 leaving a balance of \$97.58 during the fiscal period 2018/2019. Additionally, an amount of \$5,485.99 was used up in 2019/2020 leaving a balance of \$14.01.

12.3 The office prepared a Transaction by Account detailed report of amounts spent to host the 46th and 47th Independence celebrations. Receipts were presented and examined; however the reports were not forwarded to the Cabinet office for review.

IMPLICATION

Independence Secretariat instructions not followed.

12.4 It is recommended that detailed reports of expenditure and receipts be presented to the Cabinet office.

13.0 COVID-19 PREPARATION ISOLATION AREAS

13.1 The Ministry of Finance approved an amount of One Hundred Thousand Dollars (\$100,000.00) to the District in the month of April 2020 for Covid-19 preparation isolation areas. A total of Twenty One Thousand Six Hundred Ninety Three Dollars and Eighteen Cents (\$21,693.18) were spent leaving a balance of Seventy Eight Thousand Three Hundred Six and Eighty Two Cents (\$78,306.82).

13.2 A Transaction by Account detailed report was reviewed along with Payment Vouchers and Receipts that indicated that funds were properly disbursed on goods and services for Covid-19 related expenses.

13.3 A site visit was performed on the Nicholl's Town Clinic and the Emergency Centers. We observed that works were done and completed satisfactorily.

IMPLICATION

Value for money was received.

13.4 It is recommended that the office continue to operate efficiently as it relates to Covid- 19 expenses.