

**OAG/C.9/1/048**  
Reference No .....



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

**Permanent Secretary  
Ministry of Foreign Affairs  
Nassau, Bahamas**

**July 22, 2020**

**RE: AUDIT REPORT ON THE  
CONSULATE GENERAL OF THE BAHAMAS (MIAMI)  
FOR THE PERIOD 1ST JULY, 2016 TO 30TH JUNE, 2018**

---

Please find enclosed the report on the above-mention subject.

We have met and discussed the observations of the report with management and they have agreed to implement the necessary changes.

Thank you for your co-operation.

A handwritten signature in blue ink, appearing to read "Terrance Bastian".

---

Terrance Bastian (Mr.)  
Auditor General

Encl.

c.c. Financial Secretary – Ministry of Finance  
Treasurer – Public Treasury Department  
The Speaker - House of Assembly

**AUDIT REPORT ON THE CONSULATE GENERAL OF THE BAHAMAS (MIAMI)  
FOR THE PERIOD JULY 1ST, 2016 TO JUNE 30TH, 2018**

---

**OBJECTIVES**

We conducted an audit of the Consulate General of the Bahamas (Miami) (hereinafter referred to as "Miami Consulate") for the fiscal periods July 1st, 2016 to June 30th, 2018. The audit procedures focused on the Revenue and Expenditure of the Miami Consulate for the aforementioned period. The primary objectives of the audit were to determine whether:

- a) Passport, Visa, and Authentication Revenues were collected and deposited intact on a timely basis;
- b) Expenditure was applied for the purposes intended, and in accordance with proper financial authority;
- c) Accounting records were being properly and accurately maintained; and
- d) There was compliance with the Public Service Commission (Foreign Service Orders) Regulations of 2014 (herein after referred to as "the Regulations"), the Foreign Service Act of 2014 (herein after referred to as "the Act"), the Financial Administration and Audit Act of 2010, and whether all other policies, procedures, and rules were being followed as stipulated by Administration.

**AUDIT SCOPE**

Our audit included an examination of payroll, banking records, revenue, other expenditure and a general review of accounting procedures.

**BACKGROUND**

The Consulate General of the Bahamas (Miami) is responsible for, but not limited to, the following functions:

- Authentication of legal documents for use in or outside The Bahamas.
- Issuance of visas for persons requiring visas to travel to The Bahamas.
- Facilitating and procuring foreign visas for Diplomats, Government Officials and Bahamians.
- Facilitation of new and renewal passports.
- Assistance of Bahamians who are in need of travel documents or in distress.
- Requests for information on The Bahamas.

The Bahamas Consul General in Miami has oversight of the following territories in the United States of America:

- Arizona
- Colorado
- Florida
- Louisiana
- Mississippi
- New Mexico
- Texas
- Utah

### **Purpose Statement**

To protect and advance the national interests of The Bahamas through the proactive coordination and management of foreign relations with partner national ministries, international organizations and non-governmental organizations.

### **Vision Statement**

"We are an established Foreign Service of trained professionals equipped with human, physical and technological resources whose hallmark is providing responsive, quality service".

### **Mission Statement**

"We enhance The Bahamas' engagement with its regional and international partners while fostering national dialogue and to lead regional and international initiatives that impact The Bahamas".

## **FINDINGS AND RECOMMENDATIONS**

---

We have set out below the main findings arising from our audit and the respective recommendations. These findings arose from our normal audit procedures, which are designed primarily for the purpose of forming an opinion on the accounts of the Government. Consequently, we did not conduct a detailed review of all aspects of the system and this report cannot be regarded as a comprehensive statement of all weaknesses that exists or of all improvements that might be made.

## SECTION 1.0

---

### PAYROLL AND PERSONAL EMOLUMENTS

Section	Heading	Page Number
1.1	Abuse of Educational Allowance	4
1.2	Restriction on Leave Entitlement	5
1.3	Restriction on Overtime Payments	5 – 6
1.4	Accountant's Job Classification	6
1.5	Unpaid Union Increases	7
1.6	No Pension Plan for Staff	7
1.7	Lack of Oversight in the Payroll Process	7 – 8
1.8	Disorganized Employee Files	8
1.9	Clothing Allowance for Consul's Driver	9

## 1.0 PAYROLL AND PERSONAL EMOLUMENTS

### 1.1 ABUSE OF EDUCATIONAL ALLOWANCE

We observed during the examination of payroll that seconded employees, with children, are given an educational allowance of twenty-two thousand two hundred dollars (\$22,200.00) per child annually. There were two (2) officers in the Miami Consulate that received this allowance, Officer A has three (3) children and Officer B has one (1) child. Upon requesting documentary evidence on the payment of these allowances, neither the Miami Consulate nor the Ministry of Foreign Affairs could produce evidence to support enrollment and attendance of these officers' children.

Further, we observed that one of Officer A's children did not attend a private high school but a public high school for which tuition is not required.

It was also observed that allowance cheques in the amount of one hundred sixty-seven thousand four hundred and forty-five dollars (\$167,445.00) were written in the officers' names rather than the educational institution (**See Table 1**). This did not appear to be in accordance with government procedures.

**Table 1 – EDUCATIONAL ALLOWANCE**

Officer A			Officer B		
#	Date Paid	Amount Paid	#	Date Paid	Amount Paid
1	20-Sept-16	\$ 37,000.00	1	22-Aug-16	\$ 2,531.00
2	18-Jan-17	\$ 29,600.00	2	04-Nov-16	\$ 2,531.00
3	13-Jul-17	\$ 34,200.00	3	30-Dec-16	\$ 2,383.00
4	22-Aug-17	\$ 37,000.00	4	28-Jul-17	\$ 22,000.00
<b>Total for Officer A</b>		<b>\$ 137,800.00</b>	<b>Total for Officer B</b>		<b>\$ 29,645.00</b>
<b>Total Officer A and B (137,800.00 + 29,645.00) = \$167,445.00</b>					

We recommend that the Ministry of Foreign Affairs provide documentation to support the expenditure.

## 1.2 RESTRICTION ON LEAVE ENTITLEMENT

We observed during the examination of payroll that an officer of the Miami Consulate was not receiving full vacation leave entitlement up to June 30<sup>th</sup>, 2018. It was evidenced through written communications with this officer that the vacation entitlement given was one (1) week per annum.

It was also observed that the above-mentioned officer was not granted compassionate leave and did not receive the correct sick leave entitlement for the same period. Both of these instances are in contravention of General Orders 1502 Vacation Leave, 1560 Sick Leave, and 1621 Compassionate Leave.

**We recommend that all officers be given leave entitlement according to General Orders 1502 Vacation Leave. General Orders entitles an officer to receive vacation leave of three (3) weeks to officers earning \$10,700 to \$20,499 per annum. As such, this officer is entitled to eighteen (18) weeks vacation (6 years x 3 weeks) less days already taken.**

## 1.3 RESTRICTION ON OVERTIME PAYMENTS

We observed during the examination of payroll that overtime payments were restricted to amounts not exceeding five hundred dollars (\$500.00) by the former Head of the Miami Consulate ("Head"). There was no plausible reason given to the auditors' to substantiate the restriction on overtime payments. It was evidenced that the restriction was placed on numerous occasions on two (2) officers (**See Table 2**), namely the Head's chauffeur and a filing assistant.

**Table 2 – RESTRICTION ON OVERTIME PAYMENTS**

Officer A				Officer B			
Year	Overtime Amount	Overtime Paid	Amount Owing	Year	Overtime Amount	Overtime Paid	Amount Owing
2014	\$7,912.08	\$6,500.00	\$1,412.08	2014	\$5,881.19	\$3,500.00	\$2,381.19
2016	\$3,466.80	\$3,000.00	\$466.80	2015	\$2,922.02	\$2,000.00	\$922.02
2017	\$3,024.54	\$2,500.00	\$524.54	2016	\$1,710.78	\$1,500.00	\$210.78
<b>Total</b>	<b>\$14,403.42</b>	<b>\$12,000.00</b>	<b>\$2,403.42</b>	<b>Total</b>	<b>\$10,513.99</b>	<b>\$7,000.00</b>	<b>\$3,513.99</b>

**We recommend that all remuneration due to staff members for time worked be paid in accordance with Public Service Orders a maximum of not more than thirty-five (35) hours and time off in lieu of hours exceeding the maximum. In this regard if the five hundred dollars (\$500.00) does not exceed the maximum of 35 hours, then amount owed to staff members should be determined.**

#### **1.4 ACCOUNTANT'S JOB CLASSIFICATION**

We observed during the examination of payroll that the accounting officer was transferred from the New York Consulate to the Miami Consulate in 2011 as a Senior Accounts Clerk. This officer remained in this post until promoted to Accountant. We further observed that the accounting officer's salary was at the maximum of the Ministry of Foreign Affairs C3 Scale upon taking up duties in Miami.

Cabinet Conclusion dated February 10<sup>th</sup>, 2009 relating to staff recruitment in the accounting scale (F10) for Overseas Missions:

- a) "approved the use of qualifications and salary scale currently used by Financial Personnel - Scale F10, and that the scale should be extended by three (3) increments; and
- b) authorized the Ministry of Foreign Affairs to recruit accounting staff with the requisite qualifications and/or experience to ensure that the financial resources of its Overseas Missions are properly managed".

**We recommend that management reviews the salary progression and determine the remuneration due to this officer.**

## **1.5 UNPAID UNION INCREASES**

We observed during the examination of payroll that staff locally employed at the Miami Consulate were not receiving increases afforded to the Public Service based on Article 40.1 in the 2014 Bahamas Public Service Union Agreement. Increases received by Public Servants were as follows:

- July 2014 – Lump sum payment equivalent to one normal increment by August 2014.
- July 2016 – Add on \$1,200.00 plus normal increment and extend the salary scales by two increments.
- July 2017 – Lump sum payment equivalent to one normal increment.

We note that increases are not automatically passed on to the local staff in the foreign service.

## **1.6 NO PENSION PLAN FOR STAFF**

We observed during our examination of payroll that the Miami Consulate does not have a pension plan for its locally employed staff members. Upon further inquiry, we were informed that no one has ever retired from the Miami Consulate so management never saw fit to address this issue. However, one (1) staff member is currently eligible for retirement as this person has served in the Miami Consulate for over thirty (30) years.

Ministry of Foreign Affairs may consider implementing some type of contributory pension for locally employed staff.

## **1.7 LACK OF OVERSIGHT IN THE PAYROLL PROCESS**

We observed during the examination of payroll that the pay sheet was not evidenced as being reviewed and approved by management. Additionally, payroll records for locally employed staff were only retained for a six (6) month period and no payroll information was retained for seconded/contracted staff at the Miami Consulate.

We also observed that there was no systematic filing of contracts in the accounting section. Records on these staff members were kept in a haphazard manner or not at all for seconded employees.



We further observed that there was no human resource function at the Miami Consulate and the Ministry of Foreign Affairs did not readily share information on the contracted staff with the accounting section. This sharing of information would allow accounts to populate records pertaining to all employees in the Miami Consulate. As such, we could not determine the validity of payroll at the Miami Consulate beyond the limited information and documentation provided.

**We recommend that controls surrounding the review and approval of payroll be strengthened. The following should be considered in improving the payroll control environment:**

- **Creation of Payroll Registers for local, seconded and contracted staff.**
- **Retention of Payroll Registers that would include employee name, employee number, NIB number, employment dates, basic pay, allowances and deductions.**
- **Documented changes to the payroll through an approved change report with evidence supporting the changes.**
- **Payroll review and approval by way of authorized signatories and date of approval on Payroll Registers.**

**We further recommend that stringent controls around the processing of payroll must be documented, and implemented to avoid instances of payroll errors and fraud.**

#### **1.8 DISORGANIZED EMPLOYEE FILES**

We observed during the examination of payroll that employee files were not maintained in any particular order. The structure of the files were not in line with governmental standards around maintaining personnel files (General Orders – Appendix A Sections 5 and 6).

**We recommend that management ensures that all employee files follow the structure as delineated in General Orders. The contents of the files should be placed in a systematic and concise manner. It is imperative that employee files be kept in order in appearance and form.**

## **1.9 CLOTHING ALLOWANCE FOR CONSUL'S DRIVER**

We observed during our examination of payroll that the clothing allowance of the Consulate General's Driver received clothing allowance in the amount of \$425.00 every three years. According to Foreign Service Allowances 2014 Section 6 (h) clothing allowance for Chauffeurs should be \$650.00 every three years (2 suits and 2 ties) and \$75.00 per annum (2 shirts).

**We recommend that the clothing allowance for the Consul General's Driver be adjusted based on Foreign Service Allowances 2014 Section 6 (h).**

## SECTION 2.0

---

### BANKING

Section	Heading	Page Number
2.1	Cash Withheld Over a Year from the Ministry	11 – 12
2.2	Haphazard Deposits and Cash Kept by Supervisor	12 – 14
2.3	Bounced Revenue Cheques	14
2.4	Unauthorized Bank Transfers	15
2.5	Unexplained Transactions on the Bank Reconciliation	16
2.6	No Security of Staff Transporting Cash	17

## 2.0 BANKING

### 2.1 CASH WITHHELD OVER A YEAR FROM THE MINISTRY

We observed during our examination of revenue that passport, visa, and authentication revenue was allowed to accumulate in the revenue account without remittances to the Ministry of Foreign Affairs for over one (1) year. From July 2016 to September 2017 three hundred and seven thousand one hundred and seventy-five dollars (\$307,175.00) was generated and held by the Miami Consulate. No evidence was presented to explain the reason for holding the revenue.

**Table 3 – CASH WITHHELD OVER A YEAR FROM THE MINISTRY**

Date	Revenue (Receipts)	Deposits (Bank)	Overage (Shortage)
31-Jul-16	\$ 27,600.00	\$ 39,290.00	\$ 11,690.00
31-Aug-16	\$ 42,055.00	\$ 38,965.00	\$ (3,090.00)
30-Sep-16	\$ 19,400.00	\$ 8,815.00	\$ (10,585.00)
31-Oct-16	\$ 16,725.00	\$ 23,995.00	\$ 7,270.00
30-Nov-16	\$ 20,450.00	\$ 19,555.00	\$ (895.00)
31-Dec-16	\$ 24,975.00	\$ 29,140.00	\$ 4,165.00
31-Jan-17	\$ 13,790.00	\$ 13,490.00	\$ (300.00)
28-Feb-17	\$ 9,855.00	\$ 5,480.00	\$ (4,375.00)
31-Mar-17	\$ 16,025.00	\$ 19,805.00	\$ 3,780.00
30-Apr-17	\$ 18,140.00	\$ 10,490.00	\$ (7,650.00)
31-May-17	\$ 21,510.00	\$ 20,915.00	\$ (595.00)
30-Jun-17	\$ 18,855.00	\$ 24,260.00	\$ 5,405.00
31-Jul-17	\$ 21,630.00	\$ 15,525.00	\$ (6,105.00)
31-Aug-17	\$ 26,630.00	\$ 37,355.00	\$ 10,725.00
30-Sep-17	\$ 9,535.00	\$ 7,615.00	\$ (1,920.00)
<b>Total Overage</b>	<b>\$ 155,970.00</b>	<b>\$ 154,935.00</b>	<b>\$ 7,520.00</b>

Summary of Revenue vs Deposits				Summary of Overages (Shortage)			
Year	Revenue	Deposits	Overage (Shortage)	Number of Times Over	Number of Times Short	Total Over (Short)	Net Overage (Shortage)
2016	\$ 151,205.00	\$ 159,760.00	\$ 8,555.00	3	3	6	\$ 43,035.00
2017	\$ 155,970.00	\$ 154,935.00	\$ (1,035.00)	3	6	9	\$ (35,515.00)
<b>Total - Overage</b>	<b>\$ 307,175.00</b>	<b>\$ 314,695.00</b>	<b>\$ 7,520.00</b>				<b>\$ 7,520.00</b>

**We recommend that management not allow this level of accumulation to occur again. It is obvious that no oversight and monitoring was occurring at the Miami Consulate and Ministry of Foreign Affairs to safeguard revenue. Remittance of revenue to the Ministry should be on a monthly basis. Accumulation of funds runs the risk of fraud as custodians could use collected cash and replace it without management's knowledge.**

## **2.2 HAPHAZARD DEPOSITS AND CASH KEPT BY SUPERVISOR**

We observed during the examination of revenue that cash collected was inconsistently deposited into the revenue bank account. Upon review of the bank deposit slips, we noted that cash amounting to \$17,215.00 and \$13,890.00 was allowed to accumulate in the two (2) deposit examples cited in this finding. This appeared to be a common occurrence at the Miami Consulate.

Upon inquiry as to the safeguarding of cash, it was revealed that the cash held was being kept in the desk drawer of the revenue supervisor. This supervisor was responsible for safeguarding the cash at the end of the day, checking the receiving officers' daily receipts, writing up the bank deposit slips, depositing the cash, and posting the revenue transactions to the general ledger. One person performing all of these functions presents a significant segregation of duties issue in the revenue process.

**Table 4 – HAPHAZARD DEPOSITS AND CASH HELD BY SUPERVISOR**

**Example 1**

Revenue Period		Deposit Date	Fee Type	Fees Collected	Total Days Held
Date (From)	Date (To)				
17-Nov-16	6-Dec-16	7-Dec-16	Visa	\$ 8,260.00	21
17-Nov-16	6-Dec-16	7-Dec-16	Passport	\$ 2,835.00	21
21-Nov-16	6-Dec-16	7-Dec-16	Courier Fees	\$ 5,790.00	17
22-Nov-16	1-Dec-16	7-Dec-16	Authentication	\$ 330.00	16
			<b>Total Cash Held</b>	<b>\$ 17,215.00</b>	

**Example 2**

Revenue Period		Deposit Date	Fee Type	Fees Collected	Total Days Held
Date (From)	Date (To)				
23-Dec-16	19-Jan-17	20-Jan-17	Visa	\$ 8,890.00	28
23-Dec-16	18-Jan-17	20-Jan-17	Passport	\$ 4,340.00	28
28-Dec-16	11-Jan-17	20-Jan-17	Courier Fees	\$ 400.00	23
4-Jan-17	5-Jan-17	20-Jan-17	Authentication	\$ 60.00	17
20-Jan-17	20-Jan-17	20-Jan-17	Visa	\$ 200.00	1
			<b>Total Cash Held</b>	<b>\$ 13,890.00</b>	

We recommend that management implement strong controls around the safeguarding of the Government's cash. Whenever an employee has custody of cash and cash equivalents there is a risk of loss through employee errors and/or misappropriation of the asset if the appropriate monitoring is not occurring.

The following needs to be considered in improving the control environment around cash:

- Policies and procedures around the handling of assets should be documented and implemented.
- Roles and responsibilities should be clearly defined to ensure proper segregation of duties are present so that no one employee has the ability to commit and conceal a fraudulent act.
- The collection and subsequent deposit of cash should always be timely and systematic.
- All deposits must be signed off by as preparer and reviewer at the end of each day.
- Appropriate measures should be taken to ensure that not only liquid assets are secured but also the employees with responsibility for those assets.

- System transactions that support the revenue process should be distinguishable not only by descriptors but also by the person posting the transactions. When there are flaws in the security of a process and in the system, it is difficult to detect whether discreditable acts are occurring within that process.
- Since cash is highly susceptible to fraud, management has to perform daily monitoring procedures. This may include monitoring the daily deposits, generating end of day revenue reports, random checks of revenue applications, and comparison of cash deposited to end of day reports.

### 2.3 BOUNCED REVENUE CHEQUES

We observed during our examination of the bank statement for the month of January 2018 that there were sixteen (16) bounced cheques totaling one hundred seven thousand nine hundred twenty dollars (\$107,920.00). These cheques were written between November - December 2017 and related to revenue generated for the period May 2017 to October 2017. The cheques were dishonored by the bank due to insufficient funds in the Miami Consulate's revenue account.

**Table 5 – BOUNCED CHEQUES**

Revenue Month	Revenue Generated	Dollar Value of Bounced Cheques	Amount Cleared
May 2017	\$ 21,510.00	\$ 13,810.00	\$ 7,700.00
June 2017	\$ 18,855.00	\$ 18,855.00	\$ -
July 2017	\$ 21,630.00	\$ 21,630.00	\$ -
August 2017	\$ 26,630.00	\$ 26,630.00	\$ -
September 2017	\$ 9,535.00	\$ 9,535.00	\$ -
October 2017	\$ 17,460.00	\$ 17,460.00	\$ -
<b>Totals</b>	<b>\$ 115,620.00</b>	<b>\$ 107,920.00</b>	<b>\$ 7,700.00</b>

We recommend that management investigate the reasoning why the revenue supervisor wrote cheques without checking the revenue account bank balance. Management should also seek answers for the delay of these remittances.

## 2.4 UNAUTHORIZED BANK TRANSFERS

We observed during our examination of the bank statements that in one (1) year three hundred sixty-five thousand dollars (\$365,000.00) was transferred from the Miami Consulate's revenue account to the operational account. We were informed that this was performed in order to facilitate monthly expenses due to delays in receiving operational subventions (**See Table 6**).

Due to this transferring of funds along with the haphazard revenue deposits, we could not determine the precise allocation for revenue. Since no reconciliations were being prepared for the revenue bank account, we could not be certain from which source the funds in the revenue account were derived.

**Table 6 – UNAUTHORIZED BANK TRANSFERS**

#	Date of Transfer	Amount of Transfer
1	27-Jul-16	\$ 30,000.00
2	26-Sep-16	\$ 65,000.00
3	30-Sep-16	\$ 10,000.00
4	12-Oct-16	\$ 10,000.00
5	5-Dec-16	\$ 30,000.00
6	9-Dec-16	\$ 10,000.00
7	15-Dec-16	\$ 8,000.00
8	31-Jan-17	\$ 25,000.00
9	14-Mar-17	\$ 12,000.00
10	28-Mar-17	\$ 10,000.00
11	2-May-17	\$ 75,000.00
12	14-Jun-17	\$ 40,000.00
13	21-Jun-17	\$ 40,000.00
	<b>Total</b>	<b>\$ 365,000.00</b>

We recommend that all fees collected be deposited daily, reconciled, and remitted to the Ministry of Foreign Affairs on a monthly basis. Operational funding should be solely from budget allocations. Deviations from the budget must be properly documented and approved by management. Transferred funds for operational expenses should be returned to the revenue account once subventions are received.



## 2.5 UNEXPLAINED TRANSACTIONS ON THE BANK RECONCILIATION

We observed during our examination of the operational account reconciliation statement for December 31<sup>st</sup>, 2017 that twenty (20) unreconciled transactions remained on the statement. These transactions totaled twenty-six thousand five hundred ninety dollars and thirty-two cents (\$26,590.32) and were for the period April 26, 2013 – July 27, 2017 (**See Table 7**).

We further noted that three (3) of these transactions were described as deposits. These deposits totaled thirteen thousand nine hundred and forty five dollars (\$13,945.00) and represented half of the unreconciled transactions. We could not determine and no explanation was provided as to why deposits would be unreconciled on the operational bank statement.

These transactions were subsequently cleared on the January 2018 bank statement without an explanation from the Miami Consulate.

**Table 7 – UNEXPLAINED TRANSACTIONS ON BANK RECONCILIATION**

Date	Transaction Type	Code	Description	Amount
26-Apr-13	Check	27103	Lanier Parking Solutions	\$ 664.10
29-Jul-13	Deposit	Credit	Deposit	\$ 2,500.00
10-Oct-14	Check	28099	Metro Ford	\$ 269.45
29-Oct-14	Check	28119	EWM Realty International	\$ 1,150.00
19-Dec-14	Check	28207	Lanier Parking Solutions	\$ 796.96
26-Feb-15	Check	28332	Lanier Parking Solutions	\$ 796.96
24-Mar-15	Deposit		Operational	\$ 10,000.00
24-Apr-15	Check	28420	The National Insurance Board	\$ 2,131.90
14-Dec-15	Deposit		Operational	\$ 1,445.00
26-Feb-16	Check	28977	Rex R. Major	\$ 360.00
16-Mar-16	Check	29016	Etienne Dupuch Jr	\$ 13.90
21-Jul-16	Check	Debit	BP Business Solutions	\$ 1,471.67
23-Sep-16	Check	29285	Lynnith Braynen	\$ 80.00
21-Dec-16	Check	29404	Jennifer Johnson	\$ 127.17
2-Feb-17	Check	Debit	T-Mobile	\$ 1,277.89
27-Apr-17	Check	Debit	Wash Depot II Incorporated	\$ 41.32
28-Apr-17	Check	29572	Lanier Parking Solutions	\$ 966.00
1-Jun-17	Check	29597	Cyber Assent Corporation	\$ 2,498.00
			<b>Total</b>	<b>\$ 26,590.32</b>
			Cheques to June 2017	\$ 12,645.32
			<b>Deposits to June 2017</b>	<b>\$ 13,945.00</b>
			<b>Total Unreconciled Amounts</b>	<b>\$ 26,590.32</b>

We recommend that management provide an explanation for the removal of these transactions off the operational account reconciliation statement. We would also want evidence as to which account the deposits were made.

## **2.6 NO SECURITY OF STAFF TRANSPORTING CASH**

We observed during the examination of revenue that there is a personal safety issue concerning the mode by which the accounting staff makes bank deposits. It was noted that cash deposits are walked to the bank and never delivered by way of vehicular transportation.

**We recommend that staff responsible for making bank deposits should be transported to the bank in a secured manner. Additionally, deposits could be made by rotating the personnel making the deposits and accompanied by the officer.**

## SECTION 3.0

---

### REVENUE

Section	Heading	Page Number
3.1	Incorrect Accounting of Revenue	19
3.2	No Centralized Location for Revenue Documentation	20
3.3	No Evidence of Visa Authorizations	20
3.4	Management not Monitoring Passport Applications	21
3.5	Unclear Service Fees on Authentication Receipts	21
3.6	Revenue Receipt Copies not Retained at Consulate	21 – 22
3.7	E-Visa Machine Out of Service	22

### **3.0 REVENUE**

#### **3.1 INCORRECT ACCOUNTING OF REVENUE**

We observed during the examination of the general ledger that the revenue journal entries appeared to be posted incorrectly or not posted at all. We could not determine actual revenue due to there being monthly lump sum postings with no reconciliation on same.

**We recommend that the entries for revenue be identifiable by customer in the general ledger. Posting on same should be to the following account types:**

- |    |                    |                             |
|----|--------------------|-----------------------------|
| 1. | Collection of Cash | - Dr. Cash and Cr. Revenue  |
| 2. | Deposit of Cash    | - Dr. Bank and Cr. Cash     |
| 3. | Remittance of Cash | - Dr. Treasury and Cr. Bank |

**We also recommend that management seek to place control measures around the safeguarding of cash and accounting for revenue. These measures should include but not limited to the following:**

- **Clearly identifying revenue fees on receipts.**
- **Retaining copies of receipts in the Miami Consulate.**
- **Monitoring the collection of cash.**
- **Daily depositing of cash.**
- **Posting revenue by customer.**
- **Performing revenue reconciliations.**
- **Approving revenue reconciliations.**
- **Remitting revenue monthly with reconciliations.**

### **3.2 NO CENTRALIZED LOCATION FOR REVENUE DOCUMENTATION**

We observed during our sample selection process that revenue documents were kept in the custody of the receiving officers rather than in a centralized location. We also observed that there was insufficient storage space for the existing documents and bankers boxes were being utilized as an alternative to fireproof cabinets.

**We recommend that management consider a storage alternative such as off-site storage as filing spaces are limited. We would advise that official records be retained in a temperature controlled secure room. Records should always be stored in a manner that would allow accessibility by the auditors. It would be imperative that the Miami Consulate safeguards its records to avoid losing pertinent information especially since the revenue process is in a manual environment.**

### **3.3 NO EVIDENCE OF VISA AUTHORIZATIONS**

We observed through the examination of visa revenue that we could not verify the issuance of visas as a copy of the approved visa was not retained on file. In addition, there was no sign-off on the application by the Consul General or Deputy Consul General. Also, there was no way to tell from looking at the Visa application whether it was a Regular, Rush or Multiple Visa application. We further observed that multiple visa revenue would be written on one receipt instead of singular receipts for each customer.

**We recommend that management obtains three (3) signature stamps for each type of Visa to be issued (Regular, Rush, and Multiple Visa). The signature stamps should show the following:**

- **Visa Type**
- **Fee Amount**
- **Approval Date**
- **Authorizer's Name**
- **Authorizer's Position**

**We further recommend that each customer transaction be captured on individual receipts for general ledger recording purposes.**

### **3.4 MANAGEMENT NOT MONITORING PASSPORT APPLICATIONS**

We observed through the examination of passport revenue that officers would enter an applicant's information and receive the necessary documentation without any end of day checks or approvals by management. The receiving officer would submit new and renewal passports to the Nassau Passport Office.

**We recommend that management establish written internal policies and procedures around the review and approval of passport applications. Applications should be stamped as received and approved at the Miami Consulate to remove the risk of collusion between agencies.**

### **3.5 UNCLEAR SERVICE FEES ON AUTHENTICATION RECEIPTS**

We observed during our examination of revenue that the fees charged for authentication services were not clearly identifiable on the retained documentation. It was also not clear in all instances the type of document being assessed for authentication and whether the customer was charged for each stamp as stipulated in the schedule.

**We recommend that the Miami Consulate retains all documentation relating to assessed fees and clearly identify which fee is being assessed from the fee schedule. Fees charged that are not in adherence with the fee schedule would devalue the certification hence reducing the amount of revenue collected for each authentication.**

### **3.6 REVENUE RECEIPT COPIES NOT RETAINED AT CONSULATE**

We observed during the examination of revenue that copies of receipts were not retained at Miami Consulate for visa and authentication fees. The authentication documents only had the receipt number along with the assessed fee on the documents. Whereas the visa applications occasionally had the receipt number but the assessed fee was absent.

We noted that although the receipt books are sent to Nassau to evidence revenue at the Ministry of Foreign Affairs, there is no record kept at the Miami Consulate. Hence, the auditors could not confirm if the correct fees were assessed.

**We recommend that the Miami Consulate retain a copy of the receipt against each authentication document and visa application. The receipt should clearly identify the service rendered per the fee schedule by customer.**

### **3.7 E-VISA MACHINE OUT OF SERVICE**

During an interview with the Consul General, the auditors were informed that the machine responsible for printing E-visas has been inoperable since October 2017. As a result, manual Bahamian visas were being stamped in passports.

Currently, segregation of duties issues are present in the manual environment. The receiving officer has control over the collection of cash, recording of transactions, custody of the visa stamp, and issuance of visas.

**We recommend that management ensure policies and procedures are in place and implemented once the automated environment has failed. The automated control would have recorded the processing of each visa ensuring accountability for system-generated transactions. However, in the manual environment, this recording would be subjected to the control of the receiving officer. A breakdown in this process would occur if the receiving officer decides not to record the visa transaction.**

**We further recommend that management continue to seek assistance from responsible parties to have the visa machine repaired. If the machine cannot be repaired, management has to perform continuous monitoring of the visa revenue process.**

## SECTION 4.0

---

### OTHER EXPENDITURE

Section	Heading	Page Number
4.1	Improper Use of Debit Cards	24
4.2	No Requisitions and Purchase Orders Used	25
4.3	Unsystematic Filing Structure	25
4.4	Segregation of Duties Issues	26



#### **4.0 PURCHASING**

##### **4.1 IMPROPER USE OF DEBIT CARDS**

We observed during our examination of expenditure that there were a number of purchases made by debit cardholders that had no supporting documentation. There were no quotes, requisitions, purchase orders and invoices evidenced for these transaction which is not in accordance with Public Treasury procedures.

We also noted that the debit cards did not have assigned limits and four (4) cardholders spent one hundred fifty-six thousand two hundred ninety dollars and sixty-four cents (\$156,290.64) during the two (2) fiscal periods under audit.

<b>Cardholder</b>	<b>Fiscal 2016 Expenditure</b>	<b>Fiscal 2017 Expenditure</b>	<b>Total</b>
Officer 1	\$ 33,075.69	\$ 58,781.41	\$ 91,857.10
Officer 2	\$ 22,839.43	\$ 9,318.38	\$ 32,157.81
Officer 3	\$ 12,722.76	\$ 13,685.67	\$ 26,408.43
Officer 4	\$ 5,867.30	\$ -	\$ 5,867.30
<b>Total</b>	<b>\$ 74,505.18</b>	<b>\$ 81,785.46</b>	<b>\$ 156,290.64</b>

We recommend that debit cards be controlled by introducing policies around the use of these cards. It is imperative that management introduces policies to circumvent misuse of assigned debit cards. We would recommend the following:

- Establishment of spending limits for each custodian due to these cards being linked to the operational account.
- Monthly monitoring of purchases by custodians to ensure that the spending limits are maintained;
- Amounts exceeding spending limits are approved in writing before purchase;
- Copies of all receipts to support debit card expenses be retained by the custodian. If a receipt cannot be provided, in rare instances, plausible written explanations on same should be provided; and
- Custodians must submit original receipts to the accounting department along with a reconciliation statement on a weekly or monthly basis as dictated by the established policy.

#### **4.2 NO REQUISITIONS AND PURCHASE ORDERS USED**

We observed during our examination of expenditure that the Miami Consulate did not use requisitions and purchase order forms when sourcing a product or service.

**We recommend that management implement the use of numbered requisition forms and purchase orders. Management should also consider maintaining a registered listing of all requisitions and purchase orders. This would ensure that proper records and approvals are kept on all purchase of goods and services. Without these forms in place, internal controls become weak and gives room for public funds becoming susceptible to fraud.**

#### **4.3 UNSYSTEMATIC FILING STRUCTURE**

We observed during our examination of expenditure that supporting documents for payments were in the monthly expenditure binders in no particular order. This made it difficult for the auditors to locate the information needed in testing expenditure.

**We recommend that management implement a purchasing system along with a proper filing structure. The following should be a part of that structure:**

- Three (3) quotes
- Pre-numbered requisitions
- Pre-numbered purchase orders
- Payment vouchers
- Invoices
- Copies of cheques
- Creation of vendor files
- Closure of vendor files each fiscal year

#### **4.4 SEGREGATION OF DUTIES ISSUES**

We observed during our audit that improper segregation of duties existed in the Miami Consulate. We specifically noted that one employee in the accounting department was responsible for the following activities without management oversight:-

- Processing payroll
- Processing purchases and supplies
- Issuance of cheques
- Making bank deposits
- Transferring of funds between accounts
- Preparing bank reconciliations
- Posting transactions to the general ledger

**We recommend that no one employee should be responsible for initiating, approving, recording and reconciling transactions. Duties to be segregated are the custody of assets, authorization of related transactions affecting those assets and recording of transactions.**

If internal control is to be effective, there needs to be an adequate division of responsibilities among those who perform accounting duties. When accounting duties cannot be sufficiently segregated due to staffing constraints, it is important that mitigating controls, such as detailed supervisory reviews be implemented to reduce risks of fraud or misappropriation of funds.

**We further recommend that management seek to obtain additional staff in the Miami Consulate's accounting section for there to be an appropriate level of segregation at the Consulate.**

## **CONCLUSION**

In conducting this audit we noted that there are opportunities for improvement in strengthening the management of areas within the Miami Consulate. Management should ensure that the Miami Consulate has the following in this regard:

- An appropriate level of staff to achieve its goals;
- Defined staff roles and responsibilities;
- Staff training and development needs are met; and
- Continuous management oversight to ensure the Miami Consulate is effective and efficient in carrying out its mandate.

In order to maintain a sound system of internal controls, management should ensure that oversight is always maintained and that the following occurs:

## **PAYROLL**

1. Approval of all Educational Allowances.
2. Restitution of all vacation leave entitlements.
3. Review overtime payment to determine funds/time owed to employees.
4. Consider establishing a pension plan for local staff.
5. Oversight and monitoring of the payroll process.
6. Structure the employee filing system.

## **BANKING**

1. None withholding of cash by any employee.
2. Daily bank deposits.
3. Adherence to sound practices around remittance of cash.
4. Documentation and approval of all bank transfers.

## **REVENUE**

1. Strict adherence to posting, safeguarding and accounting of revenue procedures.
2. Adequate storage for revenue documentation.
3. Management should review and approve all visa and passport applications.
4. Correct fees needs to be assessed on all authenticated receipts.
5. Copies of all revenue receipts should be retained at the Consulate.
6. Continuous monitoring of visa applications.
7. Communication with Ministry of Foreign Affairs in regards to when E-Visa Machine service will be restored.

## **OTHER EXPENDITURE**

1. Elimination of using debit cards without limitation.
2. Implementation of pre-numbered requisition and purchase order forms.
3. Systematic filing structure is established for all purchasing documents  
Recruitment of additional staff to assist in the day-to-day operations.

Management should ensure that the deficiencies and weaknesses are appropriately addressed and measures implemented to enhance the efficiency and effectiveness of the Consulate.

We have discussed this report with the management and they have agreed to take the necessary action(s) to improve operation efficiency and effectiveness.

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