



General Audit Chamber
Algemene Rekenkamer



FOCUS AUDIT:

SINT MAARTEN STIMULUS & RELIEF PLAN 2020

DECEMBER 2021



This document is an English translation of the original Dutch language report entitled: "*Focus Onderzoek: Sint Maarten Stimulus en Support Program (SSRP) in 2020*".
In the event of textual contradictions or any other differences, the original Dutch text will prevail.

December 2021
General Audit Chamber, Juancho Yrausquin Bldv 10, Philipsburg, Sint Maarten

PREAMBLE

Like many other countries, St. Maarten was confronted with the COVID-19 pandemic in early 2020. Government authorities more-or-less suspended economic and social life and even temporarily closed the borders. Meanwhile, the negative impact of the 2017 hurricane season is converging with this pandemic. To say that the country then faced (and continues to confront) an existential threat is no exaggeration.

An emergency relief and economic stimulus program was established by the Government of St. Maarten to provide immediate assistance to vulnerable sectors and groups.

The [Sint Maarten Stimulus and Relief Program](#) (hereafter: SSRP) is designed to mitigate a surge in unemployment by providing subsidies to businesses and individuals who are unable to meet their financial obligations (subject to certain conditions).

To enable the SSRP to function, St. Maarten sought financial assistance from the Netherlands. A program that was initially supposed to be short-lived continues in 2021, because of the ongoing pandemic. Given the significant public expenditure associated with this plan, disclosure of information on financial accountability is both logical and necessary.

In the related legislation, both the Minister of Finance and the Minister of Health Social Development and Labor included a provision stipulating that the General Audit Chamber would audit the program. Despite documentation received from the Ministry of Finance as part of our rebuttal process towards the end of the audit, significant financial (monthly) reports were not provided. Not until the latter part of the audit did we learn that there is an additional layer of accountability, created as a result of mutual agreements with the Kingdom Council of Ministers. We were not aware of this during the audit phase.

As for the supply of information to the Kingdom Council of Ministers, we note that monthly reports are provided for at least three separate topics (the progress, foreign currency reserves at the Central Bank of Curaçao & Sint Maarten, as well as the implementation of the auditor's recommendations).

Wherever possible, links contained in the report reference a source document. Readers are welcome to explore the subject matter further or to consult the public source document.

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SUMMARY

With the SSRP, the Government created an important instrument to address (part of) the fallout associated with the COVID-19 pandemic. Financial support for individuals and businesses became necessary considering the challenges St. Maarten continues to struggle with, in the aftermath of the 2017 hurricanes.

The Country's financial constraints due to the pandemic were a fact of life in 2020, making liquidity support from the Netherlands necessary in funding the SSRP. The interest-free loans are coupled to conditions. Every effort should be made to promote the effectiveness and efficiency of the program.

The General Audit Chamber's oversight is specifically defined in the Temporary Regulation governing the SSRP. We are, however, independent in our selection of audits. Notwithstanding the apparent desire of the Minister of Finance and the Minister of VSA that the General Audit Chamber perform subsequent audits, we met with a lack of cooperation during the research phase of our audit. Only at the end, did the Ministry of Finance provide us with information. The Ministry of VSA did not provide us with any information, in violation of article 26 of the National Ordinance on the General Audit Chamber. When information was made available after repeated requests, it was found to be inadequate.

Because of the aforementioned, we decided to conduct a [focus audit](#) instead of a performance audit, so that the readers are nevertheless informed (where possible) about the SSRP's implementation. The objective of this review is to describe the SSRP, its legal basis, the internal organization of the program, as well as the responsibilities and accountability structure. In addition, to the extent possible, we provide insight into the financial situation of the SSRP for the year 2020.

We were unable to determine whether the reporting requirements were all met. Consequently, we are unable to establish whether the reporting requirements were satisfied under the applicable regulations.

Although anecdotally, massive layoffs appear to have been avoided, the extension of the program in 2021 raises questions about its effectiveness.

1 OUR AUDIT

1.1 The premise of the audit

Article 74 of the Constitution entrusts the General Audit Chamber with the investigation of, among other things, the legal compliance regarding income received by the Government. Our authority to investigate the SSRP, which is an integral part of the National Budget, is defined in articles 1 and 30 of the National Ordinance of the General Audit Chamber.¹ Furthermore, subsidies (in the case of the income and unemployment support) are public funds, and therefore fall within our purview.

Furthermore, according to article 39 of the [National Ordinance General Audit Chamber](#), we are authorized to issue notices. This report is the result of a focus audit: a collection of facts that does not contain any recommendations, conclusions, or opinions. We have, however, identified several areas of interest.

1.2 Objective and audit questions

The purpose of the audit is to gather facts about the SSRP through the answers to the following questions:

What is the SSRP and how is accountability for the program accomplished?

To this end, the following subsidiary questions were formulated:

1. How is the SSRP (legally) structured?
2. Who are its stakeholders and what are their responsibilities?
3. From which means (sources) is the SSRP financed?
4. What is the SSRP's financial scope?
5. What is the term of the SSRP (until when will it run)?
6. How is the implementation structure of the SSRP organized?
7. In what way and by who is reporting and accountability for the SSRP provided?

1.3 Reading Guide

The following topics are covered in this report, in order of appearance:

Chapter 2: What is the SSRP?

Chapter 3: Implementation by SZV; Business Payroll Support

Chapter 4: Implementation by SMDF: Income- and Unemployment Support

Chapter 5: Financing

Chapter 6: Areas of interest

Chapter 7: Responses from stakeholders

¹ Article 30 Lvo AR: The General Audit Chamber shall devote attention to the efficiency of management of finances and goods, as well as the organization and operation of the government's services.

2 THE SINT MAARTEN STIMULUS AND RELIEF PLAN (SSRP)

Shortly after the state of emergency took effect as a result of the COVID-19 pandemic in 2020, the Government of St. Maarten prepared its [emergency plan and economic stimulus program](#), which included a request (to the Netherlands) for support totaling ANG 223 million,² originally covering the months of April, May and June 2020. Eventually, ANG 124.5 million was received. Time and again, the SSRP was extended in 2020. The plan remains in force in 2021.³

The [Sint Maarten Stimulus and Relief Plan \(SSRP\)](#) includes direct assistance for the following components:



Direct emergency programs (salary subsidies/payroll support) for businesses and individuals affected by the pandemic



Liquidity support for government and public agencies



Additional urgent support related to healthcare costs associated with the pandemic response

Liquidity support from the Netherlands forms part of the SSRP. Additional costs for the health sector due to COVID-19 are also covered by the plan.

Because of the broad economic impact of the pandemic on the already fragile economy (dependence on tourism), the *'payroll support and income support'* components of the program are given priority in this report. After all, this support represents substantial transfers of public resources to the private sector.

The proposed "soft loan" program of the SSRP was not undertaken and is not addressed in this report.

In essence, the SSRP aims to provide relief and support through salary subsidies, income loss assistance, and soft loans for eligible businesses and individuals impacted by the effects of the COVID-19 pandemic.⁴

² The original amount of ANG 253 million was revised downward in the 2020 Budget Amendment to ANG 223 million.

³ Temporary regulation payroll support for 2021, AB 2021, no. 15.

⁴ Stimulus & Relief Plan: Emergency measures to mitigate the effects of COVID-10, April 19, 2020, Government of Sint Maarten.

3 IMPLEMENTATION BY SZV: BUSINESS PAYROLL SUPPORT

To prevent mass layoffs, Government launched a business payroll support program. The Social and Health Insurance Administration (SZV) was selected to implement the program).⁵

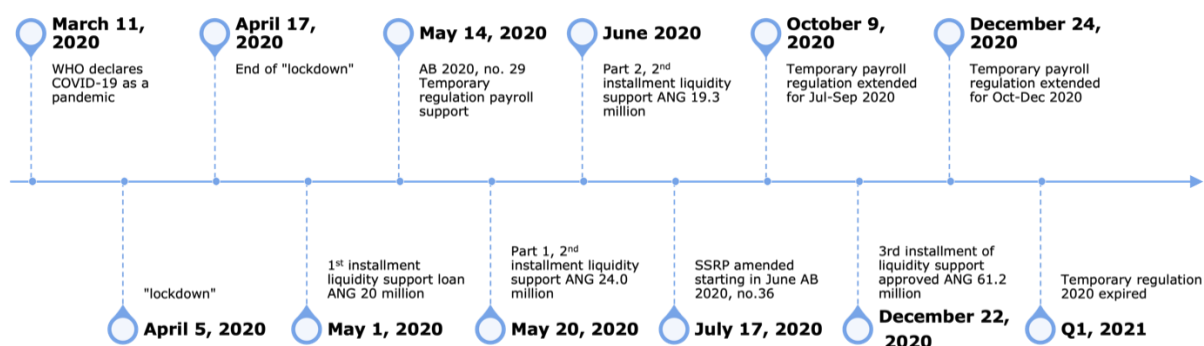
3.1 Legal basis

Under the provisions of the [Constitution](#), the National Budget is established by a national ordinance. The [National Accountability Ordinance](#) (hereafter NAO) applies to the financial management and accountability for budget expenditures and income and consequently applies to the SSRP. The SSRP was included in the [National Budget Ordinance for 2020](#) and was adjusted in 2021 by budget amendment.⁶

The implementation of the program is based on the Temporary Regulation on Payroll Support. Because of the advice of the Board of Financial Supervision (CFT) dated May 6, 2020, the Kingdom Council of Ministers decided that the payroll support program required amendment before additional liquidity support was made available. As a result, the temporary regulation was modified in July 2020.⁷

To continue the SSRP for the 2020 fiscal year, two additional amendments to the Temporary Regulation were issued, (AB 2020, No. 49 and AB 2020, No. 57). The Temporary Regulation SSRP payroll support for 2020 expires upon the completion of the December payment.⁸ The Ministry of Finance reports that the December 2020 payroll support program was completed in the first quarter of 2021. A specific date was not communicated to us.⁹ Figure 1 presents the major 2020 milestones for SSRP payroll support.

Figure 1: payroll support milestones



3.2 Components of the Payroll Support program

The Payroll Support Program initially consisted of the [Business Payroll Support Plan](#) and the Lockdown Payroll Support Plan. With Business Payroll Support, a salary subsidy is granted to qualified businesses. This was initially made available for April through June 2020.

3.2.1 Business Payroll Support Plan

Financial support was offered to affected employers. The government provided a subsidy of up to 80% of the gross salary cost, with a minimum of ANG 1,150 per employee (minimum wage). This was conditional on the employer continuing to pay monthly payroll taxes and social security premiums. Qualified employers were required to:

- Be registered with the St. Maarten Chamber of Commerce;
- Provide a bank account from a bank located in Sint Maarten;
- Be registered with the Social Health Insurance Fund (SZV);
- Complete the application form including supplying supporting documentation
- Prove that the business suffered a drop in income of at least 20%, by submitting monthly tax returns and payment forms for February and March 2019 and 2020;
- Retain the staff;
- Not being listed among exempted business sectors/categories.¹⁰

⁵ Temporary regulation payroll support for April, May and June 2020, AB 2020, No. 29. Relates to Payroll Support and Income Support.

⁶ The budget for fiscal year 2020 was subsequently amended and with it the SSRP. National Ordinance of the July 5, 2021, amending the National Budget Ordinance 2020 and the Pension Regulation for Political Authorities

⁷ Temporary regulation payroll support for the month of June 2020, AB 2020, no. 36.

⁸ Article 1, section G of the amendment to the Temporary Regulation on Payroll Support (AB 2020 no. 57).

⁹ Ministry of Finance, email dated August 27, 2021.

¹⁰ Article 14, Temporary regulation payroll support for the months of April, May and June 2020, AB 2020, no. 29.

The aforementioned prerequisites were amended¹¹ as of June 2020, following a decision of the Kingdom Council of Ministers:¹²

- Maximum salary subsidy for employers drops from 80 percent to 60 percent;
- The exemption list containing business sectors/categories is eliminated. This increases the number of employers eligible for payroll support;
- The employee is required to provide a personal contribution of 20 percent;
- An employer receiving a subsidy must sign a statement authorizing the publication of their name on the Internet, in the newspaper, and the National Gazette.

3.2.2 Lockdown Payroll Support Plan

In addition to the Business Payroll Support Plan, the Government implemented the Lockdown Payroll Support Plan up to June 2020.¹³ To be eligible, a company/employer had to meet the following requirements:

- Not eligible for the Business Payroll Support Plan;
- Prove a decline in turnover of more than 20% in April 2020 (compared to the April 2019 tax return) caused by the lockdown imposed by the government as of April 5, 2020;
- Not listed as an exempted company for the Lockdown Payroll program.¹⁴

3.3 Appeals

Article 8 of the Temporary Regulation makes provision for the establishment of a separate advisory committee.¹⁵ The operation of the Committee is defined in Rules of Order. These Rules must be approved in writing by the Ministers of Finance and VSA, after or in consultation with the Council of Ministers. Any appeals from employers denied either in their entirety or partially are considered by the advisory committee.¹⁶ The committee issues advice to the Minister of Finance.¹⁷

Towards the end of the audit, we received, as part of a rebuttal process, copies of the appointment decrees from the Cabinet of the Minister of Finance together with the draft of the Rules of Order.¹⁸ Formally, the Advisory Committee was established as of May 15, 2020.¹⁹ No information was provided to us about appeals filed and processed in 2020 about business payroll support.

3.4 Accountability

SZV is required to report to the Minister of VSA monthly regarding the implementation of the Business Payroll Support program.²⁰ The Council of Ministers is meant to receive a monthly (cumulative) statement of all expenditures.²¹ In addition, SZV is required to submit a financial report to the Council of Ministers concerning the implementation of the program.²² Figure 2 illustrates SZV's reporting accountability.

¹¹ Temporary regulation payroll support for the month of June 2020, AB 2020, no. 36.

¹² Explanatory Notes Regulation of Payroll Support for the Month of June 2020, AB 2020, no. 36. The government pays a maximum fee equivalent to 60 percent of the payroll support and the graduated payroll support model is changed to a 'one to one ratio' of revenue loss.

¹³ Refer to Article 14a, Temporary Regulation on Payroll Support for the Month of June, AB 2020, No. 36. The exception list that excluded certain industries and categories from the payroll support program has been removed from the regulation.

¹⁴ Article 21 of the Temporary Regulation on Payroll Support for the months of April, May and June 2020, AB 2020, nr. 29.

¹⁵ Article 8 of the Temporary Regulation on Payroll Support establishes the establishment of an advisory committee consisting of three members one of which is the chairperson. The appointment of members and the chairperson is made by the Minister of Finance. One member will be appointed on the recommendation of the Minister of VSA.

¹⁶ Applications for payroll support and the Lockdown payroll support.

¹⁷ In the Temporary Regulation on Payroll Support for the months of April, May and June 2020, AB 2020, no.29, a provision was included in article 8, sixth paragraph, which required the SZV to comply with the decisions or instructions of the advisory committee. In the amendment to the Temporary Regulation on Payroll Support (AB 2020, no.36), this provision was voided, whereby the committee advises the Minister of Finance from that point on.

¹⁸ Email from the Cabinet of the Minister of Finance dated November 29, 2021. Copy of a letter from the Ministers of Finance and VSA reporting that the Rules of Order were approved. However, the Rules of procedure still show "draft" status.

¹⁹ Ministerial Decree of May 14, 2020, no. 2020/643.

²⁰ Article 3, second paragraph, Temporary Regulation on Payroll Support, AB 2929, no. 29.

²¹ Article 4, second paragraph, Temporary Regulation on Payroll Support, AB 2020, no. 29.

²² Article 4, fourth paragraph, Temporary Regulation on Payroll Support, AB 2020, no. 29. Note that this paragraph is not associated with a specific time period.

Figure 2: SZV's accountability for the Business Payroll Support program



The *Stichting Overheidsaccountantsbureau* (hereafter SOAB) is responsible for auditing SZV's implementation of the program.²³ No SOAB audit reports were provided to us by the ministry, despite repeated requests from us.

In practice, the Minister of Finance is provided with monthly reports from SZV. The Ministry of Finance stated that their Minister is being provided with sound reports.²⁴ In addition, the Ministry of Finance has access to a portal with a viewing function where all progress on the applications, approvals, and spending in both numbers and percentages can be accessed.²⁵

The reports listed in Figure 2 to the Minister of VSA and the Council of Ministers were not shared with us.

3.4.1 The role of the Board of Financial Supervision

Liquidity support is subject to conditions set by the Kingdom Council of Ministers (hereafter RMR). Although the RMR does not formally distinguish between the different parts of the SSRP, liquidity support is understood to refer to the Business Payroll Support.²⁶

However, these conditions were not explicitly drawn up in writing. One key requirement is that the Board for Financial Supervision (hereafter; Cft) enters into agreements with Sint Maarten on the effective use of the support. These agreements between the Cft and the Government have also not been explicitly set forth in writing, according to the Cft.²⁷

Arrangements made by the Cft with the Government apply only to the Business Payroll Support component which represents 58% (ANG 72 million) and do not apply to the other components of the SSRP, representing 42% (ANG 51.9 million) of the total. No further agreements have been made for these components. In this regard, the Cft mentions that the intention was always to audit only the Business Payroll Support to ensure that there was an orderly, traceable, and auditable procedure for the expenditure of the funds.

A legal compliance audit of the use of funds was carried out at SZV as part of the agreements. The report is not available to the public. The auditor issued several recommendations. According to the Cft, the findings were communicated to all stakeholders; specifically the RMR, Government and SVZ.²⁸ We are not aware whether Parliament was informed.

The RMR decided that the auditor's recommendations needed to be addressed by the Government.²⁹ Government is required to provide Cft with monthly reports on the status of the implementation of the recommendations. With this, a new layer of accountability was introduced, in addition to that which is prescribed in the Temporary Regulation. From public documents it is apparent that there are several reporting obligations, as a result of a decision by the Kingdom Council of Ministers. For example, St. Maarten is required to submit monthly progress reports³⁰ and a report to the Dutch Central Bank (with a copy to the Cft) on the foreign exchange reserves of the Central Bank of Curaçao and St. Maarten every 28th of the month.³¹

²³ Article 4, second paragraph, Temporary regulation payroll support, AB 2020, no. 29.

²⁴ Email from the Ministry of Finance dated August 24, 2021.

²⁵ Email from the Ministry of Finance dated August 24, 2021.

²⁶ Minutes from discussion with Cft dated November 10, 2021.

²⁷ Idem.

²⁸ Idem.

²⁹ Idem.

³⁰ Brief van Staatssecretaris Knops, d.d. 18 december 2020 met onderwerp: "verzoek toepassing art. 25 Rft voor begrotingsjaar 2021".

³¹ Letter from State Secretary Knops, dated June 19, 2020, entitled: "Decision of the Council of Ministers on monitoring foreign exchange reserves".

Subsequent inquiries with the Cft reveal that while late, the Minister of Finance reports to the Cft monthly about the progress of the implementation of the recommendations. Progress on the implementation of the recommendations is described by Cft as "a slight improvement".³² The Minister of VSA is accountable to Parliament for the SZV. As a result of a lack of feedback from the Minister of VSA, we cannot conclude the extent to which the Minister is involved in the process of monthly accountability to the Cft.

3.4.2 *The role of the General Audit Chamber*

The Temporary Regulation includes a requirement for the General Audit Chamber to conduct a subsequent audit of the financial accounts and the decision-making process.³³ The Chamber believes that this provision is nonbinding. After all, all ministers are subject to audit by the General Audit Chamber in respect of their financial management and policy implementation.³⁴ Excluding legally mandated audits, the Chamber is authorized to select its audit topics.

As part of the 2020 National Budget, the SSRP is subject to the provisions of the [NAO](#) and implemented by third parties on behalf of the National Government. The NAO prescribes the standards to which public funds transferred to third parties must be accounted for. The implementation and results of the SSRP should be reported in the 2020 Financial Statements (and potentially the 2021 Financial Statements), as well as in the quarterly reports required by the [Kingdom Act Curaçao and Sint Maarten](#). We are responsible for the audit of the 2020 Financial Statements.

³² Meeting report dated November 10, 2021, with the secretary and policy officer of the Cft.

³³ Article 4, third paragraph, Temporary regulation payroll support, AB 2020, no. 29.

³⁴ See: Articles 1, 20 and 26 of the National Ordinance on the General Audit Chamber

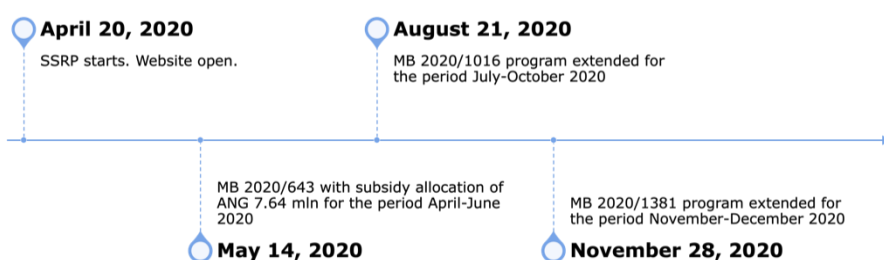
4 IMPLEMENTATION BY SMDF: INCOME- AND UNEMPLOYMENT SUPPORT

The St. Maarten Development Fund (hereafter SMDF) is tasked with implementing the Income and Unemployment Support programs, which are designed to financially support the unemployed and small sole proprietors. For many years this foundation has been involved in the development and financing of programs and projects designed to contribute to the social development of the country. The Government of St. Maarten is SMDF's main financial backer.

4.1 Legal basis

Under the [Subsidy Ordinance](#), funds are provided to the SMDF via incidental subsidies for the implementation of income and unemployment support. Three Ministerial Decrees (hereafter MBs), totaling ANG 7.6 million represent the legal basis for the income and unemployment support program in 2020.³⁵ Figure 3 presents the major milestones for 2020.

Figure 33: milestones of the income- and unemployment program



4.2 Components of the income- and unemployment support program

4.2.1 Income support

The [Income support Program](#) aims to provide financial assistance to sole proprietorships, self-employed bus- and taxi drivers, vendors, tour operators, and artists. To qualify for the subsidy³⁶, the applicant must be able to meet the following conditions:

- be in possession of a valid license;
- be registered at the St. Maarten Chamber of Commerce;
- provide proof of loss of income by submitting the 2018 income tax return and payment forms and monthly tax returns (if applicable);
- provide a signed statement confirming that the information provided is correct.

4.2.2 Unemployment support

Those who are unemployed can apply for financial assistance³⁷ under the unemployment support program. To be eligible, the applicant must meet the following criteria:

- prove that he/she has been employed on the Dutch side of St. Maarten and is unemployed because of COVID-19;
- holds a local bank account.

4.3 Appeals

The National Ordinance on Administrative Law ([Landsverordening administratieve rechtspraak](#) - LAR) is applicable regarding decisions regarding income and unemployment support. Article 7 of each ministerial decree provides for an advisory committee that handles objections.³⁸

With regard to the income and unemployment support program, the Minister of Finance receives advice. The SMDF is informed of the decision following the committee's advice.³⁹ At the end of the audit, we received, as part of a rebuttal, the ministerial decree appointing committee members.⁴⁰

³⁵ Ministerial Decree on subsidy to the SMDF, MB 2020, No. 643 of May 14, 2020, MB 2020, No. 1016 of August 20, 2020, and MB 2020, No. 1381 of November 27, 2020.

³⁶ The maximum amount of income support that can be paid to an applicant each month is ANG 1,150.

³⁷ The maximum amount of unemployment support that can be paid to an applicant each month is ANG 1,150.

³⁸ Under article 7 of the Ministerial Decree MB 2020/643 (and subsequent decrees), an advisory committee is established consisting of three members one of which is the chairman. The appointment of members and the chairman shall be effectuated by the Minister of Finance. One member shall be appointed on the recommendation of the Minister of VSA.

³⁹ Article 7 of the Ministerial Decree, MB 2020, no. 643.

⁴⁰ Ministerial Decree no. 2020/758, dated June 18, 2020. Received from the Cabinet of the Minister of Finance.

In its [2020 Annual Report](#), the SMDF mentions that it received a total of 7,505 applications; 3,949 for unemployment support and 3,556 for income support.⁴¹ In his presentation to Parliament, the Minister of Finance reported 6,105 applications that were approved. We have not received any information on the number of appeals filed. Therefore, we cannot explain the discrepancy.

4.4 Accountability

The SOAB monitors the implementation of the income and unemployment support programs. SMDF is required to engage an external auditor to prepare the monthly reports.⁴² Furthermore, an "agreed-upon procedure" (AUP) needs to be mutually agreed upon between the SMDF and SOAB⁴³ to conduct monthly accounting reviews and a final audit.⁴⁴ At his request, and within a reasonable period, the Minister of Finance will be provided with reports on the implementation of the programs, including the financial records and the processing time from application to disbursement.⁴⁵

As the Ministry reports, they received progress reports on July 16, 2020, and January 6, 2021. To that end, we received emails from the ministry detailing the status and expenditures for each program.

In addition, we received the report from SOAB dated September 23, 2020, related to the period from April to July 2020. SOAB reports on the accounting, internal review, and payments made for both programs.⁴⁶ In the view of the SOAB, the operation and implementation of the two support programs proceeded, in general, smoothly during the aforementioned period.⁴⁷

In their [2020 Annual Report](#), SMDF states that it met the AUP requirement. The Annual Report mentions a Fund Management Agreement (hereafter FMA), which governs the reporting obligation to the Government. The FMA features five reporting intervals, including the presentation of the annual report and audited financial statements.⁴⁸ Except for SMDF's publicly available annual report, we have not received any of these reports from the Minister of Finance.

⁴¹ 2020 Annual Report SMDF, page 17. See: <https://smdf.sx/wp-content/uploads/2021/07/SMDF-2020-Annual-Report.pdf>

⁴² Article 12(a) of the Ministerial Decree, MB 2020, no. 643.

⁴³ Article 12(b) of the Ministerial Decree, MB 2020, no. 643.

⁴⁴ Article 12 of the Ministerial Decree., MB 2020, no. 643.

⁴⁵ Article 12(d) of the Ministerial Decree, MB 2020, no. 643.

⁴⁶ In accordance with the provisions of Ministerial Decree no. 2020/643.

⁴⁷ Report on findings regarding the Sint Maarten Stimulus and Relief Program *Income- & unemployed support programs*, SOAB, September 23, 2020.

⁴⁸ 2020 Annual Report SMDF, pages 26-27.

5 FINANCING

5.1 Resources

The SSRP is an integral part of the 2020 National Budget. The program was revised in a budget amendment⁴⁹ and was (fully) funded with liquidity support from the Netherlands.

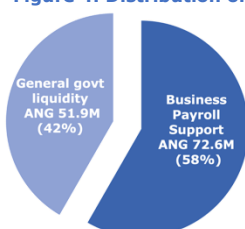
A total of ANG 124.5 million was received as loans in 2020, spread over 4 installments. This was assistance for the period from May 1 to December 31, 2020.⁵⁰ Table 1 presents an overview of the funds received.

Table 1: Overview of financial support (2020)

Resources	Time frame	Amount of liquidity support received (millions ANG)
1 st installment	May 1-15	20,0
2 nd installment (part 1)	May 15-31	24,0
2 nd installment (part 2)	June 1-30	19,3
3 rd installment	July 1 – Dec 31	61,2
Total		124,5

For the component of payroll support, ANG 72.6 million was disbursed in 2020.⁵¹ For income and unemployment support, ANG 7.6 million was spent.⁵² A further sum of ANG 51.9 million was made available for general expenditure (*government-related liquidity*).⁵³ Figure 4 displays the distribution of SSRP spending.

Figure 4: Distribution of SSRP expenditure (2020)

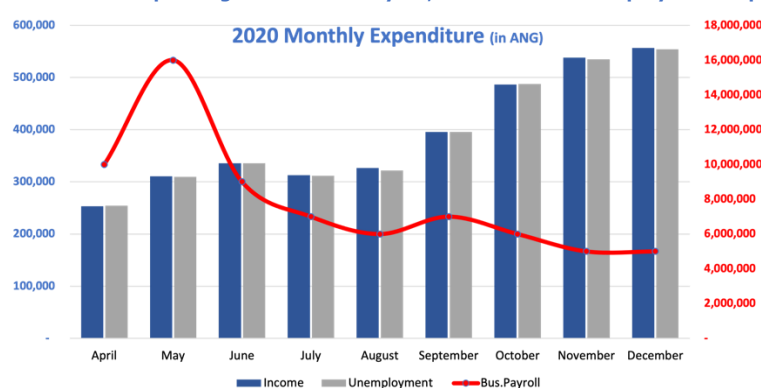


We were unable to establish whether the ANG 7.6 million allocated to the Income and Unemployment program is included in the ANG 51.9 million used for general government liquidity. The reason for this is that *“the way this money was spent cannot be established, since these funds are part of the general budget”*.⁵⁴ There were no additional expenditures on health care in 2020, according to the ministry of Finance.

5.2 Trends

Spending on Income and Unemployment Support gradually increased, while spending on Business Payroll Support slowly declined (number of requests fell from 7,458 requests in May to 3,758 in December). Chart 1 presents the trend for monthly expenditures in 2020. We do not have any information as to the cause of this trend.

Chart 1: 2020 Spending on Business Payroll, Income- and Unemployment Support



5.3 Payment delays for business payroll support

The Ministry of Finance confirmed that the funding of the business payroll support has experienced delays. As a result, the December payment was scheduled to be completed in the first quarter of 2021. Because of the scope of this audit, we conducted no further investigation into the reason for the delay.⁵⁵ We received no evidence that a similar delay occurred for income and unemployment support.

⁴⁹ National Ordinance of July 5, 2021, amending the National Budget Ordinance 2020 and the Pension Regulations for Political Authorities.

⁵⁰ Ministry of Finance, email dated August 27, 2021.

⁵¹ Idem.

⁵² Presentation by the Minister of Finance to the Parliament, dated March 29, 2021.

⁵³ Ministry of Finance, email dated August 27, 2021.

⁵⁴ Idem.

⁵⁵ Information from the Ministry of Finance, email dated August 27, 2021.

6 AREAS OF INTEREST

- I. Improvement of reporting on actual expenditures for SSRP components. The spending on the income- unemployment support programs is not itemized. Information on the expenditure of ANG 51.9 million is not available according to the Ministry. For the sake of clarity, the amounts from the SSRP should be fully listed in the numerical record of the budget (*getallenboek*).
- II. The trends emerging from (publicly available) information. For example: an increase in expenditure on income and unemployment while expenditure on the business payroll support program declines.
- III. Possible causes behind the trends. With analysis, insight may be possible about the effectiveness of the entire program as well as the likely impact trends may have on the (social) economy (unemployment, bankruptcies, etc.).
- IV. The number of appeal cases filed and processed. Collecting data can shed light on the ease of meeting eligibility requirements (are there any bottlenecks)?
- V. Delay in dispensing business payroll support. An analysis can be insightful about delays and the consequences thereof on business payroll support.
- VI. Unclear roles. In practice, the roles of the Minister of Finance and the Minister of VSA remained unclear to us. After all, the Minister of VSA is accountable to Parliament for SZV, and the director of SZV is accountable to the Minister, in accordance with Article 18 of the National Ordinance USZV. However, in practice SZV provides monthly reports to the Minister of Finance. In addition, the Minister of Finance (and not the Minister of VSA) provides monthly reports to the Cft on the implementation of the recommendations resulting from the audit of SZV.
- VII. Improving the provision of information by the Minister of Finance and the Minister of VSA. The Netherlands is expected to receive at least three different progress reports each month; whether these are shared among local stakeholders is unknown.

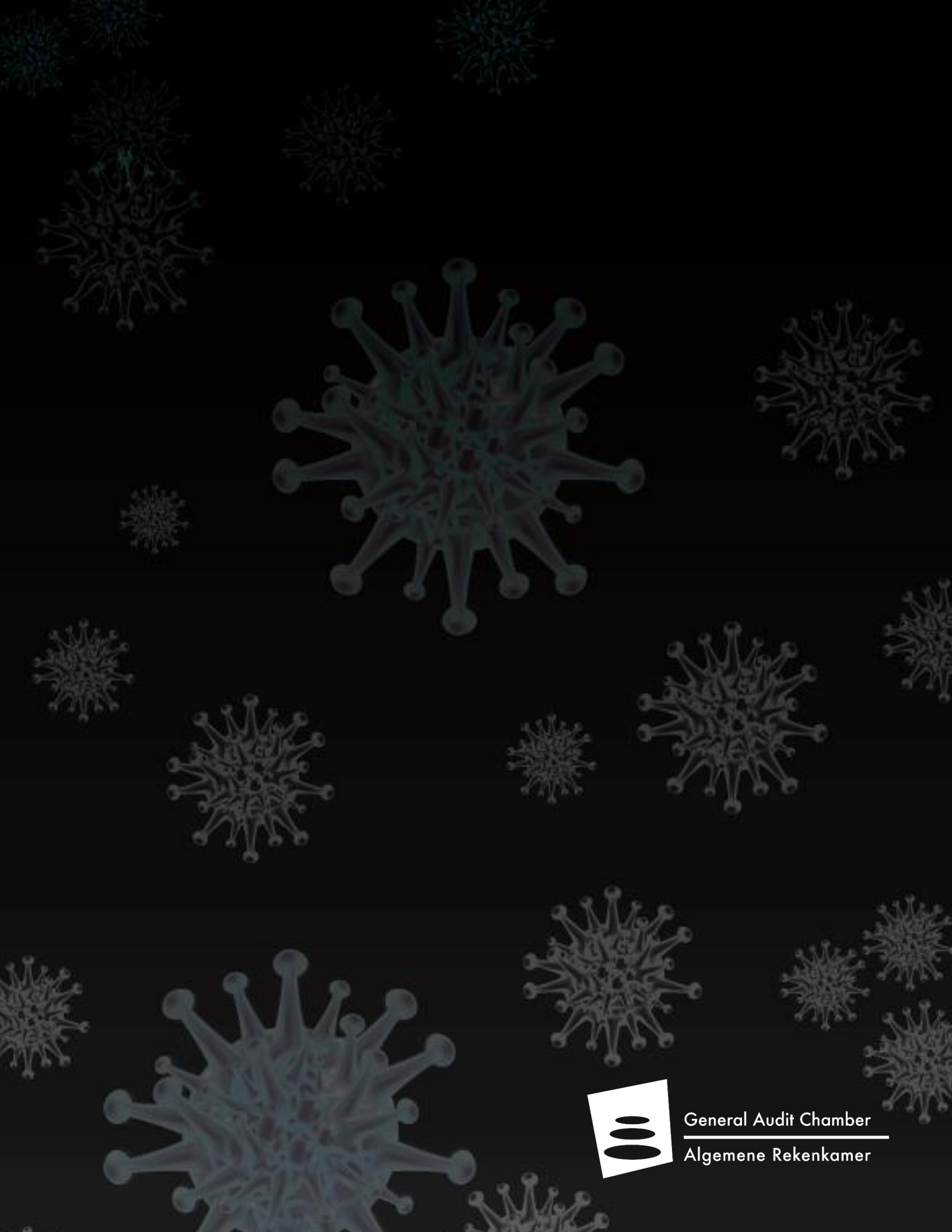
7 EPILOGUE

On December 3rd, 2021, in accordance with our audit protocol we provided the Minister of Finance and the Minister of VSA the possibility to comment on this report. We indicated in our letter that if no reaction was forthcoming, it would be considered that the involved parties chose to not use this opportunity. At that point, the report would be made definitive. We did not receive a response.

A similar opportunity to react was given to the Secretaries-General in an earlier phase. On November 5th, 2021, we received a response from the Ministry of Finance consisting of new information. However, our request for information was made in June 2021. The new information led to a change to the content of the report. This is because we were not aware that, in addition to accountability requirements set out in national regulations, supra-national agreements had been made with the Kingdom Council of Ministers regarding accountability and the provision of information. As a result, additional interviews were conducted (among others with the secretariat of the Board of Financial Supervision) and we question the provision of information to important stakeholders, such as the General Audit Chamber and consequently the Parliament and the public.

The Ministry of VSA has not supplied us with any information, even though the Temporary Regulation on payroll support explicitly stipulates that the General Audit Chamber will perform a subsequent audit. Obviously, it is very important that each party involved supplies the information we require to be able to carry out the desired audit. In fact, an obligation to supply information requested by the General Audit Chamber is a statutory requirement for an audit.

We sincerely hope that the Ministers and their respective ministries will comply more fully with this legal obligation during a subsequent investigation.



General Audit Chamber

Algemene Rekenkamer