



General Audit Chamber

Algemene Rekenkamer

ANNUAL REPORT 2016

SINT MAARTEN



June 2017

Contents

Foreword	3
1. General.....	4
1.1. Overview	4
1.2. The activities of 2016.....	4
2. The Institution	5
2.1. Position of the Institution	5
2.1.1. Authorities and tasks of the General Audit Chamber.....	5
2.2. Approach	5
2.3. Organization.....	6
2.4. Relationships & Cooperation	6
3. Operations	8
3.1. Human Resources	8
3.2. Audit activities.....	8
3.2.1. Compliance Audit: Financial Statements APS 2014.....	8
3.2.2. Compliance Audit: 2015 Financial Statement of Sint Maarten	9
3.2.3. Administrative Appointments	10
3.2.4. Personnel Expenditures of the Ministry of Justice	11
3.3. Advices/Notifications.....	12
4. Financial Reporting	13
4.1. Budget 2016.....	13
4.1.1. Budget Realization 2016	13
4.1.2. Restatement of realized expenditures for 2015.....	13

Foreword

The principle of separation of powers is embedded in our Constitution. Simply stated, the system foresees in entrusting separate bodies of government with legislative, executive and judicial powers. Our system is also imbued with checks and balances which guarantee that power and authority is not concentrated in the hands of specific individuals or groups. To ensure this system functions, these principles are codified into rules and regulations.

Where do we fit in? What is expected of the General Audit Chamber? In a perfect world, the General Audit Chamber would maintain a synergetic relationship with Parliament, the body to which we report. Though both Parliament and the General Audit Chamber are separate, autonomous institutions, they both support the existence of effective government. Parliament has a critical role in our system; it provides oversight of the executive branch. The effectiveness of Parliament's supervision is increased when the audits of the General Audit Chamber are used.

The General Audit Chamber's ability to support and promote effective government is enhanced when we can present and discuss important audit results, that in turn stimulates Parliament and government to take the required actions to correct shortcomings.

While we recognize that no situation is ideal, we are becoming increasingly concerned about the lack of urgency in addressing the deficiencies within the public sector, and specifically public finance. Although we have repeatedly reported about the lack of legal compliance and financial shortcomings in financial statements and financial-management, we detect no noteworthy improvement. While plans to address weaknesses or deficiencies are drafted by government, the implementation is found wanting.

In 2016, we were forced to deal with a worrisome phenomenon; one that we hope will not become standard practice. We refer to the lack of cooperation and/or refusal to provide adequate information to the General Audit Chamber. During two separate audits, our requests for information were either ignored or the provision of documentation was delayed, inadequate, or both.

No group or individual enjoys having their work checked. However, there can be no improvement without change. Our job is to identify where changes is needed. When attempts are made, deliberate or otherwise, to constrain our ability to conduct our Constitutionally mandated task, the system of checks and balances is disrupted. There is more at stake than an audit; without proper oversight, our system of democratic government can become compromised and the public trust will weaken.

The challenges of the public sector are not insurmountable if a concerted effort is made to address them jointly and actively.

Ronald C. Halman, MBA
Chairman

Joane Dovale-Meit, MA
Secretary-General

1. General

1.1. Overview

The General Audit Chamber is required by law to submit an annual report concerning its activities of the previous year, to the Governor and the Parliament prior to July 1st.¹ The annual report must also include a review of the significant information arising from audits.

Information contained in our report can be used by Parliament in support of their supervision of the activities of government.

Our annual report reviews the period from January 1st, 2016, up to and including December 31st, 2016.

1.2. The activities of 2016

What did we accomplish in 2016? In chapter 2, we present details about our institution including our tasks and authorities. The operational activities for fiscal year 2016 are summarized in Chapter 3, along relevant updates related to our recommendations and findings. We also provide a brief review of institutional developments in Chapter 3. We conclude our report with financial information in Chapter 4. The information includes a discussion of the budget realization for fiscal year 2016. We also provide a restatement of the results of fiscal year 2015.

¹ National Ordinance General Audit Chamber, article 38.

2. The Institution

2.1. Position of the Institution

The General Audit Chamber is the institution that examines the compliance (financial and legal) and the performance (effectiveness and efficiency) of public expenditure.² How the General Audit Chamber carries out the tasks, and the way the institution is organized, is stipulated by law.³

2.1.1. Authorities and tasks of the General Audit Chamber

The General Audit Chamber is autonomous in terms of the way we conduct our work. This affords the institution a degree of flexibility as it carries out its investigations of government activities (in the broadest definition of the word). In addition, the General Audit Chamber is imbued with certain rights, for example, the authority to access information.⁴

We engage in several types of investigation. These are:

- The **compliance audit**: the compliance audit deals with the extent to which the rules, laws and regulations, policy, established codes or agreed upon terms, are followed.
- The **financial audit**: by auditing financial statements, we carry out an assessment of financial transactions and information as reflected in the annual accounts prepared by the responsible public entities. For example, we review the financial statements of the country.⁵ We also audit the General Pension Fund of Sint Maarten (APS).⁶
- The **performance audit**: this type of investigation considers broader management issues within government organizations or programs. We investigate whether the services or procedures in question are achieving their objectives effectively, economically and efficiently. To put it simply, we evaluate whether there is "value for money".
- The **integrity audit**: the objective of this form of investigation is to review the administrative integrity of political or civil service officials in the execution of their functions and authorities. Integrity demands knowledge of, and compliance with, both the letter and the spirit of the written and unwritten rules.

Some of our work is legally mandated. For example, the National Accountability Ordinance requires that government issue the annual financial statements to the General Audit Chamber for review. Other investigations can be determined at the discretion of the General Audit Chamber, for example, topics related to integrity. The scheduling of any given audit is dependent on the complexity and scope of the subject matter. Despite our authority to conduct audits, we rely on the cooperation of the subjects of the audit, and the availability of information. Unfortunately, cooperation and access to information proved challenging in 2016. Several of our audits in 2016 were impacted by the lack of information and poor cooperation from ministers and ministries. This issue is addressed in Chapter 3.

The results of our investigations are presented in audit reports which, after submission to Parliament, are made available to the public. In our published reports, we always include our findings and when appropriate, we provide recommendations that can be used to address any shortcomings identified by the audit. Our reports are meant to facilitate Parliament in carrying out its supervisory task of government. The General Audit Chamber is also allowed to provide unsolicited advice to ministers or Parliament. These advices allow for remedial action to be taken. Inaction after an advice is issued may lead to further investigation by the General Audit Chamber, and issuance of a report to Parliament that will become public.

2.2. Approach

Our main task is the review of public income, expenditure and policy. Our focus is accountability. For the mandatory audits, the subject matter is specified by law. The choice of topic for the discretionary audits are determined after careful consideration of, among others:

² Constitution of Sint Maarten, article 74.

³ National Ordinance General Audit Chamber.

⁴ Idem, article 26.

⁵ National Accountability Ordinance, article 53, paragraph 3.

⁶ National Ordinance General Pension Fund, article 18, paragraph 10.

- the financial, social and environmental impact;
- the urgency;
- our capacity to do the work; and
- the ability to cover a variety of government programs and organizations.

2.3. Organization

The governance of our institution is as follows; there is a three-person board, consisting of a chairman and two members. The law allows for deputy members to ensure there is continuity within the board.⁷ At present, two deputy members serve on the board.

In 2016, the board consisted of the following persons:

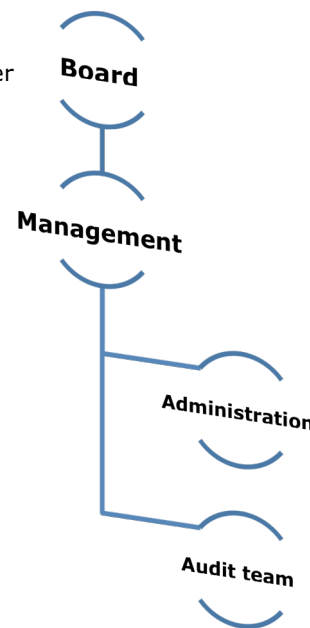
- Mr. Ronald Halman, chairman
- Mr. Mark Kortenoever, vice chairman & member
- Mr. Alphons Gumbs, member
- Mr. Daniel Hassell, deputy member
- Ms. Sheryl Peterson, deputy member

Based on our Rules of Order, the board normally meets once every two weeks. In 2016, the board convened 18 times.

The daily operations of the General Audit Chamber are managed by the Secretary-General, who is responsible for a team of administrative and audit professionals.

Our staff in 2016 consisted of 5 full-time persons; two auditors, a legal advisor, a head of administration and the Secretary-General. The audit team was supplemented with a part-time chartered accountant (in Dutch: *register-accountant*).⁸

For each fiscal year, we draw up an annual work plan that includes both operational activities as well as a program of audits.



2.4. Relationships & Cooperation

The General Audit Chamber maintains relationships with persons and organizations within the public sector and cooperates with colleague audit institutions.

The following is a summary of the contacts in 2016:

- During a visit to Sint Maarten in January 2016, a delegation from the First Chamber of the Dutch Parliament paid a courtesy call to the General Audit Chamber.
- In January, the General Audit Chamber met with the Minister of Public Health, Social Development & Labor, the Minister of Public Housing, Spatial Planning, Environment & Infrastructure, the Minister of Finance, and the Minister of Education, Culture, Youth & Sports, during separate introductory meetings.
- Similar meetings were held in February with the Prime Minister and the Minister of Tourism, Economic Affairs, Traffic & Telecommunication.
- We maintained contact with our colleagues at the Bureau Ombudsman, the Council of Advice, the Board of Financial Supervision (hereafter: Cft), the Law Enforcement Council and the SOAB throughout the year. The General Audit Chamber was represented at the annual Financial Management workshops organized by the Board of Financial Supervision in February.
- In April, a delegation from the Dutch Ministry for Interior and Kingdom Affairs paid our institution a visit.
- Late in April, we appeared before Parliament. During a Central Committee meeting, we presented our proposed budget for 2017.
- In May, the chairman of the General Audit Chamber attended the



⁷ National Ordinance General Audit Chamber, article 2.

⁸ Book 2: Civil Code, article 121, paragraph 6.

Congress of CAROSAI (Caribbean Organization of Supreme Audit Institutions) which was held in Suriname.

- A first introduction with the representative of the Netherlands in Philipsburg (VNP) was held in early August.
- Throughout the year, members of staff attended various lectures, workshops and presentations organized by Government and advisory bodies to stay abreast of developments within the public sector.
- As part of the orientation week for the newly elected members of Parliament, we provided a presentation regarding the General Audit Chamber, including a review of the subject of objection and discharge. The presentation took place in November 2016.



3. Operations

In this chapter, we report on the activities related to the operation of the General Audit Chamber.

3.1. Human Resources

The function book of the General Audit Chamber includes a human resource complement of eight (8) FTE's⁹. Staffing levels at the end of 2016 are shown in the adjacent table.

Early in the year, one auditor resigned, thus reducing our staff as compared to the previous year. The training program for the year was impacted by the loss of an auditor; the workload was adjusted. In addition, external audit capacity was used for an audit project to meet the 2016 work program.

General Audit Chamber 2016	
Function	Status
Secretary-General	Full time
Auditor (2x)	Full time
Legal Advisor	Full time
Chartered Accountant	Part time
Head of Administration	Full time
Administrative Officer	Vacant

Our part-time (on demand) chartered accountant (*Register Accountant*) continued to support the execution of audit work in 2016.

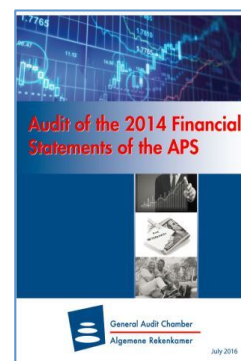
3.2. Audit activities

In 2016, we performed financial, compliance and integrity audits. This work is summarized below.

3.2.1. Compliance Audit: Financial Statements APS 2014

With this report, we presented the results of our review of the financial position of the General Pension Fund (hereafter: APS) as of December 31, 2014. The General Audit Chamber presented its judgement as to whether the financial statements provided a true and fair representation of the Fund, if the APS was compliant with applicable laws and regulations and, the manner of implementation of the governance, compliance and risk management at the Fund. We also provided an assessment of the Asset Liability Management Study conducted by APS.

The report also provided participants of the APS with information about the challenging situation the Fund faces.



The following are the most significant findings resulting from our investigation:

Participant Administration

No auditor's reports issued by external auditors were available from participating organizations. The General Audit Chamber, in a previous publication, recommended the issuance of auditor's reports because we believe that the reports would provide more certainty about the accuracy and completeness for the data recorded in the participant administration. It is our opinion, that if uncertainty exists about the participant administration, then there is also uncertainty about the ability of the Fund to meet future pension obligations.

Coverage Ratio

At the end of 2014, the coverage ratio of the General Pension Fund reached a low point since the inception of the Fund, specifically, 97,6%. The coverage ratio at the end of 2013 was 101,4%. At the end of 2014, the APS was not able to fully cover their future liabilities with their existing assets. This means that there is uncertainty whether the Fund will be able to pay 100% of the participants' future pensions.

⁹ Full-time equivalent: sometimes abbreviated as FTE, is a unit to measure employed persons in a way that makes them comparable although they may work a different number of hours per week. An FTE of 1.0 is equivalent to a full-time employee, while an FTE of 0.5 signals half of a full work load.

Claims

We found that APS's claim against Government increased by a substantial amount in 2014. The claim increased to ANG 80,8 million as compared to 2013 (ANG 68,1 million).¹⁰ In addition, APS reported a claim against the General Pension Fund of Curaçao in the amount of ANG 26,3 million. Because of these claims, the General Pension Fund had fewer funds available for investment in 2014.

Pension Premium

The General Audit Chamber has consistently reported that the collection of the pension premium is lower than the legal requirement. In 2014, we once again established that the APS collected a pension premium of 22% instead of the compulsory 25%. In total APS had fewer funds available for investment as of the end of 2014, specifically ANG 17,1 million.

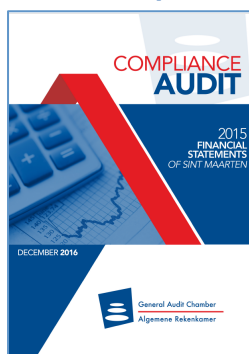
Asset Liability Management Study (ALM study)

The APS conducted an ALM-study¹¹ in 2014, to provide their board with a better understanding whether the current pension scheme is and will remain, affordable. We determined that the ALM-study provided the desired insight, however, we cautioned that a single study cannot be used as the sole basis when making decisions about the future of the Fund. Changes to the pension scheme should not disadvantage the participants of the Fund.

Based on our findings, we issued a disclaimer of opinion regarding the true and fair view of the financial position as of December 31, 2014, and the 2014 financial results of the General Pension Fund. The financial position of the APS is worrisome.

Our recommendations focused on improving the reliability of the participant administration to provide more surety regarding the accuracy and comprehensiveness. We recommended that the APS develop a plan aimed at achieving a healthy coverage ratio of at least 105%, and that APS take steps to collect the outstanding claims.

3.2.2. Compliance Audit: 2015 Financial Statement of Sint Maarten



Our report was completed on December 30th, 2016, and submitted to Parliament on January 5th, 2017. The 2015 Financial Statement was presented to us on November 4th, 2016. As was the case in previous years, we presented our findings on the financial statement within the required timeframe.

Our audit represents the fifth review of Government's financial statement. The results were disappointing. We found that government has still not managed to present a solid and auditable financial statement; the adverse opinion issued by government's accountant (SOAB) supports our conclusion. We believe that Parliament must be more active and be willing to address the responsible minister(s) regarding the lack of progress. This is a serious conclusion and should not be taken lightly. The lack of improvement in the financial-management negatively impacts government. Improvement will, in our opinion, only take place when both ministers and Parliament assume their respective responsibilities.

The following summary of our findings bear out our concern.

Chronic non-compliance

We reviewed whether the 2015 Financial Statement was drafted in compliance with the National Accountability Ordinance. As was the case with previous financial statements, the 2015 Financial Statement failed to meet the requisite legal standard.

The explanation provided with the financial statement did not correspond with the budget. The 2015 Financial Statement therefore failed to provide complete accountability, and consequently does not provide proper insight about how public funds were used.

¹⁰ *Financial Statements Algemeen Pensioenfonds Sint Maarten for the period ended December 31, 2014*, page 48.

¹¹ This is a study that provides insight into the future developments of the pension fund.

Budget 2015

Secondly, we found that income and expenditures for 2015 were based on a budget ordinance that, in our opinion, did not go into effect. The issuance of a negative advice by the Cft on the 2015 Budget necessitated a budget amendment. Such an amendment was never adopted, and, in our opinion, the 2015 Budget never formally entered into force.

The 2015 Financial Statement contained several legal compliance errors: expenditures were done while funds were not made available, and income was not realized as budgeted. This means that actions were taken contrary to rules and regulations. An example of this is the budget overrun for personnel expenditure.

Poor financial-management

As was the case in previous years, we found shortcomings in government's financial-management. We agreed with the adverse opinion issued by the SOAB for the 2015 Financial Statement.

Permits

In addition to our review of the financial statement, we evaluated the work- and residence permits. We analyzed whether the actual income from these permits was in line with budget estimates. For the work permits, we found that there was a chronic shortfall in terms of actual income as compared to the budget. In our opinion, the cause is due to overly optimistic budgeting.

The situation with the residence permits was more nuanced. In 2014, the income derived from residence permits fell short of budget estimates. In 2015, a year later, the budget estimate was adjusted downward resulting in the income from residence permits exceeding the budget estimate. The method used for preparing budget estimates remains unclear. A financial statement should provide clear explanations for deviations between the budget estimates and actual income and expenditures.

We also noted the scarcity of information regarding the progress about the plans that have been developed to remedy the shortcomings of the financial statements and government's financial-management. Since we found minor improvement during our audit, we conclude that there is still much work to be done. In his reaction to our report, the Minister of Finance acknowledged the shortcomings but indicated that rectifying the deficiencies would take time; the minister promised a financial statement in compliance with the National Accountability Ordinance in 2019, possibly earlier. The General Audit Chamber intends to monitor the proposed schedule closely.

3.2.3. Administrative Appointments

In 2016, we once again chose to address the topic of integrity. The General Audit Chamber conducted a review of "Administrative Appointments", in which we reviewed supervisory board member positions (or similar functions) from 2014 going forward. In conducting this investigation, we focused on the actions of the respective minister responsible for appointments.

Need for transparency

The minister representing a government entity is one of the responsible parties (if not the most important party), and must - always - be able to provide insight into the appointment process. Political appointments, conflicts of interest and dishonest acts should be avoided. The objective should be the placement of the most qualified persons in suitable positions. This is particularly necessary in the case of government-owned companies that manage and/or are worth millions of guilders. Entities of major economic and strategic value should not be allowed to negatively impact the country's finances, especially considering government's precarious financial situation. Compliance with regulations related to effective business practices, transparency and integrity, is therefore essential.

The Country has legislation at its disposal for the promotion and achievement of effective business practices. Despite the existence of this framework, we found that:

1. there is little, if any, transparency concerning the appointment procedure;
2. politically motivated appointments are possible;
3. supervisory board members are often involved in important decision-making; and
4. security screenings are not applicable for supervisory board members.



The lack of transparency is worrisome. We believe that integrity (and therefore the transparency of the actions of the minister) is a prerequisite for confidence in government.

Cooperation

It is also important to note that we were confronted with a troubling situation during this audit. Specifically, obtaining cooperation and information. We requested information from ministers regarding the names of members of supervisory boards (or similar bodies). Despite repeated requests, deadlines for the submission of information were often exceeded, or even ignored. To complete our work, we obtained the information through other means, such as through interviews and from public sources (for example: Chamber of Commerce and publicly available annual reports).

The less-than-optimal cooperation was also evident during the consultation phase of the audit. Ministers were asked to verify the findings stated in the draft report. We received a response from a single minister.

3.2.4. Personnel Expenditures of the Ministry of Justice

The 2015 Financial Statement of Sint Maarten includes information about the personnel expenditure of the Ministry of Justice. Specifically, the financial statement reports overruns of several million guilders.¹² There were signals of budgetary excesses at the Ministry of Justice prior to the issuance of the 2015 Financial Statement. We announced (in writing) our intention to conduct an audit of the personnel expenditures for fiscal year 2015. The General Audit Chamber informed the Ministry of Justice of the audit on June 7th, 2016. Along with our announcement, we requested pertinent information to start our work. We also formally requested the cooperation of the Minister and his ministry, in keeping with article 26 of the National Ordinance General Audit Chamber.

The cooperation, or more accurately, the lack thereof, was striking. The Ministry of Justice provided, despite frequent and repeated requests, few of the requested documents. The behavior of the ministry undermines the authority of the General Audit Chamber as an audit institution. Various supporting documents which we requested based on interviews conducted with staff, including the Minister, remain pending. Because of the lack of cooperation, we stopped requesting documentation in October 2016.

The similarity of this situation, with the challenges mentioned in section 3.2.3, i.e. lack of cooperation and failure to provide information, is not lost on us. We wonder if this *modus operandi* is becoming a standard practice throughout government. This is a grave concern, particularly in cases or at ministries or departments that are not compliant with financial and legal standards.

The General Audit Chamber has a constitutional task to review the legitimacy and effectiveness of public income and expenditure. To this end, the institution is entitled (by law) to demand, and thus receive, all information and documentation necessary to conduct its work. Cooperation from ministers and civil servants is expected. To do otherwise is to undermine the authority of the General Audit Chamber, and by extension, limit the oversight of Parliament. Without information, we cannot adequately execute our investigations, nor properly facilitate Parliament with reports regarding the legitimacy and efficiency of the use of public funds.

Considering the paucity of information from the Ministry of Justice, we issued an advice to the Minister of Justice based on our preliminary findings. The advice was issued to the Minister in February 2017. To date we have not received any reaction from the Minister of Justice.

Given that the Minister of Justice has been made aware of the situation, we expect that he will take the necessary steps to address the situation at his ministry. Specifically, the Minister of Justice must see to it that his ministry is organized in compliance with legislation, complies with budgetary limits, and provides an accurate and complete account of its income and expenditure.

We reserve the right to make the advice available to Parliament in the event the situation at the Ministry of Justice remains unchanged.

¹² 2015 Financial Statement of Sint Maarten, Template 18, account of income and expenditure per function, part 6/12.

3.3. Advices/Notifications

Advices to Government

In January, the General Audit Chamber received requests for advice, as part of the procedure for appointment of ministers, from the Prime Minister for five ministers.¹³ The General Audit Chamber provided advice to the Prime Minister¹⁴ regarding “*commercial interests, secondary positions and secondary activities are undesirable in the interests of proper performance of the office of minister or the preservation of the impartiality and independence, or of confidence therein*”.

We also received a request from the Vice Chair of the Council of Advice in January regarding the procedure for appointment of the Prime Minister.

The General Audit Chamber did not receive any subsequent requests from the Prime Minister nor from the Vice Chair of the Council of Advice in 2016. Normally such requests are expected following an election cycle.

After assessing the development of government’s personnel expenditures, we notified the Minister of Finance in February 2016, of our findings. We wanted to provide him with insight about developments in the personnel expenditure and staff size for the period 2011 through 2014. We reported that the growth in personnel expenditure did not correlate with the growth in the number of employees based on the data contained in the financial statements. Official documents do not provide an explanation for this phenomenon, and as such, we felt it was important to bring the matter to the attention of the Minister. We have not received a reaction from the Minister regarding our notification.

We also issued an advice to the Minister of General Affairs in February 2016, regarding an assessment of the content of government’s personnel files. We conducted the assessment as a follow up to our audit in 2011. We noted that personnel files did not always contain essential information. We found that there is a lack of clarity among departments regarding who is responsible for personnel files. Files were maintained in multiple locations, which is not efficient. There has been no reaction from the Minister about our notification.

Advices to Parliament

In November 2016, the General Audit Chamber issued an advice to Parliament on the topics of objection and discharge. We carry out audits throughout the year, including the review of the financial statement of the Country. If during an audit, we identify legal nonconformity or shortcomings, we can issue an objection. Issuing an objection means that the identified facts are serious and/or long-lasting. The consequences of the objection, including as this relates to Parliament’s granting of discharge, are explained in the advice.

Ministers give account for their policy and operational management in the financial statement of the Country. The financial statement must provide insight into how funds were spent and whether objectives were achieved. In addition, the information must be clear so that the legal compliance can be determined.

We recommended that Parliament use the advice as a reference document when dealing with an objection, and when handling the financial statements of Sint Maarten.

Other advices

Based on the National Ordinance Registration and Finances Political Parties¹⁵, the General Audit Chamber is tasked with the review of the financial reports submitted to the Electoral Council by political parties. We did not receive requests from the Electoral Council to review financial reports in 2016.

¹³ National Ordinance Promotion of integrity of ministers (*Landsverordening integriteitsbevordering ministers*), AB 2010, GT no. 22.

¹⁴ *Idem*, article 3, paragraph 2.

¹⁵ National Ordinance Registration and Finances Political Parties, article 29.

4. Financial Reporting

In the following section, we provide an overview of the use of our budget for the year 2016.

4.1. Budget 2016

The Chairman is responsible for the financial-management of the institution.¹⁶ Limited financial-management authority was mandated to the Secretary-General for the conduct of normal operations for which reports were presented to the Board on a quarterly basis in 2016.

Our overview of the budget realization for 2016 is based on unaudited financial information. Moreover, information regarding payments executed by the Ministry of Finance on behalf of the General Audit Chamber is, at the time of this writing, not readily available due to ongoing technical problems with the ICT-systems at that ministry.

4.1.1. Budget Realization 2016

The expenditure for 2016 fell short of budget estimates. In previous years, budget realization was at least 80%. For 2016, based on the financial data at our disposal, we depleted 65% of the available budget. This equals and underutilization of ANG 770,166. These results are subject to change based on the availability of audited statements.

Budget item (ANG)	Budget 2016	Actual Expenditure	Balance	Realization (%)
Personnel Expenditures	1,388,464	923,564	464,900	67
Remuneration Board	145,000	133,350	11,650	92
Material costs, goods & services	691,096	397,480	293,616	58
Total	2,224,560	1,454,394	770,166	65

Lower personnel costs were impacted by the departure of one of the auditors. That position was not filled in 2016. The reduced staffing indirectly affected other budget items, for example, training and travel. There was less expenditure for both items in 2016. In addition, due to the challenges we experienced in the conduct of the audit at the Ministry of Justice (see section 3.2.4), the investigation was put on hold and the expected expenditure related to this project did not take place. Utility costs were also lower than budget estimates in 2016. We consider the latter a welcome savings. The financial results of 2016 will be considered during future budget exercises. We strive to improve the accuracy of our estimates and efficiency of our spending.

4.1.2. Restatement of realized expenditures for 2015

Our annual reports are issued prior to the availability of financial audited financial statements from Government. Based on the audited financial statement for the fiscal year 2015, the expenditure of the General Audit Chamber is lower than reported in our 2015 Annual Report. Specifically, the expenditure is ANG 24,000 less than reported, resulting in a variance of 1,5%.

We do not consider this variance to be material.

Budget item (ANG x 1000)	Budget 2015	Reported Expenditure	Audited Expenditure	Difference	Variance (%)
Total	2,005	1,625	1,601	24	1,5



¹⁶ National Ordinance General Audit Chamber, article 49, paragraph 2.