



General Audit Chamber  
Algemene Rekenkamer

# ANNUAL REPORT 2017

SINT MAARTEN



June 2018



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## Preamble

Adversity, though not sought or desired, is a reality. The natural catastrophe which occurred last September, represented a formidable test for the General Audit Chamber in fiscal year 2017. Besides the operational challenges related to conducting high quality investigations, we were confronted with the relocation and re-establishment of our offices. Restoration of our physical facilities continued into the first quarter of 2018. Though damage to our facilities required changes to our audit plans for 2017, of equal influence was the storm's impact on government operations. Government services and functions were severely impacted, and we understand the need to shift priorities. This reality led to an amendment of our audit schedule. The failure of Government to present the Financial Statement 2016, however, is disappointing. By law, the financial statement is expected to be drafted by September 1<sup>st</sup>. In other words, drafting of the financial statement should have been in the final stages prior to hurricane Irma's impact. Moreover, the Minister of Finance had previously indicated that the process was on schedule. Accountability regarding the public finances is essential for proper financial management and delays in the preparation of financial statements are unfortunate, particularly considering the backlog in terms of the presentation of the draft ordinances for adoption of the 2013, 2014, and 2015 financial statements. Compliance with requirements of the financial cycle remains uncertain.

Despite the disruption caused by hurricanes Irma and Maria, we were able to complete several reports in 2017. Where delays were inevitable, we were able to complete audit activities and subsequently publish early in 2018. The recovery efforts during the last quarter of 2017, were very time and labor intensive, but contributed to the return of operational capability prior to the end of the year.

The continuity of service at the General Audit Chamber is due to coordinated efforts of our staff, who worked together in the interests of a common cause. We commend their resilience in the face of personal and professional challenges. The ability to turn adversity into opportunity, to rebuild that which is broken, and improve that which is deficient, is our lesson from 2017.

**Ronald C. Halman, MBA**  
Chairman

**Joane Dovale-Meit, MA**  
Secretary-General

## **1. General**

### **1.1. Overview**

Parliament and the Governor receive an annual report from the General Audit Chamber prior to July 1<sup>st</sup>.<sup>1</sup> In this report, the General Audit Chamber describes the activities of the previous year and reviews the significant information arising from its investigations.

The annual report also serves as a source of information that can be used by Parliament in support of their supervision of government.

Our annual report reviews the period from January 1<sup>st</sup>, 2017, up to and including December 31<sup>st</sup>, 2017.

### **1.2. The activities of 2017**

The year 2017 was a challenging one, and its impact will extend well into the future. This annual report describes both the core business conducted in 2017, as well as the actions taken to contend with the natural disaster that befell the island in September. First, we present the details about our institution in chapter 2. This includes the scope of our tasks and authorities as the supreme audit institution for St. Maarten. In the following chapter, we summarize the operational activities for fiscal year 2017, and where appropriate, we present updates regarding audit recommendations and findings. Because of the unusual challenges faced in 2017, chapter 3 includes a description of the recovery operations required to insure the continuity of the institution. Chapter 4 contains the financial performance and includes a description of expenditures related to relocation and re-establishment of operations. As is customary, in our annual report, we review and, as necessary, restate the results of the previous fiscal year 2016, based on audited financial statements. However, given the absence of an audited 2016 Financial Statement from government, that is not possible in this report.

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<sup>1</sup> National Ordinance General Audit Chamber, article 38.

## 2. The Institution

### 2.1. Role

We are the institution for St. Maarten that examines the compliance (financial and legal) and the performance (effectiveness and efficiency) of public expenditure.<sup>2</sup> The way we carry out the tasks, and the way we are organized as an institution, is stipulated by law.<sup>3</sup>

#### 2.1.1. Authorities and tasks

To carry out our work, we are afforded a high degree of independence. This autonomy gives us the flexibility to carry out our investigations of government's finances. The General Audit Chamber has certain authorities, including the authority to access information.<sup>4</sup>

The investigations that we conduct include:

- **Compliance audits:** the compliance audit deals with the extent to which the rules, laws and regulations, policy, established codes or agreed upon terms, are adhered to.
- **Financial audits:** we assess financial transactions and information as reflected in the financial statements prepared by the responsible public entities. For example, we review the financial statements of St. Maarten<sup>5</sup>, and we also audit the General Pension Fund of St. Maarten (APS).<sup>6</sup>
- **Performance audits:** these investigations consider broader management issues within government organizations or programs. We study whether the services or procedures used by government achieve the expected objectives in an effective, economical and efficient manner. These audits review the "value for money".
- **Integrity audits:** integrity demands knowledge of, and compliance with, both the letter and the spirit of the written and unwritten rules. As such, the integrity audit seeks to review the administrative integrity of political officials or civil servants in the execution of their functions and authorities.

While the General Audit Chamber is autonomous, we are obligated to conduct specific audits. The National Accountability Ordinance requires that government present the annual financial statements to the General Audit Chamber for review. Most other investigations are chosen at our own discretion. This allows us to look at a wide variety of topics related to public finance. How and when we conduct investigations depends on the complexity and scope of the subject matter we select. The common denominator for all investigations is information. We rely on, and expect the cooperation of, the audit subjects. Specifically, we require that information critical to the investigation is made available to us.

As we reported in previous years, cooperation and access to information can oftentimes prove challenging. In 2017, an additional challenge; destruction due to natural disaster, was present. Chapter 3 provides more detail on the matter.

Once we complete our investigations, we draw up reports containing the findings, as well as our conclusions and recommendations. The reports are submitted to Parliament, after which these documents become available to the public. Our reports are meant to facilitate Parliament in carrying out its supervisory task. The General Audit Chamber is also allowed to provide unsolicited advice to ministers and to Parliament. Our advisory memoranda allow the recipients to review shortcomings and to take corrective action. If no action is taken, we can choose to further investigate, which results in the publication of a report that can be made public.

### 2.2. Approach

We focus on accountability. We choose audit topics after careful consideration of several factors. For example, the:

- the financial, social and environmental impact;
- the urgency;

<sup>2</sup> Constitution of St. Maarten, article 74.

<sup>3</sup> National Ordinance General Audit Chamber.

<sup>4</sup> Idem, article 26.

<sup>5</sup> National Accountability Ordinance, article 53, paragraph 3.

<sup>6</sup> National Ordinance General Pension Fund, article 18, paragraph 10.

- our capacity to do the work; and
- the ability to investigate a variety of topics.

### 2.3. Organization

The General Audit Chamber is governed by a three-person board, consisting of a chairman and two members. The law allows deputy members to serve on the board, and these members guarantee continuity within the board.<sup>7</sup> In 2017, two deputy members served on the board.

Our board:

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

Normally, the board meets twice a month. The board met 15 times in 2017.

Our Secretary-General manages a team of administrative and audit professionals. The staff in 2017 consisted of 7 full-time persons; three auditors, a legal advisor, a head of administration and the Secretary-General. One of our auditors requested, and was granted, an unpaid leave of absence for one year. As such, there were 6 FTE's active at the General Audit Chamber in fiscal year 2017. The audit team was supported by a part-time chartered accountant (in Dutch: *register-accountant*).<sup>8</sup>

Our activities were guided by our annual work plan that included both operational activities as well as a program of audits. Due to the impact of the hurricanes in September 2017, this plan was amended to address the recovery situation.

### 2.4. Professional contacts

Cooperation with other audit institutions and relationships within the public sector continued, albeit on a limited basis, in 2017. The following is a summary of the contacts:

- Representatives of the General Audit Chamber attended the National Healthcare Conference organized by the Ministry of Health in the month of *January*. The proposed National Healthcare Insurance (NHI) was the theme of the event.
- In *March*, we presented the report Administrative Appointments (volume 1) to the Central Committee.
- Our Secretary-General attended a training course on Administrative Law, organized by the Council of Advice in *March*.
- A presentation was provided to the Central Committee regarding our Compliance Report on the Financial Statement 2015 in *May*, 2017.
- In *March* and again in *June*, a delegation from the Dutch Ministry for Interior and Kingdom Affairs visited our institution.
- The Central Committee of Parliament received a presentation on the Compliance audit report of the 2015 Financial Statement of St. Maarten in *August*. The report was issued to Parliament at the end of June.
- *August* was a busy month for our staff. Several training courses were held for new hires. The Secretary-General also attended a conference organized by GOVRISK in Curaçao.
- Early in *September*, we met the newly appointed chairman of the CFT, Mr. Gradus. Throughout the year, our staff met with members of the CFT and SOAB on topics of mutual interest.
- From mid-*September* to *October* 31, 2017, the SOAB provided temporary office space to the staff of the General Audit Chamber after the loss of our offices. We appreciate SOAB's hospitality.



<sup>7</sup> National Ordinance General Audit Chamber, article 2.

<sup>8</sup> Book 2: Civil Code, article 121, paragraph 6.

- The chairman and Secretary-General met with representatives of the World Bank, the VNG (association of Dutch municipalities) and the Dutch Mission for Reconstruction in *November* and *December* of 2017.



### 3. Operations

The activities related to the operation of the General Audit Chamber for fiscal year 2017 are presented in the following paragraphs.

#### 3.1. Human Resources

According to the approved function book of the General Audit Chamber, our staff complement is eight (8) FTE's<sup>9</sup>. The specifics regarding our staffing is shown in the table.

General Audit Chamber 2017	
Function	Status
Secretary-General	Full time
Auditor (3x)	Full time
Legal Advisor	Full time
Chartered Accountant	Part time
Head of Administration	Full time
Administrative Officer	Full time

Two new staff members joined the General Audit Chamber in 2017. One auditor and an Administrative Officer. An staff member (auditor) requested, and was granted an unpaid leave of absence for one year. Training for staff was limited in 2017, particularly after September. The work plan for 2017 was amended in October, to address the relocation and recovery activities due to the loss of our office facilities.

Our part-time (on demand) chartered accountant (*Register Accountant*) continued to support the execution of audit work in 2017.

On request of the Prime Minister, our Secretary-General, briefly chaired the Work Group National Recovery Plan for St. Maarten. From mid-September until the end of October 2017, the Secretary-General's time was divided between the work group and the recovery effort of the Audit Chamber. However, the workload and the assignment to develop a plan for St. Maarten, was deemed by the Board of the Audit Chamber to be incompatible with the main responsibility of the Secretary-General. After drafting and presenting the Interim Report, the Secretary-General left the work group to dedicate 100% of her time to the recovery of the General Audit Chamber.



#### 3.2. Post Irma recovery

On September 6, 2017, a category 5 hurricane, named Irma, made a direct landfall on St. Maarten. The damage due to the 185 mph winds, rains and storm surge was catastrophic. No segment of economy or the population group was spared. The General Audit Chamber's office space became uninhabitable. The roof of the building collapsed, and the contents were completely destroyed. Relocation was therefore unavoidable.

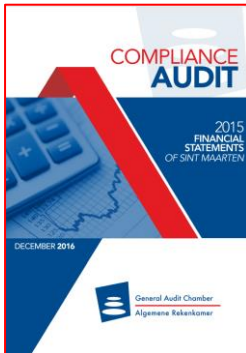
In the weeks following the storm, the process of submitting an insurance claim for the contents started. Temporary housing was provided by the SOAB until October 31, 2017, when the lease on a new location was finalized. Our new location is somewhat smaller in terms of office space, though the facilities have been refurbished and are optimized for operations. Though the original physical facilities were destroyed, the General Audit Chamber remained 'virtually' operational. The adoption of CLOUD-based systems in early 2017, sustained our business continuity and productivity. Part of the physical archive was lost, but the digital document management system allowed uninterrupted access to information. With internet connectivity, staff and management were able to work from remote locations, including the temporary SOAB facilities. In September and October, staff focused on the execution of the continuity plan and identified potential office locations. Once suitable commercial space was found in Philipsburg, the work of refurbishing started and audit activities resumed. Our new office is situated at Juancho Yrausquin Boulevard #10.

<sup>9</sup> 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.

### 3.3. Audit activities

In 2017, we completed a limited number of audits. Audit activity was interrupted from September to the November. The following is a summary of our activities.

#### 3.3.1. Compliance Audit: 2015 Financial Statement of St. Maarten



As mentioned in our last Annual Report, the audit of the 2015 Financial Statement of St. Maarten was completed on December 31<sup>st</sup>, 2016. The report itself was submitted to Parliament on January 5<sup>th</sup>, 2017. The Minister of Finance presented the 2015 Financial Statement later than legally required in 2016, and we worked very diligently to complete the investigation within the calendar year.

To recap our findings, we concluded that government was unable to present a solid and auditable financial statement; the adverse opinion issued by government's accountant (SOAB) supported our conclusion. As was the case with previous financial statements, the 2015 Financial Statement failed to meet the requisite legal standard. Moreover, we discovered several legal compliance errors, including expenditures not covered by available funds, and income that, while budgeted, was not realized. An example of this is the budget overrun for personnel expenditure. Another recurring theme included the shortcomings in government's financial-management.

As we received few reports regarding progress in remedying the shortcomings of the financial statements and government's financial-management, we concluded that there is still much work to be done.

In addition to our review of the financial statement, we evaluated work- and residence permits. 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 reason is due to overly optimistic budgeting. After five years of investigating the financial statements, we recommend that everyone (ministers and Parliament) carry out their respective task. If responsibility is not taken for the financial management, improvement will remain absent.

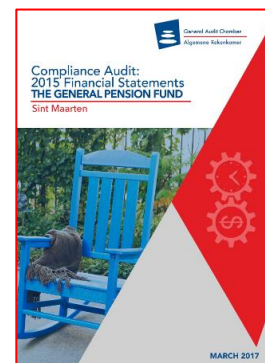
We should note, that at the time of the drafting of this annual report, financial statements for fiscal years 2013, up to and including 2015, have not been handled by the Parliament. In other words, for the years in question, Ministers have not been discharged of responsibility for the financial management. More critically, Government is not in compliance with the financial cycle that is part of the national accountability regulations of St. Maarten.

#### 3.3.2. Compliance Audit: Financial Statements APS 2015

Our investigation of APS, and the resulting findings, opinions and recommendations are meant to provide Parliament and the Minister of Finance, with information regarding the financial situation of the General Pension Fund. Our objective is to contribute to the improvement of the legal compliance and governance of the General Pension Fund in the benefit of all participants. As the report is public, the participants of the General Pension Fund are also informed of the situation in which the Fund finds itself.

##### *Pension obligation provision and participant administration*

One of the elements that we review is the participant administration. This element has our attention because it is critical for calculating the level of the pension obligation provision. The pension obligation provision is the amount that a pension fund must have to ensure that it can meet all future liabilities (pension to be paid) to its participants. We have investigated the Fund from its inception, and we reported that the General Pension Fund engaged in the cleanup of its participant administration from 2012. This clean-up was one of the actions necessary to ensure that basic data included in the participant administration was complete. We reported that these actions produced an increased confidence about the data in 2015, however, this is offset by the fact that data provided by the Fund's largest participating organization, i.e. Government, is neither accurate nor complete. Consequently, there is a possibility that the pension obligation provision, calculated based on this incomplete data, is also not accurate, nor complete. In other words, our concerns about the participant administration were not assuaged in 2015.



### *Uncertain claim*

Another long-standing issue relates the claim against the General Pension Fund of Curaçao. This claim increased to ANG 25,8 million as of December 31, 2015. The General Pension Fund Curaçao did not confirm the claim in writing. Thus, at the end of 2015, the uncertainty about the value of the claim remained unchanged.

### *Inadequate coverage ratio*

With a coverage ratio of 93,2%, the financial position of the General Pension Fund of St. Maarten was more worrisome in 2015 than in previous years. Based on that coverage ratio, the Fund was unable to fully cover the future pension obligation with available assets. The General Pension Fund maintains a standard which requires that existing assets cover at least 105% of future pension obligations. The Fund's internal standard has not yet been met. In addition, over the last two years, the Fund's coverage ratio (2015: 93,2% and 2014: 97,6%), remained below the minimum requirement of 100%, set by the Central Bank of Curaçao and St. Maarten. This means that in 2015, the Fund, as in the year before, was not able to fully cover their future liabilities using available assets.

### *Legal conformity, governance and compliance*

As of December 31, 2015, one of three board members completed a security screening. In addition, in 2015, the General Pension Fund, once again, invoiced a pension premium of 22% instead of the legally required 25%. Furthermore, the General Pension Fund experienced a negative return on its international investments of -3,07% in 2015 (2014: 3,96%). The level of return achieved fell below the Fund's internal requirement of between 7% and 11% for the international investments. In our reports regarding the 2012, 2013 and 2014 Financial Statements, we stated our reservations regarding the Fund's investment profile. We believe the investment approach is not consistent with the Fund's stated core values. Namely, minimizing financial risks. The General Pension Fund was working in 2017 to amend their investment policy.

Moreover, we noted, that in 2015:

- the board was not complete;
- the annual report of the Fund was not publicly available within two months after adoption of the financial statements.

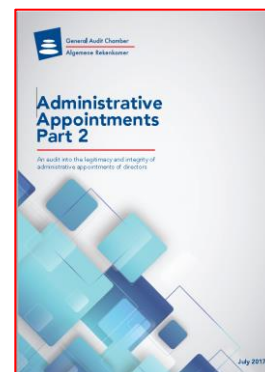
### *Our opinion*

Complying with legal requirements, especially regarding security screenings for all board members took too long. These requirements could have been completed in 2015.

We believe the Financial Statement 2015 of APS, except for the claim against the General Pension Fund Curaçao of ANG 25,8 million, provided a true and fair representation of the financial position as of December 31, 2015, as well as the result for fiscal year 2015. However, the reliability of the participant administration and, thus the pension obligation provision, remain points of concern that we will monitor closely.

### **3.3.3. Administrative Appointments Part 2**

In October 2016, we published our report entitled "*Administrative Appointments: An audit into the legitimacy and integrity of administrative appointments of supervisory board members*". We found that there is little, if any, transparency concerning the appointment procedure, politically motivated appointments are possible, supervisory board members are often involved in important decision-making and security screenings for these functions are not applicable. Based on the results of the audit, the Board of the General Audit Chamber decided to conduct a follow-up audit in 2017. This time we focused on the appointment of directors. These persons are responsible for the daily operations of entities that represent major economic and strategic value for the Country.



In our report, "*Administrative Appointments Part 2*", we presented our findings on whether the representative minister correctly applied the administrative appointment procedures for directors of entities falling within the collective sector and government-owned companies. The appointment procedure described in the National Ordinance Corporate Governance is the same for both members of supervisory boards and directors. Unfortunately, the results of this follow-up audit are comparable to the findings of the previous investigation, since there is evidence of non-transparent political appointments.

The findings paint a worrisome picture. Only 1 of the 23 appointments reviewed, proved to be transparent and in keeping with the law. One could question the added value of the appointment procedure whereby ministers can appoint their preferred candidate, without the benefit of a profile or absent substantiation for their decision. Although the General Audit Chamber has no authority regarding the choice of a person, we do have a responsibility to report about legal compliance to ministers, Parliament and the public. The rules are clear: abide by the law when applicable. Not acting in accordance with an advice of the Corporate Governance Council is allowed; however, the appointment procedure must be substantiated and transparent. When a minister acts contrary to these principles, s/he should bear the consequences. It is up to Parliament, with the aid of this report, to call ministers to account.

To date, we have not been asked to discuss our findings with Parliament.

#### **3.3.4. Quick Scan Crime Prevention Fund**

A review of the Crime Prevention Fund was included in the annual work plan for 2017 and approved for execution by the Board of the General Audit Chamber. Based on our analysis of St. Maarten's 2015 Financial Statement, we noted that revenues and expenses were not properly and fully accounted for. In previous reports, we noted the absence of adequate accountability regarding the Crime Prevention Fund. As such, we chose to analyze the Fund's income and expenditure for fiscal year 2016, as well as to identify the persons responsible for the Fund. In addition, we examined the Fund's compliance with financial management procedures.

The Crime Prevention Fund was established by means of the National Ordinance Crime Prevention Fund, with the objective of financing crime prevention projects. The Fund is managed by the Minister of Justice. We conducted exploratory research in the form of a Quick Scan. A Quick Scan is a research method in which a limited number of topics are investigated. The goal was to develop a general impression of the size of the Fund, legal compliance, and the level of financial management.

It was our intention to publish the report in 2017, however, due to devastation to the island caused by two major hurricanes in September, and the resultant impact on our and Government's operations, audit activities were delayed. Subsequently, the audit report was published in 2018 and will be subject of the annual report for fiscal year 2018.

#### **3.3.5. Compliance Audit: Financial Statement 2016 of APS**

The General Pension Fund provided their 2016 Financial Statement to us on November 30, 2017. By law, the statement should be presented before November 1<sup>st</sup>. Our review of the financial statement and the investigation of the Fund continued into 2018. We will report on this audit in our 2018 Annual Report.

#### **3.3.6. Compliance Audit: 2016 Financial Statement of St. Maarten**

In accordance with article 52 of the National Accountability Ordinance, the financial statement for a fiscal year should be drafted by the Minister of Finance *prior to September 1<sup>st</sup> of the year following that to which they relate*. In other words, the 2016 Financial Statement should have been drafted prior to September 1<sup>st</sup>, 2017. Initially (July 2017), the Minister of Finance confirmed that the financial statement would be presented prior to September 1<sup>st</sup>. Following hurricane Irma, September 6<sup>th</sup>, the date for presentation of the Financial Statement was pushed back several times. Our preparatory work regarding the review of the financial statement, including an investigation of the public bidding policy of government, was completed in 2017. At the time of the drafting of this Annual Report, the Minister of Finance has indicated that the presentation of the 2016 Financial Statement, will occur on September 1<sup>st</sup>, 2018.<sup>10</sup>

#### **3.3.7. Audit of the confidential expenditures of the St. Maarten Security Service (VDSM)**

We started this audit in 2017, however, due to the events of September 2017, the execution is delayed. Part of the delay is also due to the extended discussions with the department regarding the conduct of the investigation. We announced our intentions in June and presented requests for information to VDSM. However, VDSM requested the development of a separate protocol to guide the work, because of their opinion regarding the sensitivity of the material. A draft of this protocol, to be prepared by VDSM, is still

<sup>10</sup> Letter from the Minister of Finance dated March 20, 2017, reference number DIV#2603/A.

pending. VDSM has indicated that the department's priorities have changed in the aftermath of the storm. The investigation is incomplete and will be revisited.

### 3.4. Advices/Notifications

#### *Advices to Government*

Based on the National Ordinance Promotion of Integrity of Ministers, the General Audit Chamber receives requests for advice, as part of the procedure for appointment of ministers, from the Prime Minister for ministers<sup>11</sup>, or from the Council of Advice, regarding the Prime Minister. No such requests were received in 2017.

#### *Other advices*

Based on the National Ordinance Registration and Finances Political Parties<sup>12</sup>, the General Audit Chamber is tasked with the review of the financial reports submitted to the Electoral Council by political parties. Advices to the Electoral Council are not published by the General Audit Chamber.

We received a request from the Electoral Council to review the 2015 financial reports of registered political parties. During the conduct of our review, we requested additional information from the Electoral Council. The Electoral Council has informed us of the loss of their office facilities. We have not received any further information from the Electoral Council to allow the completion of the review of the financial reports.

In our opinion, the investigation into the financial reports of political parties is at odds with our constitutional duty to review public funds. After all, political parties do not fall under the public administration.

### 3.5. Communications

Our communication objective is to be a credible source of independent and objective information and guidance. Effective communication can encourage beneficial change in government and the public entities. By engaging citizens and other stakeholders (including Parliament), we seek to increase our effectiveness of having government give account for the use of public resources and their performance in achieving stated objectives. To this end, we launched our Facebook page in June 2017. This social media initiative is part of a general communication effort to improve the awareness about the General Audit Chamber.

Our audit reports are published in both English and Dutch, and though we strive to make the content of the reports as accessible as possible to a wide audience, the subject matter can be technical and complex. It is for this reason that we also present information via a popular modern media. As an audit institution, we recognize the importance of demonstrating relevance to citizens and communicating effectively.

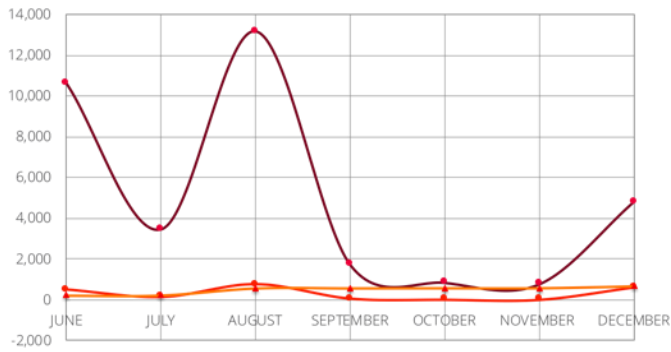
Besides presenting information about our institution and publishing the results of our investigations, we use social media to educate. In 2017, we produced a series about the financial cycle of St. Maarten. Using short animated films, we explained the elements, players and procedures regarding budget preparation, approval, execution and accountability. This series was well received. In addition, after publication of each of our reports, we provide notification and a synopsis of the highlights of our findings and recommendations. The Facebook page links to our website. Using social media, we have increased awareness of our institution and our work, as well as making general information regarding public finance available to an audience beyond our national borders. We can quantify the effectiveness of our work with the statistics generated by the platform.

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<sup>11</sup> National Ordinance Promotion of integrity of ministers (*Landsverordening integriteitsbevordering ministers*), AB 2010, GT no. 22.

<sup>12</sup> National Ordinance Registration and Finances Political Parties, article 29.

The graph provides statistics for our Facebook presence from inception through the end of 2017. At the start the performance was better than in the months directly following the storm and our relocation. December 2017 marked the start of our series on the financial cycle. Given that the population of St. Maarten is approximately 37,000, a reach of near 15,000 persons is a satisfactory result.



### GAC FACEBOOK TRAFFIC

- ENGAGED USERS** - The number of people who engaged with your Page. Engagement includes any click or story created. (Unique Users)
- MONTHLY REACH** - The number of people who had any content from your Page enter their screen. This includes posts, check-ins, social information from people who interact with your Page and more. (Unique Users)
- TOTAL LIKES** - How many people liked your Facebook Page

## 4. Financial Reporting

An overview of the use of our budget for the year 2017 is described below.

### 4.1. Budget 2017

The responsibility for the financial-management of the institution is in the hands of the chairperson of the General Audit Chamber.<sup>13</sup> Limited financial-management authority is normally mandated to the Secretary-General for the conduct of daily operations. The Secretary-General provides quarterly reports to the board and continued to do so in 2017.

The budget realization information for fiscal year 2017, described in this chapter is unaudited. Given the situation at the Ministry of Finance, reliable information regarding payments - executed by the department of finance on behalf of the General Audit Chamber - is not readily available. Persistent ICT-challenges, as well as storm damage, are cited by the ministry for the absence of financial data. We are using our inhouse financial systems to track and record our expenditure.

#### 4.1.1. Insurance proceeds

The General Audit Chamber maintains insurance for the contents of our offices. Given that we lease commercial property for our offices, the insurance to cover hurricane or fire damage to the premises is the responsibility of the owner.

The damage to our office space at E.C. Camille Richardson Street #13, was catastrophic. Our third-floor office space was completely destroyed. This was due to the loss of the roof which caused subsequent wind and water damage to the contents. The contents were fully insured for approximately US\$110,000. A settlement in the amount of US\$92,000 was disbursed to the General Audit Chamber. The total amount became available in early 2018. The funds were used to furnish and re-equip the new office located on the Juancho Yrausquin Boulevard.

Relocation took place on November 1<sup>st</sup>, 2017. Re-equipping and refurbishing the space was completed in the first Quarter of 2018. This will be reported on in the 2018 Annual Report.

#### 4.1.2. Budget Realization 2017

The total budget realization is estimated to be 65% for 2017. Personnel expenditures were lower than budgeted given that one auditor requested and was granted a year of unpaid leave. Moreover, two new staff members were hired mid-year. For the months of September and October, operational expenditures, excluding salaries, was near nil due to the loss of our office facilities. Training expenditures and travel were also non-existent following the storm. Moreover, several planned audits were not completed as planned in 2017. Total expenditure remained on par with the results of the previous fiscal year despite the setbacks and costs associated with recovery from the hurricane. In part, this is due to the availability of insurance proceeds.

An overview is presented below. The financial results are subject to change based on the availability of audited statements.

Budget item (ANG)	Budget 2017	Estimated Expenditure	Balance	Realization (%)
Personnel Expenditures	1,454,611	902,294	552,317	62
Remuneration Board	148,000	133,500	14,500	90
Material costs, goods & services	637,023	416,569	220,454	65
<b>Total</b>	<b>2,239,634</b>	<b>1,452,363</b>	<b>787,271</b>	<b>65</b>

<sup>13</sup> National Ordinance General Audit Chamber, article 49, paragraph 2.



### Restatement of realized expenditures for 2016

Our annual reports are issued prior to the availability of financial audited financial statements from Government. Normally, we provide restatements of income and expenditure based on audited information. Because the 2016 Financial Statement of St. Maarten is unavailable, we are unable to do so this year.

Once the information becomes available, adjustments will be reported in the next annual report.







General Audit Chamber  

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General Audit Chamber  

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