



MINISTRY OF FINANCE, ECONOMIC PLANNING & INFORMATION TECHNOLOGY

PRESS RELEASE

FALSE ALLEGATIONS OF FINANCIAL IMPROPRIETY BY THE HONOURABLE LEADER OF THE OPPOSITION

In recent statements to the media, the Honourable Leader of the Opposition of Saint Vincent and the Grenadines is reported as suggesting that discrepancies between the Government overdraft facility and audited accounts may be the result of “misappropriation.” In raising the issue of misappropriation “or worse,” the Honourable Leader of the Opposition referred to the Audit of Public Accounts produced by the Director of Audit, and raised questions related to past Audits.

The allegations of misappropriation made by the Honorable Leader of the Opposition are false. Similarly false are his claims that the Government of Saint Vincent and the Grenadines is “playing fast and loose” with taxpayers’ money. There is no “missing money” as alleged in these falsehoods.

The baseless and reckless nature of the claims made by the Honourable Leader of the Opposition follow a now-familiar pattern of maligning State institutions, officials and public servants, and attempting to shake public confidence in the fundamental pillars of our democracy and governance.

Additionally, it is worthwhile to note that Section 76 of the Constitution of Saint Vincent and the Grenadines enshrines a robust mechanism to consider the reports of the Director of Audit. That mechanism, the Public Accounts Committee, is empowered to gather information “*in any case of excess or unauthorized expenditure of public funds*” and to put forward “*any measures it considers necessary in order to ensure that public funds are properly spent.*” It is the right and responsibility of the Honourable Leader of the Opposition to convene the Public Accounts

Committee, of which he is Chairman, to examine the reports of the Director of Audit. In spite of his regular pronouncements to the media on the reports of the Director of Audit, the Honourable Leader of the Opposition has never once attempted to convene the Public Accounts Committee since assuming the post in 2016.

Nonetheless, given the gravity of the allegations, the Ministry of Finance hereby produces, in full, the verbatim response provided to the Minister of Finance by the Director General of Finance and Planning and his staff on the specific issue raised by the Honourable Leader of the Opposition:

“As far back as the 1999, on page 86, paragraph 2.199, the Report of the Director of Audit on the Public Accounts for that fiscal year stated thus, in respect of a difference on the overdraft account of \$5,716,583.04 between the National Commercial Bank and the Treasury,

‘The manual Cash Book maintained by the Treasury indicated on the OD balance of \$24,337,577.42 while the Bank Certificate showed a balance of \$18,620,994.38 OD. In the absence of proper reconciliation by the Treasury it is difficult to ascertain the true status.’

“This point is made to highlight the fact that the issue raised by the Leader of the Opposition concerning unreconciled differences on the Government’s overdraft account for the year 2015 is neither new nor restricted to any given government administration. Rather, it is a legacy issue that requires a concerted effort by the relevant authority to prepare Bank Reconciliation Statements to resolve the differences that will occur as a matter of course.

“While the matter of unreconciled balances is an operational one that requires attention, it by no means supports the assertion that there is corruption, misappropriation of funds or any other nefarious activity on the part of the Government or its officials.

“The financial management system of the government of St. Vincent and the Grenadines includes strong internal controls that minimises the risks of loss. Once a payment is generated by a Department, it must be supported by procurement approval, a certified invoice or contract and must be approved by

the responsible officer within the Department. This payment instruction, dependent on the value is subjected to pre-audits at the Ministry of Finance and at the Treasury Department. All of this is done via the financial management information system (SMARTSTREAM). Once all approvals are obtained, a cheque is generated and collected by the vendor or supplier. The Finance Administration Act and Finance Regulations, and the Public Procurement Act and Regulations provide the legal basis for all of these activities. Too, the Accountant General may issue financial instructions from time to time to provide more detailed guidance to Accounting Officers on this or that process.

“The differences between the bank account and the SmartStream bank account were significant during the period 2010 to 2017. However, the Treasury staff has succeeded in resolving many transactions thus reducing the size of the difference in the balances. The work continues.

“These differences were mainly due to payments/receipts/direct debits and credits processed by the bank but not cleared in SmartStream. The delays in the clearing of the transactions in SmartStream are due to:

- Timeframe in which daily transaction files from the Bank were sent to the Treasury
- Human error (lack of understanding of the reconciliation process) resulting in incomplete/incorrect practices
- Backlog of transactions from previous years that are yet to be cleared;

“While the Treasury Department has not completed Bank Reconciliation Statements over the years, the Department has routinely undertaken the preliminary work towards that end. The officer responsible would check daily to ensure that the transactions recorded in the daily file submitted by the Bank are uploaded and cleared in SMARTSTREAM and errors are investigated and corrected.

“The bank reconciliation system allows upload of daily transactions from the bank, and clears payments and receipts automatically. The system does not provide a monthly bank reconciliation statement and we are currently working on upgrading and modifying the system to provide monthly Reconciliation Statements.”

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The statement by the Director-General of Finance and Planning therefore confirms that the issue highlighted by the Honourable Leader of the Opposition is technical and bureaucratic in nature, and unrelated to any form of misappropriation or impropriety. The Ministry of Finance will continue to improve upon its use of technology and modern administrative systems to provide the most timely and accurate information possible. However, as it evolves and modernizes, the Ministry of Finance has zero tolerance for the type of misappropriation that was baselessly advanced by the Honourable Leader of the Opposition. Please, let us be clear: No Minister of Government signs cheques for Government spending. Our role is in Parliament and Cabinet in respect of law-making and policy formulation and execution. No Minister touches or handles the Government's money.

Dated the 30th day of July, 2021

A handwritten signature in black ink, appearing to read 'Camillo M. Gonsalves', written in a cursive style.

Camillo M. Gonsalves
Minister of Finance