



**OFFICE OF THE
AUDITOR GENERAL**

**AUDIT EXAMINATION OF
THE ACCOUNTS OF
THE MINISTRY OF FOREIGN AFFAIRS**

BAHAMAS EMBASSY, BRUSSELS, BELGIUM

**FOR THE PERIOD
NOVEMBER 1ST, 2019 TO JULY 7TH, 2022**

Reference No. **OAG/C.9/1/043**



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

Permanent Secretary
Ministry of Foreign Affairs
Nassau, Bahamas

September 23rd, 2022


**AUDIT EXAMINATION OF THE ACCOUNTS OF THE
MINISTRY OF FOREIGN AFFAIRS
BAHAMAS EMBASSY, BRUSSELS, BELGIUM
FOR THE PERIOD NOVEMBER 1ST, 2019 TO JULY 7TH, 2022**

We have conducted an audit of the subject accounts for the period November 1st, 2019 to July 7th, 2022.

The purpose of the audit was to determine whether the accounting functions were performed in accordance with the Financial Administration and Audit Act 2010, Public Finance Management Act, 2021 and the Financial Regulations 1975; also, to assess the internal control system and to determine whether the accounting records are maintained according to accounting best practices.

Our audit examination was carried out on a sample basis. The findings arising from our audit, along with the recommendations, are set out in the attached report. These points arose from our normal audit procedures, to form an opinion on the Government accounts. Consequently, our work did not involve a detailed review of all system aspects and cannot be regarded as a comprehensive statement of all existing weaknesses or of all improvements.

Sincerely,



Auditor General
Terrance Bastian

CB/nt
Attch.

cc. Financial Secretary, Ministry of Finance
Accountant General, Public Treasury Department

EXECUTIVE SUMMARY

The Ministry of Foreign Affairs (MFA) is the channel through which initial representation should be made to The Bahamas Government by other countries as well as regional and international organizations. It also protects the interest of the Commonwealth of The Bahamas in the political, economic, cultural and security fields; as well as its nationals abroad. Additionally, the Ministry helps to protect the borders of The Bahamas through the issuance of visas to nationals of other countries and authenticates documents.

The Bahamas Mission, Brussels is located on Rue Belliard 40, 1040 Brussels, Belgium.

The Mission serves concurrently as the Embassy of the Commonwealth of the Bahamas to Belgium. At present, the Mission does not perform any consular functions.

The audit on the accounts was carried out for the period November 1st, 2019 to July 7th, 2022. The staff complement was two (2), consisting of a Deputy Chief of Mission and a Finance Attaché. **(ANNEX I)**

The Mission operates one (1) non-interest bearing business account comprising of a EURO and US\$ currency account.

The Business account has four (4) Visa Business Credit cards, attached to the account; we were informed that two of the cards are no longer in use; of the cards in use, one had a zero balance and the other a credit of -22.86 EUR.

The Mission is in possession of six (6) cell phones of which one could not be located; we were informed that an officer, who was recalled, had inadvertently forgotten to turn in the phone to the mission. **(ANNEX II)**

The Office has two (2) leased official vehicles. **(ANNEX III)**

**AUDIT EXAMINATION OF THE ACCOUNTS OF THE
MINISTRY OF FOREIGN AFFAIRS
BAHAMAS EMBASSY, BRUSSELS
FOR THE PERIOD NOVEMBER 1ST, 2019 TO JULY 7TH, 2022**

An audit examination was carried out on the Expenditure Accounts of the Bahamas Embassy, Brussels, Belgium for the period November 1st, 2019 to July 7th, 2022.

INTRODUCTION

The Bahamas Foreign Service is the arm of the government for the conduct of Foreign Affairs and the protection of the interest of the Commonwealth of The Bahamas and its nationals abroad.

OBJECTIVES

Our primary objectives of the audit were to determine whether:

- a) Expenditures were being made in accordance with the Financial Administration and Audit Act 2010, Public Finance Management Act, 2021 and the Financial Regulations 1975;
- b) Expenditures were accurately recorded in the underlying records and that such records were being properly maintained;
- c) Expenditures were made in accordance with proper financial authority.

SCOPE

Our audit included a general review of the accounting procedures and tests of the accounting records and other supporting evidence as considered necessary.

METHODOLOGY

The audit was conducted by interview, observation and examination of a sample of the accounting records.

FINDINGS AND RECOMMENDATIONS

1.0 BUDGET 2022/2023

- 1.1 The Bahamas Mission in Brussels, Belgium participates in matters associated with the European Union by addressing matters of non-cooperative tax, anti-money laundering and financing of counter-terrorism.
- 1.2 The budget highlighted various financing cost to carry out some of the primary functions of the Mission for hiring experts domiciled in Brussels such as Legal Advisors, Public Relations Experts and Financial Services Experts.
- 1.3 The budget also included costs for projects/events expected to be undertaken such as:
 - The attendance at conferences concerning workshops, seminars, exhibits and meetings such as; the dismantling of previously instituted Covid-19 protocols by European countries and member states of the Organization of Africa, Caribbean and Pacific State.

2.0 STAFFING

- 2.1 During our last audit report (OAG/C.9/1/050) dated July 22nd, 2020, the staff complement was four (4), which had increased to six (6), but has since been reduce to two (2) staff. **(ANNEX I)**
- 2.2 We were informed that Brussels has a very strong mechanism in place to protect employees. The hiring of local staff in the Embassy is extremely difficult.
- 2.3 **We recommend that a review should be done of the staffing levels to ensure that the staff compliment is adequate to carry out the duties/functions of the Mission/Embassy.**

3.0 CREDIT CARD

- 3.1 During our audit, the Business account had four (4) Visa Business credit cards, attached to the account. Two (2) of the cards are no longer in use, of the cards that are in use, one (1) had a zero balance and the other a credit balance.

3.2 CREDIT CARD ACCOUNTS OUTSTANDING BALANCES

- 3.3 The Bahamas Embassy Belgium had made a request to the Ministry of Foreign Affairs and the Public Treasury for the payment of outstanding balances of two (2) CIBC credit cards, which have been outstanding from July 19th, 2021.
- 3.4 The outstanding balances at the time of our audit on the two (2) credit card accounts, ending in the numbers (7411) and (3674) was 34,340.45 BSD and 36,719.68 BSD respectively totaling 71,060.13 BSD
- 3.5 The cards were issued to senior officers and the Treasury Department gave some general guidelines on the use of the cards.
- 3.6 The Ministry of Foreign Affairs had proposed to effect payment of the outstanding balances directly to CIBC First Caribbean in the capital as opposed to transferring the funds to the Mission; however, the balances on the credit cards remained outstanding.

3.7 We recommend that the Ministry of Foreign Affairs and the Treasury Department should address the matter of the outstanding balances on the CIBC credit card accounts with the utmost urgency, in an effort to avoid the Government having to absorb further late fee charges.

4.0 LEASE AGREEMENT

- 4.1 During our review of the lease agreement for the Official Residence we noted that the lease was signed for a period of nine (9) years, which is standard in Brussels. The Embassy did not maintain a lease file documenting the search for the official residence, to indicate the number of places visited, cost and criteria used for the selection.
- 4.2 We noted that there are options for Short Term Leases three (3) years or less however, the standard lease of nine (9) years was approved by the Ministry of Foreign Affairs.
- 4.3 We reviewed information from the Embassy indicating that legal advice was given to consider leasing for a shorter period, as the normal contract term for the appointment of an Ambassador is three (3) years.

- 4.4 Senior staff from the Ministry of Foreign Affairs visited Brussels to view possible locations for a Chancery and Residence. A number of locations were looked at against the following possibilities:
- a. Houses for rental for the Residence.
 - b. Houses for purchase for the Residence.
 - c. Apartments for the Residence with built in business center.
 - d. Houses for rental or purchase to convert into a Chancery
 - e. Identify suitable building for the Chancery.

Additionally, advice was sought from resident Ambassadors in Brussels as to the cost and suitability for accommodations. However, we were not provided with documentation to indicate if the information was used in the selection of the Chancery or Residence.

4.5 We recommend that Ministry of Foreign Affairs review the lease agreement. Lease agreements for Ambassadors should coincide with their contract.

5.0 PURCHASE OF FURNITURE OFFICIAL RESIDENCE

- 5.1 During our audit, we noted furniture purchased for the official residence in the amount of 472,427.80 EUR or 614,156.14 USD.
- 5.2 The High Commission, London assisted the Bahamas Mission, Belgium with a 50% initial deposit of 257,667.40 EUR or 334,967.62 USD. In addition, a second payment of 131,577.20 EUR (171,024.36 USD) totaling 389,244.60 EUR (506,017.98 USD).
- 5.3 Additionally, payments were made from the Mission Belgium account in the amounts of 72,873.20 EUR and 10,310.00 EUR totaling 83,183.20 EUR or 94,735.16 USD and 13,403.00 USD totaling 108,138.16 USD.
- 5.4 The funds obtained from the London office were used to pay for the furniture that the Ministry of Foreign Affairs had approved; the Brussels Mission at the time did not have a bank account.

5.5 We recommend that the Ministry of Foreign Affairs establish standards/policies for the purchasing of furniture's for all Residences and Embassies/Consulates/Missions. Ambassadors should not solely be

responsible for these functions, but through consultation with the Ministry of Foreign Affairs (established committee).

6.0 INVENTORY

6.1 We were provided with an inventory listing of the assets at the Bahamas Mission Brussels and the Official Residence. The Inventory Listings were last updated on February 11th, 2022.

6.2 Although, both inventory listings included a detailed description of items that were verified, the purchase price of the items on a per-unit basis was not included in the reports.

6.3 We recommend that the inventory listing identify the value and a unique number identification index.

7.0 WIRE TRANSFERS

7.1 The amount of 2,908,223.88 EUR or (3,780,691,044 USD) was wired to facilitate the operation of the Mission, which covered the fiscal periods July 2019 through June 2022. Funds were confirmed to the bank statements as indicated in Table 1:

Table 1

FISCAL PERIOD	FUNDS RECEIVED EUR	FUNDS RECEIVED USD
2019/2020	971,991.96	1,263,589,548
2020/2021	978,284.96	1,271,770,448
2021/2022	957,946.96	1,245,331,048
TOTAL	2,908,223.88	3,780,691,044

8.0 EXPENDITURES IN THE FISCAL PERIODS JULY 2019 – JUNE 2022

8.1 During our examination of expenditure records, it was observed that the following variances existed at the end of the fiscal periods covering 2019 to 2022 as indicated in Table 2:

Table 2

FISCAL PERIOD	FUNDS RECEIVED USD	EXPENDITURE USD	VARIANCES USD
2019/2020	971,991.96	980,488.09	(8,496.13)
2020/2021	978,284.96	874,162.59	104,122.37
2021/2022	957,946.96	893,905.29	64,041.67
TOTAL	2,908,223.88	2,748,555.97	159,667.91

Prevailing rate 1.30

9.0 **BANK ACCOUNT BALANCES**

9.1 Our review of the Bank Statements revealed the following balances at the end of each fiscal period covering 2020 to 2022 as indicated in Table 3:

Table 3

ACCOUNT NAME	2020	2021	2022
Operational Business Account – EUR	179,891.83 EUR	413,670.87 EUR	535,651.69 EUR

9.2 We observed that the unexpended balances remained on the accounts.

9.3 During our examination of the Accounts, we noted that the Bank Account balances as at July 7th, 2022 as indicated in the Table 4:

Table 4

ACCOUNT NAME	BALANCE JULY 7, 2022
EUR Operational Business Account	499,538.73
USD Account	4,979.16

9.4 The former Ambassador at the time of our audit remained a signatory on the Mission bank account.

9.5 The signature of the Ambassador could not be changed until the arrival and accreditation of the newly appointed Ambassador to Brussels, Belgium.

9.6 We recommend that the bank signatories be updated annually for appropriate document control of the accounts.

10.0 **OVER PAYMENT ON LEASE FOR OFFICIAL VEHICLE- CDA V943**

10.1 During our audit of the expenditure records, we observed payments for lease of the official vehicle made by direct debit to the company Mercedes- Benz Financial Services.

10.2 The company was overpaid an amount of 4,715.98 EUR or 6,130.78 USD. We observed that two (2) payments were made by direct debit, in addition to a manual payment all in the month of August 2020.

10.3 Although the error was detected and a credit was received, a need exists for the Embassy to perform timely reconciliations.

10.4 We recommend that the Mission perform reconciliations on all company files in an effort to avoid overpayments.

11.0 PARKING FINES

11.1 During our review of payments of accounts, we noted that the Embassy paid an amount of 290.00 EUR or 377.00 USD for parking fines throughout the period March - May 2022 as indicated in Table 5:

Table 5

Date DD/MM/YYYY	Payment Voucher #	Date fines incurred	Amount EUR
16-03-2022	0376	02-02-2022	58.00
16-03-2022	0377	16-02-2022	58.00
16-03-2022	0378	18-02-2022	58.00
21-04-2022	0430	11-03-2022	58.00
30-05-2022	0479	21-04-2022	58.00
		Total	290.00

11.2 We recommend that the Mission constantly monitor these fees to ensure that they do not become a drain on financial resources and where possible the individual ought to be surcharged.

12.0 WEBSITE DEVELOPMENT SERVICES

12.1 During our review of payment transactions from the accounting records, we noted payments for website development services. A Letter of Engagement was signed on March 16th, 2021 between the Embassy and a Bahamas based company.

12.2 The Embassy withdrew from paying fees to the company, as it felt that value for money had not been received. Further, we observed no letter on file from the Ministry of Foreign Affairs to authorize the payments.

12.3 We recommend that the approval from the Ministry of Foreign Affairs be filed to support the expenditure.

13.0 VAT REFUND

13.1 The refund rate in Belgium Brussels ranges from 7.8% to 15% of the purchase amount of 50 EUR per receipt. It was noted that Belgium has one of the highest refund rates for large purchases, at up to 15.5%.

13.2 The Embassy was refunded an amount of 133,839.45 EUR or 173,991.29 USD up to June 30th, 2022.

13.3 The Embassy VAT refund report for the period February 2019 through January 2020 indicated that an amount of 88,253.94 EUR or 114,730.13 USD was submitted; however, the amount of 85,399.33 EUR or 111,019.13 USD was refunded leaving a vat refund-pending amount of 2,854.61 EUR or 3,711.00 USD.

13.4 We recommend that the Mission continue to pursue reimbursement of vat due to purchases.

14.0 INDEPENDENCE CELEBRATIONS

14.1 The Cabinet Office provides funds for Independence Celebrations. During our review, we observed that an amount of 2,072.95 EUR (2,694.84 USD) received by the Embassy to host the 48th Independence Celebrations. However, no events were held due to the Covid-19 pandemic. The funds remained on the Embassy bank account.

14.2 We recommend that the Mission inform the Ministry of Foreign Affairs of the funds that remain on the bank account.

15.0 PETTY CASH

15.1 The petty cash was checked on July 7th, 2022 and was found correct.

16.0 CONCLUSION

16.1 The findings of our audit were brought to management's attention who advised us that corrective action would be taken on our recommendations. We requested additional financial information, which have not been received as at the time of our report.

16.2 We express our gratitude to the Head of Mission and the Finance Attaché for the courtesies extended to the audit team and the co-operation received during the audit process.

ANNEX I

**BAHAMAS EMBASSY OFFICE – BRUSSELS, BELGIUM
STAFF COMPLEMENT
DURING THE PERIOD
NOVEMBER, 2019 – JUNE, 2022**

No.	NAME	POSITION	DATE POSTED/TRANSFER	DATE RECALLED
1	Maria O' Brien	Ambassador	1st February, 2019	27th November, 2021
2	Kerry Bonamy	Deputy Chief of Mission	1st February, 2019	In Post
3	Antonio Butler	Third Secretary	1st September, 2019	3rd February, 2020
4	Vernique Johnson	Finance Attache	30th September, 2019	In Post
5	Breanna Adderley	Communication Attache	24th February, 2020 Transfer to BHC 4th October, 2021	1st March, 2022
6	Theria Russell	Executive Assistant	28th February, 2020	29th April, 2020

**BAHAMAS EMBASSY - BRUSSELS, BELGIUM
CELLPHONE LISTING**

NAMES	CELLPHONE NUMBER
H.E. Maria O,Brien	32479-1524xx
Kerry Bonamy	32479-1524xx
Antonio Butler	32474-8103xx
Vernique Joseph	32474-8103xx

**BAHAMAS EMBASSY - BRUSSELS, BELGIUM
VEHICLE LISTING**

CAR TYPE	DATE LEASE	CONTRACT #	PLATE #
Mercedes-Benz S-Klass	04/04/2019	1098303	CD AV-943
Mercedes-Benz V-Klass	28/02/2020	1118217	CD AX-208

LIST OF PERSONS INTERVIEWED

NAMES	POSITION
Kerry Bonamy	Deputy Chief of Mission
Vernique Joseph	Finance Attache'