

**OFFICE OF THE AUDITOR GENERAL  
NASSAU BAHAMAS**



**AUDIT EXAMINATION OF THE ACCOUNTS OF THE  
BAHAMAS JUBILEE GAMES  
MINISTRY OF YOUTH SPORTS AND CULTURE  
FOR THE PERIOD MAY 1<sup>ST</sup>, 2022  
TO AUGUST 31<sup>ST</sup>, 2023.**

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Reference No. .... **OAG/C.9/1/014**



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Mrs. Cora-Bain Colebrooke  
Permanent Secretary  
Ministry of Youth Sports and Culture  
University Drive  
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March 26<sup>th</sup>, 2024

**RE: AUDIT EXAMINATION OF THE ACCOUNTS OF THE BAHAMAS JUBILEE GAMES, MINISTRY OF YOUTH SPORTS AND CULTURE FOR THE PERIOD MAY 1<sup>st</sup>, 2022 to AUGUST 31<sup>st</sup>, 2023**


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The Office of the Auditor General (OAG) have conducted an audit of the subject accounts for the period May 1<sup>st</sup>, 2022 to August 31<sup>st</sup>, 2023.

The objective of the audit was to determine whether the accounting functions were performed in accordance with the Financial Administration and Audit Act 2010, the Financial Regulations 1975, the Public Finance Management Act 2021, and the National Sports Policy 1999. The OAG assessed the internal control system to determine whether accounting records were maintained in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Standards.

Our audit was carried out on a sample basis. The findings and recommendations, set out in the attached report, arose from normal audit procedures, designed primarily for the purpose of forming an opinion on Government accounts. Our work did not involve a detailed audit of all system aspects and cannot be regarded as a comprehensive statement of all weaknesses that exist, or all improvements that can be made.

Sincerely

  
Terrance Bastian  
Auditor General

CEB/lrt /lg/lh/ccd/  
ATTCH.

CC. Financial Secretary, Ministry of Finance  
Treasurer, Public Treasury Department  
Director, Bahamas Games Secretariat

## **EXECUTIVE SUMMARY**

The audit of The Bahamas Games Secretariat was conducted from May to July, 2023. The Bahamas Games Secretariat is the management body responsible for overseeing the operational and financial obligations of the sixth (6th) Golden Jubilee Bahamas Games.

The Bahamas Games were initiated in 1989 by the former Minister of Youth Sports and Culture. These games have been held in 1991, 1995, 1998, and 2001 to highlight the athletic abilities of young people in the Bahama Islands. The Bahamas Games Secretariat is currently governed by the National Sports Policy, which was established in July 1999.

The current Chairman has succeeded a former Chairman who retired from the Public Service and has been in office since 2001. The former Chairman's tenure lasted until 2023.

The sixth Golden Jubilee Bahamas Games, organized by the Minister of Youth Sports and Culture, took place from July 7<sup>th</sup> to July 15<sup>th</sup>, 2023 with the theme "Challenges are chances for the courageous."

The games aimed to showcase the athletic talents of over 3,000 athletes participating in 16 sports. These sports include body-building, swimming, sailing, softball, soccer, tennis, volleyball, cycling, baseball, basketball, golf, track and field, boxing, opti-sailing, powerlifting (exhibition) and edukarting (exhibition). The opening ceremony of the games was held on July 8<sup>th</sup>, 2023.

This year, the sixth Golden Jubilee Bahamas Games was a part of the 50th Independence Celebrations, making the first hosting of the games in two decades.

The operating budget for the Bahamas Games Secretariat was **\$5,559,313.00 BSD**. It consisted of twelve (12) employees and twelve (12) committees responsible for managing the sixth (6th) Golden Jubilee Bahamas Games.

The Bahamas Games Secretariat is located at #35 University Drive, Nassau, Bahamas. To cover its expenses, the Secretariat utilized a Chequing account at the Bank of Bahamas. As of August 31<sup>st</sup>, 2023, the balance on this account is as follows:

DATE	ACCOUNT NAME	ACCOUNT TYPE	BALANCE
Aug-31-2023	Bahamas Games Secretariat Operational Account	Chequing	\$694,341.80

The OAG have identified the following findings:

- a) There has been a lack of transparency concerning expenses towards the Games' preparation;

- b) Strategic management faces shortcomings evident in policy formulation and planning.
- c) There has been a lack of accountability surrounding the discretionary allocation of honorariums, overtime payments, and salary increments.
- d) The procurement practices in place currently at the Bahamas Games Secretariat lack a formalized procedure and transparency. The lack of structure gives rise to inefficiencies and potential organizational risks.
- e) Management's non-adherence to financial regulations and procedures within the Games Secretariat.
- f) The ineffective human resource function has resulted in an inefficient and ineffective employee recruiting process.
- g) A government-appointed finance officer was to oversee the Bahamas Games Secretariat's financial responsibilities; however, this was not carried out.
- h) The utilization of the petty cash funds constituted a violation of the established government policy.

The OAG is of the opinion that these issues merit management attention.

## **FINDINGS AND RECOMMENDATIONS**

### **FINANCIAL ALLOCATION**

- 1.1 The Government of the Bahamas provided a total contribution of \$ **4,531,299.00 BSD** to support the operations of the 6<sup>th</sup> Golden Jubilee Bahamas Games Secretariat (**Figure 1**).

**Figure 1: Details of Government Contributions**

<b>FINANCIAL ALLOCATION</b>	
<b>Period Budgeted</b>	<b>Approved/Allocated total as per Budget Government Subsidy</b>
May-22	\$581,299.00
Jul-22	300,000.00
Oct-22	450,000.00
May-23	750,000.00
Jun-23	950,000.00
Jun-23	750,000.00
Jul-23	750,000.00
<b>Grand total</b>	<b>\$ 4,531,299.00</b>

### **SUBSEQUENT EVENT**

- 1.2 The OAG have identified that the Secretariat acquired additional funding subsequent to the completion of the Games, amounting to **\$1,028,014.00 BSD**. A total sum of **\$5,559,313.00 BSD** was received as at August 31<sup>st</sup>, 2023.

### **HUMAN RESOURCES**

- 2.1 No Human Resources (HR) manager was appointed; instead, several individuals were observed carrying out the tasks typically associated with the Human Resources function

#### **Implication**

**The lack of a Human Resources manager may imply that specific HR concerns have not been attended to and, in certain instances, disregarded.**

#### **Recommendation**

**The OAG recommend that a Human Resources manager be appointed to handle all employee matters in a timely basis.**



## **ORGANIZATIONAL CHART**

- 3.1 A request was made to review the Secretariat's organizational chart to assess the appointment of individuals responsible for ensuring the organization's smooth operations. However, the OAG did not receive the organizational chart in order to ascertain the reporting relationships and chains of command.

### **Implication**

**The absence of an organizational chart can hinder effective communication.**

### **Recommendation**

**The OAG recommend implementing an organizational chart to facilitate the scrutiny and understanding of reporting lines and key personnel appointments.**

## **EMPLOYEE FILES**

- 4.1 An examination of employee files revealed that the following documents were not on the files:
- (a) New hire forms to indicate job descriptions and commencement dates. Additionally, documentation of how employee salaries are determined.
  - (b) Employee application; indicating eligibility for employment was not provided
  - (c) Interview notes documenting an interview, both in terms of an employee's qualifications and in defending a hiring decision.
  - (d) Proof of employees vetting by the Royal Bahamas Police Force (police certificate).

### **Implication**

**The incomplete job application forms and lack of supporting documents harm the apparent integrity of the recruitment process.**

### **Recommendation**

**The OAG recommends that all employee files be updated and maintained on a regular basis.**

## PETTY CASH

- 5.1 The OAG have noticed that the Secretariat has implemented guidelines to regulate the use of petty cash. These guidelines were approved by the Deputy Chairman/Treasurer. However, The OAG noted that the Chairman did not affix his signature to endorse the guidelines.
- 5.2 The petty cash was checked on July 23rd, 2023, the actual Petty Cash total should have amounted to **\$3,300.00 BSD** (three thousand three hundred dollars); however, a shortage of **\$274.55 BSD** was noted as indicated below:

**Figure 2: Details of Petty Cash**

PETTY CASH POSTION	\$	\$
Petty Cash Amount		3,300.00
Cash on Hand	1,100.00	
Receipts Total	1,925.45	
Petty Cash Total		3,025.45
<b>Difference</b>		<b>274.55</b>

- 5.3 The OAG identified instances where prescribed guidelines were disregarded. Specifically, the petty cash fund was inappropriately utilized for payment receipts concerning the acquisition of two (2) vehicles. The respective amounts and dates are as follows:

- February 20<sup>th</sup>, 2023 Amount \$500.00.
- March 20<sup>th</sup>, 2023 Amount \$500.00.
- April 17<sup>th</sup>, 2023 Amount \$500.00.
- April 28<sup>th</sup>, 2023 Amount \$1,000.00.
- May 15<sup>th</sup>, 2023 Amount \$500.00
- May 17<sup>th</sup>, 2023 Amount \$500.00.
- July 15<sup>th</sup>, 2023 Amount \$500.00.

The sum of these transactions amounts to **\$4,000.00 BSD**. Further, a loan drawdown schedule was not maintained; consequently, the OAG were unable to ascertain the outstanding balance.

- 5.4 The petty cash management document **Section (g)**, specified that no individual claim should surpass **\$500.00 BSD**; however, several expenses have exceeded this approved limit (**Figure 3**).



**Figure 3: Claims Exceeding \$500.00**

DATE	ITEM	AMOUNT (\$)
17-May-2022	Steel Casa Cubicles	576.29
18-May-2022	Parts and Labor HP Computer	731.50
18-May-2022	HP Computer/Microsoft	1,124.20
20-May-2022	Office Furniture	768.00

5.5 As per guidelines outlined in the Petty Cash Management document *section (c)*, the maximum petty cash replenishment amount is **\$5,000.00 BSD**. The following have exceeded this threshold: **(Figure 4)**

**Figure 4: Petty Cash Replenishment**

DATE	DEPOSIT AMOUNT (\$)	COMMENTS
1-May-2022	8,000.00 5,000.00	Deposited within the month of May; deposits should be performed once monthly.
1-June-2022	9,000.00	Over the \$5,000.00 amount stipulated by petty cash guidelines.

5.6 Several reimbursements were made from the petty cash account for travel expenses, some reimbursements exceeded the approved cash management policy. The policy dictates that cash be used solely for minor expenses, avoiding the need for bank account transactions. **(Figure 5)**

5.7 **Figure 5: Petty Cash Reimbursement Details**

DATE	PETTY CASH REFUND DETAILS	REFUND AMOUNT (\$)
17 - May- 2022	Reimbursement ( travel)	530.00
17 - May- 2022	Reimbursement (car rental)	110.00
30 -May- 2022	Reimbursement (ticket)	410.00
01-Oct-2022	Reimbursements	911.00
18-Nov-2022	Reimbursement	100.00
30 - Nov- 2022	Reimbursement	488.00
14-Dec-2022	Reimbursement (office Supplies)	795.21
23-Jan-2023	Reimbursement	1,000.00
12-Feb-2023	Reimbursement (travel arrangement)	630.00

The petty cash account was reevaluated on October 4<sup>th</sup>, 2023. It was determined that there was **\$2,858.90 BSD** remaining on hand. The OAG were informed that this amount represents the unreturned balance of petty cash, which was not deposited back into the account despite the ending of operations.

## Implication

**Non-adherence to petty cash guidelines can lead to abuse in the account's operation and management.**

## Recommendation

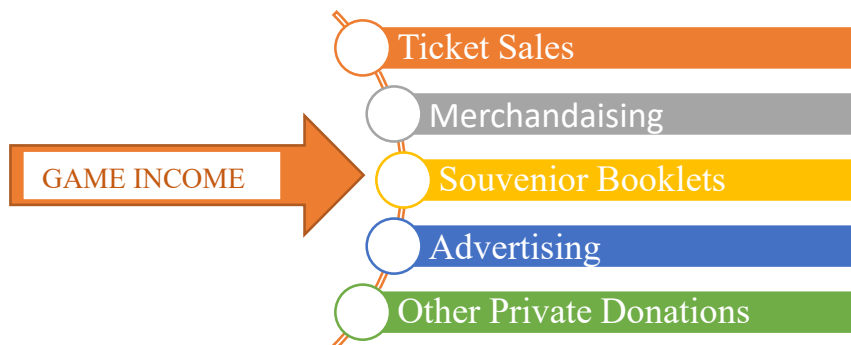
**It is recommended that:**

- I. Car loan payments via the petty cash account should be discontinued in accordance with the petty cash guidelines.**
- II. Financial approval from the Ministry of Finance should be received prior to vehicle purchases for government related use.**
- III. Reinforce adherence to petty cash guidelines to mitigate against misappropriation and collusion.**

## REVENUE/GAMES INCOME

- 6.1 The Bahamas Games Secretariat relies primarily on the Bahamas government funding for its operations. Additionally, it generates revenue from various sources (**Figure 6**).

**Figure 6: Details of Revenue Sources**



- 6.2 Based on our interview, the Bahamas Games Secretariat received **\$59,000.00 BSD** in revenue from ticket sales, booklets, and souvenirs during the games; however, the OAG were unable to determine the specific breakdown of revenue for each item as a profit and loss statement for the period ending August 31st, 2023, was not received.
- 6.3 Ticket sales were entrusted to a third- party entity for distribution; however, the absence of current data on sales impeded our ability to determine the quantity of tickets sold and the revenue generated.

### **Implication**

**There is a risk of misclassifying proceeds and under/over recognizing unrealized revenue.**

### **Recommendation**

**The OAG strongly recommends the implementation of an improved management system to accurately record and account for sales of tickets, souvenirs, booklets and other merchandise.**

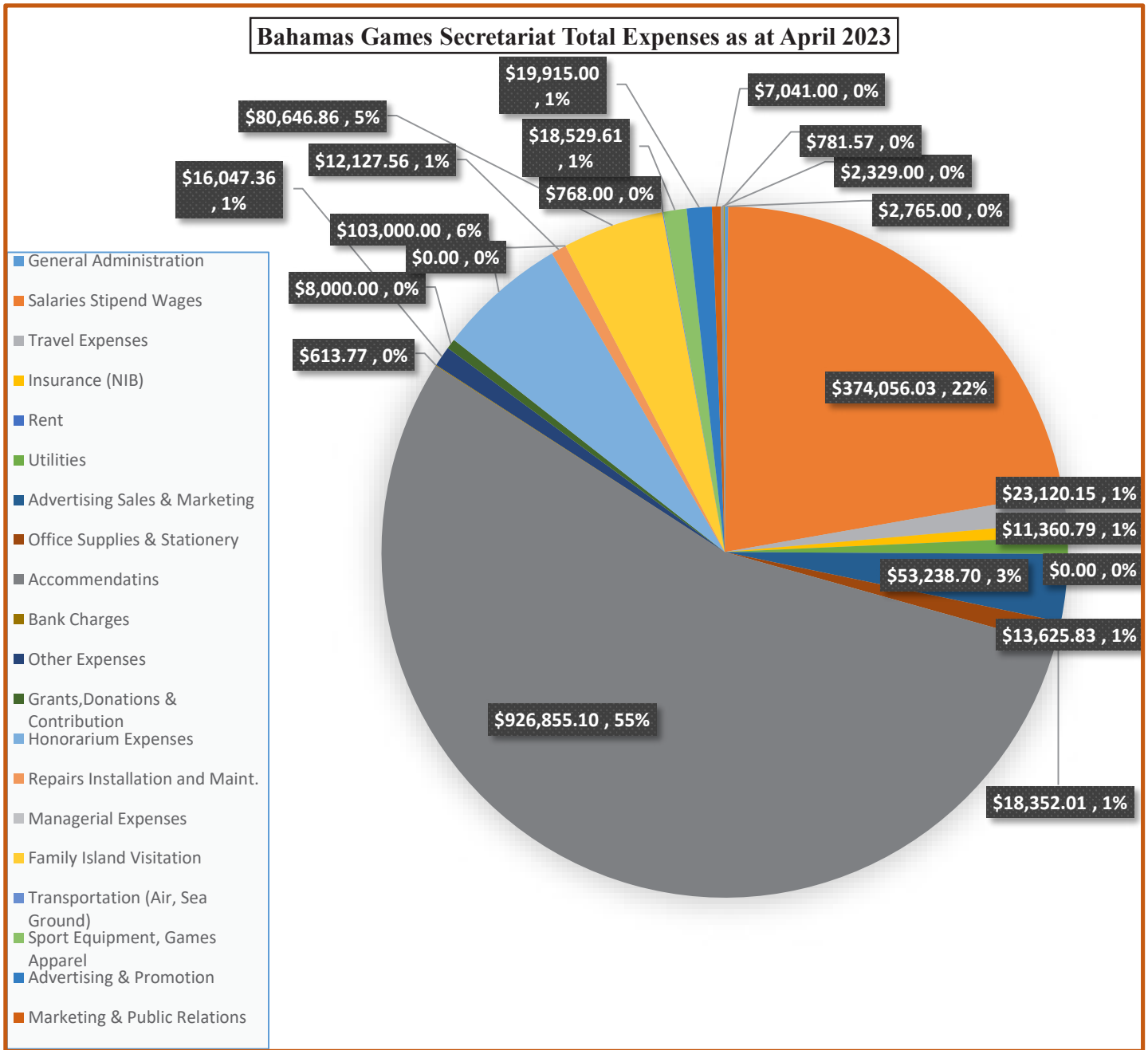
## **EXPENDITURE**

### **Cash Flow Disbursements**

7.1

The Bahamas Games Secretariat spent a total of **\$845,483.00 BSD** in expenses from April 1<sup>st</sup>, 2022, to April 30<sup>th</sup> 2023 (**Figure 7**).

**Figure 7: Expense Details (April 1<sup>st</sup>, 2022, to April 30<sup>th</sup> 2023)**



7.2 The four major expenses incurred include:

- I. **Accommodations** – This expense amount is equal to **\$926,855.10 BSD** and constitutes **55%** of total expenditure.
- II. **Salaries** – This expense include salaries, stipends, and wages, which amount to **\$374,056.03 BSD**. This accounts for **22%** of overall expenses.
- III. **Honorarium expenses** – This amounts to **\$103,000.00 BSD**, which constitutes **6%** of total expenses.
- IV. **Family Island Visitation expenses** – This total expense amounts to **\$80,646.86 BSD** and constitutes **5%** of total expenses.

#### **OUTSTANDING PAYMENTS**

- 8.1 The OAG observed that the Secretariat currently holds outstanding invoices amounting to **\$2,029,382.12 BSD (Appendix 1)**.
- 8.2 After examining the Secretariat’s statement of outstanding balances, the OAG discovered that there is a discrepancy of **\$42,275.38 BSD** between the total amount of **\$2,071,657.50 BSD** and the actual outstanding balance of **\$2,029,382.12 BSD**. This variance is due to two items that have been inexplicably increased under the transportation-air and ground expense category.

#### **Implication**

**The lack of accurate financial statements can obstruct financial accountability and transparency.**

#### **Recommendation**

**The OAG recommends that financial statements be promptly generated and accompanied by supporting documents to validate recorded amounts.**

#### **RECURENT EXPENSES**

- 8.3 During our examination of the General Ledger, the OAG noticed recurrent expenses for utility bills including water, cable, and telephone amounting to **\$22,396.76 BSD**. The OAG did not receive actual bills for the audit period ending August 31<sup>st</sup>, 2023.

#### **Implication**

**Duplicate payments can result from a lack of timely reconciliation when recurring expenses are involved.**

## Recommendation

**The OAG recommends that copies of utility bills be retained on file to facilitate proper reconciliation.**

## OVERTIME

- 9.1 In our examination of overtime, the OAG discovered payments made to certain employees without supporting documentation. As a result, it became difficult to determine crucial details, such as the duration and rate at which the overtime was compensated.

Further, the OAG were unable to verify whether the employees worked beyond the established 35-hours limit. However, during an interview, the OAG were informed that the employees do not receive monetary compensation for overtime, instead, they are provided with time-off in lieu (**Figure 8**).

**Figure 8:** Overtime Payment Details

EMPLOYEE	DATE	AMOUNT(\$)
Employee A	July-2022	120.00
Employee B	July-2022	150.00
Employee C	July-2022	180.00

## Implication

**The absence of clearly defined regulations regarding overtime payments can result in situations of exploitation and misconduct.**

## Recommendation

**The OAG recommend implementing policies and procedures for overtime expenses. It is crucial to retain documentation for overtime payments for future reference.**

## FIXED ASSET

- 10.1 The Secretariat failed to maintain a fixed assets register, leading to uncertainty regarding the organization's capital ownership and loaned assets. The OAG were unable to conduct a verification process as the lack of recorded information made it difficult to identify current and long term assets.

## Implication

**The lack of accurate asset recording poses a significant obstacle in assessing the contribution of assets to operational income and government income. It does not allow the balance sheet to reflect an accurate value of non-current assets.**



## Recommendation

The OAG recommend the implementation and maintenance of an electronic fixed asset register to document all organization-owned assets.

## CAPITAL ASSETS

### FURNITURE & FIXTURES/EQUIPMENT/VEHICLES

- 10.2 Upon reviewing the Bahamas Games Secretariat's General Ledger, the OAG noted that the recorded total amount for furniture & fixtures, equipment and vehicles currently stands at **\$11,082.34 BSD** as at April, 2023. However, the OAG have encountered an amount of **(\$1,857.50 BSD)** listed under the vehicles category that could not be substantiated with regards to the outstanding balance (**Figure 9**).

**Figure 9: Capital Assets Detail**

DATE	CATEGORY	AMOUNT (\$)
April-2023	Furniture & Fixtures	3,779.57
April-2023	Equipment	9,160.27
April-2023	Vehicles	(1,857.50)
	<b>Total</b>	<b>11,082.34</b>

## Implication

Due to insufficient documentation confirming balances in the general ledger may not be accurate.

## Recommendation

The OAG recommend that during the audit process that relevant documentation be provided, additionally, prior to the audit supporting documentation should be maintained for the sake of financial accountability and transparency in accordance with best practices.

## INVENTORY

- 11.1 While examining the General Ledger for August 2023, the OAG observed that inventory account was not maintained. As a result, the OAG were not able to verify the total cost of inventory.

### **Implication**

**The lack of an inventory line item in the General Ledger prevents an organization from accurately reflecting its current assets in the balance sheet. This may also prevent an organization from accurately communicating to its financial statement viewers the state of financial affairs during the given financial statement period.**

### **Recommendation**

**The OAG recommends that the inventory line item be established and maintained in the General Ledger to promote proper accountability and transparency. Further, an inventory line item will prevent over/under spending because it will reflect the total amount of assets the organization has available for operational use.**

## **UNRELATED EXPENSES**

- 12.1 The OAG were informed, by way of interview that an amount of **\$93,000.00 BSD** was paid for stipends to the employees of the Ministry of Youth Sports & Culture and the National Sports Authority to assist with the Bahamas Games. However, an examination of the General Ledger indicates that an amount of **\$55,813.00 BSD** was disbursed for this expense item.

Additionally, an amount of **\$40,550.00 BSD** was paid from the petty cash for stipends totaling **\$96,363.00 BSD**, resulting in a variance of **\$3,363.00 BSD** [**\$96,363.00 - \$93,000.00**].

- 12.2 Upon further review of the general ledger, the OAG observed that salaries, stipends and wages have been utilized interchangeably, making it difficult to clearly identify the specific amounts allocated for these expense items.

### **Implication**

**Incorrectly posting data from sub-journals can lead to inaccuracies in the general ledger and inhibits transparency.**

### **Recommendation**

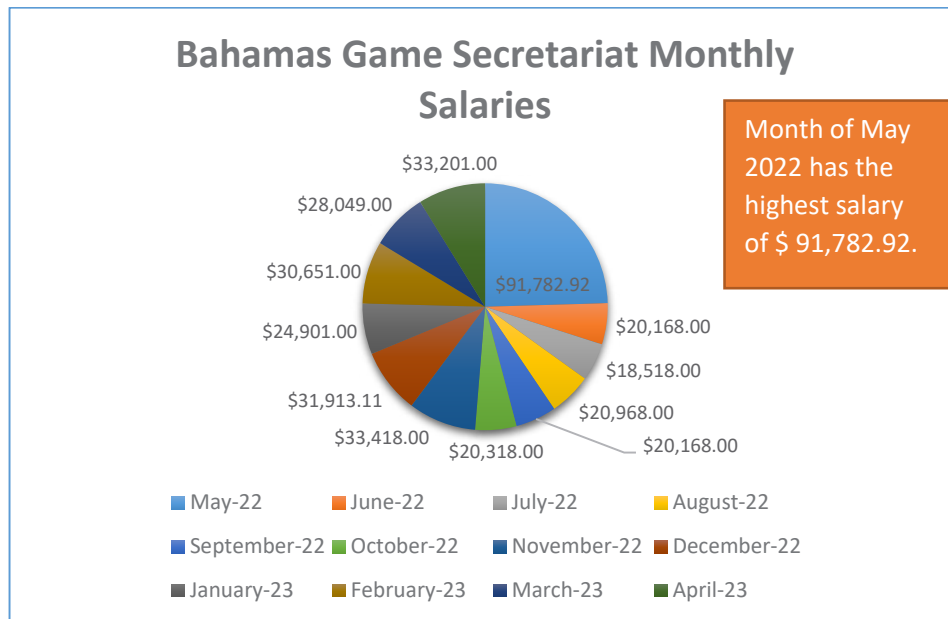
**The OAG recommends that each financial account be accurately categorized to define all financial transactions.**

## PAYROLL

- 13.1 According to the profit and loss statement as of April 30<sup>th</sup>, 2023, it was evident that the expenses incurred by the Bahamas Games Secretariat from May 2022 to April 2023 were primarily attributed to payroll costs. These payroll expenses amounted to a total of \$344,056.03 BSD (Figure 10).

**Figure 10: Month Payroll Costs (May 2022 to April 2023)**

MONTH	SALARY AMOUNTS(\$)
May-2022	91,782.92
Jun-2022	20,168.00
July-2022	18,518.00
Aug-2022	20,968.00
Sept-2022	20,168.00
Oct-2022	20,318.00
Nov-2022	3,418.00
Dec-2022	31,913.11
Jan-2023	24,901.00
Feb-2023	30,651.00
Mar-2023	28,049.00
Apr 2023	33,201.00
<b>Salaries Total:</b>	<b>344,056.03</b>



**EMPLOYEE CONTRACTS**

13.2 While reviewing the employee contracts, the OAG identified the following findings:

- I. The contractual terms are not aligned with the salaries that some employees received.
- II. Several contracts stipulated that employees would be paid on a monthly basis, yet the salaries were actually disbursed weekly (**Figure 11**).

**Figure 11: Weekly Employee Payroll**

JOB POSTION	CONTRACT PAYOUT TERMS	TESTING FIDINGS
Employee A	\$500.00 per month	Paid \$ 500 per week
Employee B	\$400.00 per month	Paid \$400 per week

13.3 Ensuring that employees have properly prepared contracts is crucial for effective staff management and protecting the Secretariats’ interests in case of any issues that may arise. However, the OAG have observed the following weaknesses:

- I. There were instances where contracts lacked proper signatures and dates.
- II. The employee contracts did not include a clause regarding vacation entitlement. However, the OAG observed that various employees were availing themselves of vacation time, and OAG found no supporting documentation substantiating their eligibility for such leaves.
- III. Several employee agreements were signed subsequent to the initiation of employment (**Figure 12**).

**Figure 12: Contracts signed after commencement date.**

JOB POSTION	START DATE	CONTRACT SIGN DATE
Employee A	25-July-2022	04-Aug-2022
Employee C	01-Jan-2022	16-May-2022

## **Implications**

- I. Inconsistency in contract terms may result in excessive salary payments.**
- II. The failure of employees to sign the contract raises concerns regarding the legal validity of their employment.**
- III. The lack of vacation entitlement mentioned in the employee contracts could potentially lead to an inaccurate representation in the record-keeping of employee absenteeism and vacation leave.**
- IV. Signing a contract after the designated commencement date has the potential to create widespread disruption regarding the employees' agreement on job titles and salary terms.**

## **Recommendation**

**The OAG recommends that employees complete and sign the contracts prior to or on the date of commencement. In doing so, it ensures that employee's benefits and entitlements are clearly outlined in the agreement.**

## **SALARY SCALE**

- 13.4 During the interview with management, it was communicated that salary determinations are solely at the discretion of the Chairman, without any correlation to an approved salary scale structure aligned with the public service salary scales.

## **Implication**

**Neglecting to establish a comprehensive salary framework can result in unanticipated and uncontrolled rises in payroll expenditure.**

## **Recommendation**

**The OAG recommend that salaries be established taking into account employees' qualifications and experiences, while also conforming to the approved budget allocation and a comprehensive salary framework.**

## INCREMENTS

13.5 Several concerns regarding the increment benefits:

- I. There appears to be a lack of guidelines regarding the provision of increment benefits.
- II. The precise criteria for determining increment awards is currently unclear.
- III. The contract agreements did not specify any provisions regarding incremental benefits (**Figure 13**).

**Figure 13:** Contracts that did not Specify Incremental Benefits

JOB TITLE	START DATE	SALARY TOTAL (\$)	INCREMENT DATE	INCREMENT AMOUNT(\$)
Employee B	20-Jun-2022	500.00	20-Sept-2022	600.00
Employee C	25-Oct-2021	400.00	24-Oct-2022	750.00
Employee D	16-May-2022	400.00	10-Feb-2023	600.00
Employee B	15-July-2022	400.00	05-Oct-2022	500.00

### Implications

**Discretionary distribution of increments can lead to either overpayment or underpayment of employees depending on their job qualifications and performance.**

### Recommendation

**The OAG recommend the implementation of a formal guideline to determine increment distributions.**

## SALARY INCREASE

13.6 Upon scrutinizing the payroll documents, it was observed that numerous employees have been granted salary increases without the requisite authorization from the Ministry of Youth Sports and Culture (**Figure 14**).



**Figure 14: Unauthorized Salary Increases**

JOB TITLE	SALARY AMOUNT (\$)	PERIOD	ADJUSTED SALARY (\$)
Employee B	500.00	8-Feb-2023	600.00
Employee E	2,500.00	18-Jan-2023	3,000.00
Employee C	50,000.00 p.a.	19-Jan-2023	60,000.00

### **Implication**

**Unauthorized salary increases can lead to unexpected budget reallocation and fund restriction.**

### **Recommendation**

**The OAG recommends that the Secretariat obtain approval from the Ministry of Youth Sports and Culture for salary increases. Further, it may be necessary to establish a framework that ensures salary adjustments are not granted automatically.**

### **RECLASSIFICATION OF JOB TITLES**

- 13.7 The OAG observed that there is a discrepancy between the job titles listed in the employment agreements and the actual documents provided to employees. This discrepancy has made it difficult for us to determine whether employees have been properly reclassified, as there are no supporting documents available.

### **Implication**

**By not establishing specific criteria to determine whether an employee's scope and responsibilities have sufficiently increased, the process may not be fair.**

### Recommendation

The OAG recommend that the Secretariat establish a Human Resources Department to develop detailed guidelines for future use.

### LUMP SUM PAYMENTS

- 13.8 The OAG have identified concerns regarding the punctuality of wage payments to certain employees, resulting in the need for lump sum disbursements (**Figure 15**).

**Figure 15: Employee's Distribution**

JOB TITLE	ONE-TIME LUMP PAYMENT (\$)	CHEQUE No.	DATE OF LUMP PAYMENT
Employee C	16,667.00	115	19-May-2022
Employee B	15,500.00	108	18-May-2022
Employee E	10,000.00	114	19-May-2022
Employee G	16,667.00	112	19-May-2022

### Implication

Effecting lump sum disbursements could potentially burden the allocated budget funds.

### Recommendation

The OAG recommend that salary payments are determined through contractual agreements, thus avoiding the provision of lump sum disbursements.

### SALARIES PAYOUT

- 13.9 The OAG have observed the following concerns regarding salary disbursements.
- I. Employee payouts exhibited inconsistency, with no supporting documentation for salary fluctuations, during certain pay periods **Appendix 2**.
  - II. Upon review of the staff increment letter, the auditors noted that an employee was due a \$600.00 BSD increment in October 2022; however, the employee received the increment prior to the specified date **Appendix 2**.

### Implication

In the absence of a salary scale guideline, salary fluctuations could give the appearance of fraudulent activity.

### Recommendation

The OAG recommends that a salary scale be used to ensure that salary payouts are accurate for each payout period.

## HONORARIUMS

13.10 As per the Bahamas Government Human Resources Policies Manual, officers who are tasked with additional duties beyond their regular responsibilities for a specified duration may be eligible for an honorarium. To seek approval for an honorarium, an individual must submit a request to the Permanent Secretary at the Ministry of Public Services. This request should include the following details:

- I. Scope of work
- II. Duration of the project
- III. Level of responsibility/expertise/role and position
- IV. Hours of work (during or after work)
- V. Proposed payment (fixed amount)

13.11 The OAG received a list of individuals who received honorarium payments, along with their respective job titles. It was noted that a specific job title had received honorarium payments on two separate occasions, which had not been included in the initial listing (**Figures 16 &17**).

**Figure 16: Payments to Job Titles**

JOB TITLE	AMOUNT (\$)
Contractual Position A	2,500.00
Contractual Position B	2,500.00
Contractual Position C	2,500.00
Contractual Position D	2,500.00
Contractual Position E	1,500.00

**Figure 17: Payments to Job titles not initially included in Listing**

JOB TITLE	AMOUNT	DATE OF PAYMENT
Employee G	\$3,000.00	8-July-2022
Employee G	\$2,500.00	2-May-2022

**Implication**

**Failure to comply with the Bahamas Government Human Resources Policies Manual may lead to financial repercussions from salary disbursements being rendered invalid.**

**Recommendation**

**The OAG recommend that the Bahamas Games Secretariat adhere to the guidelines outline in the Bahamas Government Human Resources Policies Manual with relation to honorariums and cash disbursements.**

**NIB PAYMENTS**

- 14.1** The Secretariat has failed to make a payment of **\$4,108.00 BSD** to the National Insurance Board for four (4) retired employees from January 1<sup>st</sup>, 2022, through to July 31<sup>st</sup>, 2023. Additionally, a cheque was prepared but was not sent due to insufficient funds. As a result, the certificate of good standing, which demonstrates compliance with the board’s policy of paying the 2%, was missing from the employee files.

**Implication**

**The organization risks the chance of being fined for noncompliance to the National Insurance Act.**

**Recommendation**

**The OAG recommend that the Secretariat follow the provisions of the National Insurance Act for retired employees in a timely manner.**

## FINANCE OFFICER NON-APPOINTMENT

- 15.1 The OAG have received documentation from the Treasury Department identifying a Finance Officer to oversee the financial operations of the Secretariat. However, this recommended action has not been carried out as intended. Instead, an accountant with a lack of experience in the Bahamas Government Financial policies has been appointed.

### Implication

**Insufficient understanding of governmental financial policies can lead to weak internal controls within an organization's financial and operational structures.**

### Recommendation

**The OAG recommend providing an explanation for why the Public Treasury's directives were not implemented, to be included in the file.**

## HOTEL ACCOMMODATIONS

- 16.1 After examining an internal memorandum from March 13<sup>th</sup>, 2023, it was found that several contractual agreements were made for hotel accommodations (**Figure 18**).

**Figure 18:** Bahamas Games Hotel Accommodations for Athletes

HOTEL	CONTRACT DATE	CONTRACT SUM (\$)	AMOUNT PAID (\$)	BALANCE (\$)
Company A	14-Dec-2022	1,236,819.10	359,964.00	876,855.10
Company B	18-Aug-2022	178,705.04	128,705.04	50,000.00
Company C	23-Jan- 2023	60,200.00	62,200.00	0.00
<b>TOTAL</b>		<b>1,475,724.14</b>	<b>550,869.04</b>	<b>926,855.10</b>

### Implication

**Failure to keep accurate records of used and unused hotel rooms presents a potential financial risk as it becomes challenging to determine the amount expensed and/or refunded.**

### Recommendations

**The OAG recommend that the Secretariat should maintain records to facilitate proper expense tracking, following accounting best practices.**

## VEHICLE EXPESSES

- 17.1 The OAG have examined the bill of sale for two (2) vehicles acquired by the Secretariat at a combined cost of **\$15,000.00 BSD**. The OAG have discovered a number of concerns regarding these vehicles (**Figure 18**).
- I. The OAG were informed that a formal request has been submitted to the Permanent Secretary at the Ministry of Youth, Sports and Culture on behalf of the Deputy Chairman and Treasurer. The request was regarding the procurement of the two (2) vehicles. However, the OAG have not received an official copy of the response.
  - II. No official documentation authorizing the purchase of the two (2) vehicles from the Ministry of Finance has been located in the files.
  - III. The vehicles were bought without proper authorization. It was observed that two employees were making monthly contributions towards eventual ownership. The exact amounts for the monthly payments were not specified in the records.

**Figure 19:** Vehicles Purchased without Approval

VEHICLE/MAKE/YR	AMOUNT	MODEL VIN
2014 Nissan Note (Black) –Sedan	\$7,750.00	Vin# E12-201011
2011 Honda Stream Wagon (Black)	\$7,250.00	Vin# rn6-3134190

### Implication

**Reallocation of authorized budget funds for non-related expenditures may lead to the lack of funds for essential items, unrealized organizational and strategic goals, unpaid debts and a financial deficit.**

### Recommendations

**The OAG recommend seeking approval from the Ministry of Finance and coordinating with the Ministry of Youth Sports and Culture for any expenses beyond the approved budget.**



## **RENTAL LEASE**

- 18.1 The rental lease agreement shows a monthly rental amount of **\$3,334.00 BSD** between the Landlord and the Ministry of Youth Sports and Culture. However, the lease lacks a date and signatures from both parties, which are necessary for a valid agreement.

## **CAM CHARGES**

- 18.2 The OAG noted the payment of CAM charges, but have been unable to ascertain their purpose. Additionally, management is unaware of the reason behind these charges.
- 18.3 After examining the rental agreement, it was revealed that a sum of **\$8,000.00 BSD** was provided to the landlord as an advanced payment.

### **Implication**

**Failure to obtain signatures from both parties on the lease agreement invalidates contractual obligations between parties.**

### **Recommendation**

**The OAG recommend that the Secretariat ensures that the lease agreement is properly dated and signed by both parties, indicating their agreement to the terms outlined in the agreement and a copy of the same be retained and reviewed by Secretariat personnel.**

## **TRAVEL CLEARANCE REPORT**

- 19.1 The OAG was informed that a Travel Clearance report file requested for review does not exist.

### **Implication**

**Uncertainty may occur regarding the total number of travels made, and travel expenses might not be accurately monitored.**

### **Recommendation**

**OAG recommend implementing, maintaining and reviewing clearance report file on a regular basis.**

## ACCOUNTING CONCERNS

- 20.1 The accounting records were improperly maintained, as there was missing documentation.
- I. There have been incorrect entries made in the general ledgers.
  - II. Financial records have been inadvertently lacking certain financial transactions. The omission was a result of the Secretariat not receiving the necessary supporting documents and, consequently, being unable to verify and post transactions in a timely manner.
  - III. The Secretariat did not create cash flow statements
  - IV. Monthly balance sheets were not consistently generated, reviewed, and validated.
  - V. The profit and loss statements were not regularly generated, reviewed, and confirmed on a monthly basis prior to entering data for the following month.
  - VI. Accounting tasks were assigned to employees randomly, resulting in a lack of consistency in their completion and for segregation of duties.

# Appendices

## Appendix 1 Statement of Outstanding Balance as at 2<sup>nd</sup> August 2023

Statement of Outstanding Balance as at 2nd August 2023				
ACCOMMODATIONS				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	APPROVED PAID LATER
COMPANY A	\$1,236,819.10	\$359,964.00	\$876,855.10	\$876,855.10
COMPANY B	\$178,705.04	\$128,705.04	\$50,000.00	\$ 50,000.00
COMPANY C	\$60,200.00	\$60,200.00		
TOTAL	\$1,475,724.14	\$548,869.04	\$926,855.10	
SECURITY				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 16,917.00		\$ 16,917.00	
COMPANY B	\$ 16,077.60		\$ 16,077.60	
COMPANY C	\$ 1,600.00		\$ 1,600.00	
	\$ 9,725.00		\$ 9,725.00	
TOTAL	\$ 44,319.60		\$ 44,319.60	
INSURANCE				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 64,400.00		\$ 64,400.00	\$ 64,400.00
TRANSPORTATION AIR & GROUND				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 340,000.00	\$ 115,000.00	\$ 225,000.00	\$ 140,000.00
COMPANY B	\$ 216,662.90	\$ 150,000.00	\$ 66,662.90	\$ 67,225.40
COMPANY C	\$ 59,944.70	\$ 53,813.06	\$ 6,131.64	
COMPANY D	\$ 13,358.00		\$ 13,358.00	
TOTAL	\$ 629,965.60	\$ 318,813.06	\$ 311,152.54	
TECHNOLOGY				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 340,000.00		\$ 340,000.00	\$ 340,000.00
COMPANY B	\$ 257,785.00		\$ 257,785.00	\$ 257,785.00
COMPANY C	\$ 43,108.00		\$ 43,108.00	\$ 43,108.00
COMPANY D	\$ 26,812.50		\$ 26,812.50	
COMPANY E	\$ 55,201.00		\$ 55,201.00	
COMPANY F	\$ 10,000.00		\$ 10,000.00	
COMPANY G	\$ 36,506.00		\$ 36,506.00	
TOTAL	\$ 769,412.50		\$ 769,412.50	
MISCELLANEOUS				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 6,000.00		\$ 6,000.00	
COMPANY B	\$ 3,150.00		\$ 3,150.00	
COMPANY C	\$ 588.16		\$ 588.16	
COMPANY D	\$ 1,079.00		\$ 1,079.00	
TOTAL	\$ 10,817.16		\$ 10,817.16	
RENTAL COMPANIES				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 34,296.90		\$ 34,296.90	
COMPANY B	\$ 12,000.00		\$ 12,000.00	
COMPANY C	\$ 18,553.70		\$ 18,553.70	
COMPANY D	\$ 43,184.00		\$ 43,184.00	\$ 43,184.00
COMPANY E	\$ 25,256.00		\$ 25,256.00	
COMPANY F	\$ 22,296.00		\$ 22,296.00	
TOTAL	\$ 4,110.70		\$ 4,110.70	
	\$ 159,697.30		\$ 159,697.30	

GASOLINE				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 128.14		\$ 128.14	
COMPANY B	\$ 110.02		\$ 110.02	
COMPANY C	\$ 50.00		\$ 50.00	
COMPANY D	\$ 50.00		\$ 50.00	
COMPANY E	\$ 50.00		\$ 50.00	
COMPANY F	\$ 200.00		\$ 200.00	
TOTAL	\$ 588.16		\$ 588.16	
SANTATION VENDORS				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 8,780.00		\$ 8,780.00	
COMPANY B	\$ 10,000.00		\$ 10,000.00	
COMPANY C	\$ 4,600.00		\$ 4,600.00	
COMPANY D	\$ 7,000.00		\$ 7,000.00	
COMPANY E	\$ 26,400.00		\$ 26,400.00	
COMPANY F	\$ 10,500.00		\$ 10,500.00	
COMPANY G	\$ 10,800.00		\$ 10,800.00	
COMPANY H	\$ 10,000.00		\$ 10,000.00	
COMPANY I	\$ 9,000.00		\$ 9,000.00	
COMPANY J	\$ 23,000.00		\$ 23,000.00	
COMPANY K	\$ 8,000.00		\$ 8,000.00	
COMPANY L	\$ 10,000.00		\$ 10,000.00	
	\$ 138,080.00		\$ 138,080.00	
FOOD VENDORS				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 46,200.00	\$ 23,100.00	\$ 23,100.00	
COMPANY B	\$ 30,000.00	\$ 30,000.00	\$ -	
COMPANY C	\$ 250,000.00	\$ 150,000.00	\$ 100,000.00	\$ 50,000.00
COMPANY D	\$ 250,000.00	\$ 150,000.00	\$ 100,000.00	\$ 50,000.00
COMPANY E	\$ 186,000.00	\$ 93,000.00	\$ 93,000.00	\$ 50,000.00
COMPANY F	\$ 56,000.00	\$ 33,900.00	\$ 22,100.00	\$ 22,100.00
COMPANY G	\$ 110,000.00	\$ 55,000.00	\$ 55,000.00	
COMPANY H	\$ 76,000.00	\$ 35,000.00	\$ 41,000.00	\$ 17,000.00
	\$ 1,004,200.00	\$ 570,000.00	\$ 434,200.00	
STIPEND FOR GAMES				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 15,800.00		\$ 15,800.00	
COMPANY B	\$ 12,400.00		\$ 12,400.00	
COMPANY C	\$ 5,200.00		\$ 5,200.00	
COMPANY D	\$ 6,900.00		\$ 6,900.00	
TOTAL	\$ 40,300.00		\$ 40,300.00	
NSA WORKERS				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 6,400.00		\$ 6,400.00	
COMPANY B	\$ 2,800.00		\$ 2,800.00	
COMPANY C	\$ 3,300.00		\$ 3,300.00	
COMPANY D	\$ 3,000.00		\$ 3,000.00	
TOTAL	\$ 15,500.00		\$ 15,500.00	
PROTOCOL (MYSC)				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 14,500.00		\$ 14,500.00	
COMPANY B	\$ 15,000.00		\$ 15,000.00	
TOTAL	\$ 29,500.00		\$ 29,500.00	
SOCIAL WORKERS				
COMPANY	CONTRACT	AMOUNT PAID	BALANCE OWING	
COMPANY A	\$ 1,000.00		\$ 1,000.00	
COMPANY B	\$ 200.00		\$ 200.00	
	\$ 1,200.00		\$ 1,200.00	
			<i>Total Approved</i>	
			<i>Pay later as</i>	
			<i>calculate by OAG</i>	\$ 2,071,657.50
			<i>Total as per</i>	
			<i>Bahamas</i>	
			<i>Secretariat</i>	2,029,382.12
			<i>Difference:</i>	\$ 42,275.38

## Appendix 2 Detail of Salary fluctuations June 2<sup>nd</sup>, 2022-October 14<sup>th</sup>, 2022

Date	Employee	Description	Amount
02.06.2022	Employee A	Salary	600.00
08.06.2022	Employee A	Salary	600.00
16.06.2022	Employee A	Salary	600.00
22.06.2022	Employee A	Salary	500.00
24.06.2022	Employee A	Salary	600.00
30.06.2022	Employee A	Salary	600.00
30.06.2022	Employee A	Salary	500.00
07.07.2022	Employee A	Salary	600.00
13.07.2022	Employee A	Salary	600.00
13.07.2022	Employee A	Salary	500.00
13.07.2022	Employee A	Salary	500.00
19.07.2022	Employee A	Salary	600.00
20.07.2022	Employee A	Salary	500.00
27.07.2022	Employee A	Salary	500.00
28.07.2022	Employee A	Salary	600.00
05.08.2022	Employee A	Salary	600.00
05.08.2022	Employee A	Salary	500.00
05.08.2022	Employee A	Salary	600.00
12.08.2022	Employee A	Salary	600.00
12.08.2022	Employee A	Salary	500.00
16.08.2022	Employee A	Weekly Salary	500.00
24.08.2022	Employee A	Weekly Salary	500.00
24.08.2022	Employee A	Weekly Salary	600.00
24.08.2022	Employee A	Weekly Salary	600.00
26.08.2022	Employee A	Weekly Salary	500.00
01.09.2022	Employee A	Weekly Salary	600.00
08.09.2022	Employee A	Weekly Salary	500.00
15.09.2022	Employee A	Weekly Salary	600.00
15.09.2022	Employee A	Weekly Salary	500.00
21.09.2022	Employee A	Weekly Salary	500.00
21.09.2022	Employee A	Weekly Salary	600.00
30.09.2022	Employee A	Weekly Salary	600.00
30.09.2022	Employee A	Weekly Salary	500.00
07.10.2022	Employee A	Weekly Salary	500.00
07.10.2022	Employee A	Weekly Salary	600.00
14.10.2022	Employee A	Weekly Salary	600.00
14.10.2022	Employee A	Weekly Salary	700.00