



# Translation of advice pertaining to the adopted budget 2021

Original title: Advies bij de vastgestelde jaarrekening 2021

*In case of differences in interpretation between the English translation and the Dutch version of the advice, or in legal proceedings or escalation procedures pursuant to applicable regulations, the original Dutch version shall always be leading.*

Dear Mr. Irion,

On November 17, 2023, the Board of financial supervision of Curacao and Sint Maarten (Cft) received Sint Maarten's adopted annual accounts for 2021. With this letter you receive the Cft's advice pertaining to these annual accounts.<sup>1</sup> In Annex 1 to this letter you will find a further clarification and substantiating figures to this advice.

## **Conclusion**

Sint Maarten has made progress in catching up on adopting annual accounts. On a positive note, the clean-up actions have led to visible results regarding the available audit information. However, there are no significant quality improvements as of yet. The Cft recommends Sint Maarten to continue its efforts to further improve the quality of the annual accounts.

In 2021, Sint Maarten realized a deficit on the operational budget of ANG 96 million. This is a favorable result in comparison to what was budgeted, due to a realization of income that was higher than budgeted, and a lower realization of expenses. The realized deficit falls within the preliminary maximum deficit on a cash basis of ANG 174 million permitted by the Kingdom Council of Ministers (*Rijksministerraad - RMR*).<sup>2</sup> In a separate letter to the RMR and to Sint Maarten, the connection between the maximum permitted deficit on cash approach and the realized deficits based on the income-expenses approach shall be addressed.

### **Explanatory statement**

The annual accounts show that the deficit on the operational budget is ANG 145 million lower than budgeted. The realization of the income is ANG 57 million higher than estimated, as a consequence, among others, of a contribution from the trust fund for the reconstruction of the airport, the donation of several assets from the National Recovery Program Bureau (NRPB) and other contributions from the Netherlands. The expenses are ANG 88 million lower than budgeted, which is mostly the consequence of the expenses for goods and services and the Covid-19 support measures being lower than budgeted.

The Stichting Overheidsaccountantsbureau (SOAB) observes that - despite improvements with regard to the auditability of the annual accounts - it cannot be determined that the annual accounts provide an accurate representation of Sint Maarten's financial position. Sint Maarten's General Audit Chamber (ARS) considers that the annual accounts for 2021 do not faithfully represent the country's financial position. Sint Maarten states that it keeps working on the improvement of the quality of financial management, in cooperation with the Temporary Work Organization (TWO).

In accordance with the RMR's request, when offering its annual accounts for 2021, Sint Maarten included a comparison of the calculation of the deficit on cash basis and based on the income-expenses approach. The Cft observes that the ANG 96 million deficit based on the income-expenses approach remains within the preliminary maximum deficit on cash basis of ANG 174 million permitted by the RMR. In its annual accounts for 2021, Sint Maarten does not state in which manner the deficit on the operational budget will be compensated.<sup>3</sup> Sint Maarten states that discussions on this matter are ongoing with the Ministry of the Interior and Kingdom Relations (BZK).

Trusting to have provided you with sufficient information.

Sincerely,  
The Chair of the Board of financial supervision of Curacao and Sint Maarten

Ms. L.M.C. Ongering, MA

A copy of this letter was sent to:  
The President of the Parliament of Sint Maarten  
The Prime Minister of Sint Maarten  
The Secretary General of the Ministry of Finance of Sint Maarten

### **Annex 1: Endnotes**

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<sup>1</sup> Pursuant to Article 18 of the Kingdom Act on Financial Supervision Curacao and Sint Maarten (*Rijkswet financieel toezicht Curaçao en Sint Maarten* - Rft), the Cft responds to the annual accounts. In connection to that, pursuant to Article 19 paragraph 3 of the Rft, the Cft makes recommendations with regard to the financial management. The Rft and the instruction given by the Kingdom Council of Ministers (*Rijksministerraad* - RMR) to the Sint Maarten administration in September 2015 form the framework for the assessment of the annual accounts. Official Gazette 2015, Decree of October 30, 2015 to issue the Decree of September 8, 2015, regarding the issuance of an instruction to the Sint Maarten administration to resolve the payment arrears that have arisen, to compensate the realized deficits on the ordinary

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service in the period of 2010-2014, to fully include the health care and pension expenses in the budget for 2015 and the multiannual budget, and to take measures for the benefit of a sustainable system for pensions and social security. On April 18, 2019, the RMR decided to extend the instruction, however, the new deadlines have not yet been decided.

<sup>2</sup> Due to the consequences of the Covid-19 crisis, at Sint Maarten's request and pursuant to Article 25 paragraph 1 of the Rft, the RMR granted permission to Sint Maarten to deviate from the central budgetary standard set out in Article 15 paragraph 1 under a of the Rft. For the budgetary year 2021, the RMR established the preliminary permitted deficit at ANG 174 million. The differences between the calculation of the deficit on cash basis and based on the income-expenses approach have yet to be involved in that.

<sup>3</sup> Should the adopted annual accounts show that there is a deficit for the operational budget, then pursuant to Article 18 paragraph 6 of the Rft, upon offering the annual accounts Sint Maarten must state the measures taken to compensate for the deficit. The Cft then assesses these proposed measures on the basis of the standards set out in Article 15 of the Rft.