

**Report on findings regarding the Sint Maarten Stimulus and Relief Program
*Income & unemployed support programs***

20/0496C/CL
September 23, 2020

TABLE OF CONTENTS

1. Engagement description	2
2. Nature and scope of the work	2
3. Description work carried out	3
4. Findings	4
4.1. Amount paid to approved applicants	4
4.2. Findings on disbursements made to approved applicants for income support program	5
4.3. Findings on disbursements made to approved applicants for unemployment support program	5
4.4. Findings on Rejected Applicants	6
4.5. Verification of SMDF access to digital applications	7
4.6. Emails sent to approved or rejected applicants	7
4.7. Compliance with Minister of Finance decision on objection	8
4.8. Separate bank account created and maintained for each program	8
4.9. Disbursement to persons without a valid local account	9
4.10. Days on which funds were disbursed to applicants	9
4.11. Total amount of subsidy received by SMDF and spent	9
4.12. Selected transactions included in the general ledger administered by SMDF for both programs	10
5. Closing	10

To Ministry of Finance
Attn. minister A. Irion
Soualiga Road 1
Sint Maarten

Professional Office Park
Osprey Drive 4
Philipsburg, Sint Maarten
T: +1721 542 6555
E: info@soab.cw

Philipsburg, September 23, 2020

Number : 20/0496C/CL
Reference : N.A. Marlin MSc RA
Subject : Report on findings regarding the Sint Maarten Stimulus and Relief Program
Income & unemployed support programs

Dear minister,

We have carried out a number of agreed-upon procedures by Sint Maarten Development Fund (SMDF) on the Stimulus and Relief Program for the income and unemployed support programs as stipulated in the Ministerial Decree no. 2020/643 of May 14, 2020 as defined in our engagement letter of June 29, 2020. This report contains the results of this work.

It is the intention that you have a judgment on the work and on the findings displayed in this report and on this basis draw your own conclusion(s). We would like to point out that if we would have carried out further work or an audit, assessment or another assurance job, perhaps other subjects were found that would qualify for reporting.

1. Engagement description

Sint Maarten experienced its first lockdown in 2020 due to a worldwide pandemic. With the result of this the economy of Sint Maarten was left severely affected. The Government of Sint Maarten in an effort to moderate the COVID-19 related economic downturn, announced its intentions to support individuals and business recovery in response to the COVID-19 pandemic. The intended support is outlined in the Sint Maarten Stimulus and Relief Program (hereafter: SSRP) which outlines three main programs to provide direct support to residents of Sint Maarten. The programs of the support that makes part of this assignment is the Income and Unemployment Support Programs for a period of three months (April, May and June 2020).

The Sint Maarten Development Fund (hereafter: SMDF) is entrusted with the execution of these two programs. The objective of execution of this assignment is to have SOAB verify on behalf of the Government of Sint Maarten if (1) the administration, (2) the internal review and (3) the payment of the Income and Unemployment Support Program were executed in accordance with specific articles as included in the Ministerial decree no. 2020/643.

2. Nature and scope of the work

We conducted our work in accordance with the Dutch Standard 4400N, 'Engagements to perform agreed upon procedures'. Furthermore, this assignment has been executed in accordance with the ethical requirements as included in the 'Verordening gedrags en beroepsregels accountants' ('VGBA', Dutch Code of Ethics), which sets out the regulations governing our code of conduct.

The purpose of this assignment is to conduct agreed-upon procedures carrying out the proposed work on the SSRP funds distributed by SMDF and report on the findings of fact.

As stated in our engagement letter we agreed to carry out the following agreed-upon procedures and report on the findings for the following specific articles as specified in the Ministerial Decree no. 2020/643 (hereafter MD):

1. SOAB will verify that all persons that have received income or unemployment support from SMDF, have received the amount of ANG 1,150 as stated in the MD (*article 2, article 3 and article 10*).
2. SOAB will select a sample of minimum 50% of all persons who have received a pay-out for the income support and verify the following (*article 2*):
 - if applicant is indeed eligible for income support in accordance with the criteria as set forth in the MD;
 - if applicant submitted all required documents as included in the MD;
 - if crosscheck was executed with other documents and/or programs as required by the MD.
3. SOAB will select a sample of minimum 50% of all persons who have received a pay-out for the unemployment program and verify the following (*article 3*):
 - if applicant is indeed eligible for the unemployment program in accordance with the criteria as set forth in the MD;
 - if applicant submitted all required documents as included in the MD;
 - if crosscheck was executed with other documents and/or programs as required by the MD.

4. SOAB will select a sample of minimum 5% of all rejected applicants for both the income and unemployment support program to verify if the denial of their request was indeed due to non-compliance with requirements as stated in the MD (*article 2, article 3*).
5. SOAB will verify that applications are reviewed and assessed by SMDF based on criteria set in article 2 and 3 of MD (*article 4*).
6. SOAB will verify that SMDF has access to the digital applications and that there is a file checklist for each program (*article 4*).
7. SOAB will verify for the selected applicants that they received a decision via email from SMDF and SOAB will also verify if this email includes all the required information as included in the MD (*article 4*).
8. SOAB will verify if SMDF complied with the decision and/or instruction of the minister of Finance with regard to all persons that filed an objection (*article 7.m*).
9. SOAB will verify that SMDF created and maintained a separate bank account for each program (*article 10*).
10. SOAB will include in the report information on the manner in which SMDF disbursed to persons without a valid local account (*article 10*).
11. SOAB will include in the report information on the days on which SMDF disbursed funds to applicants (*article 10*).
12. SOAB will report the total amount of subsidy received by SMDF (*article 11*).
13. SOAB will verify if selected transactions were included in the general ledger administered by SMDF for both programs (*article 12*).



3. Description work carried out

For the execution of the agreed upon procedures the following activities were carried out.

Interviews

To get a good understanding of the review executed and the procedures in place we held interviews or had meetings with the following persons:

- Mr. C. Grannum Senior Policy Advisor,
Cabinet of the Minister of Finance
- Ms. M. Buncamper Chef de Cabinet of the Minister of Finance
- Ms. M. Brooks SMDF Managing Director
- Ms. J. Marlin SMDF Financial Administrator
- Mr. A. Roper Computech
- Mr. I. Carty Computech

Custom review period

The procedures executed will be specifically for the funds distributed by SMDF in relation to the months April, May and June 2020. This report includes all funds distributed by SMDF for the months April, May and June 2020 up until July 27, 2020.

Access to portal

To perform the above agreed upon procedures we obtained access to the CRM SSRP portal on which the required documentation were uploaded by the applicants and on which the review was executed by SMDF and the cross reference by the social affairs.

Document reconciliation

Via the portal and via SMDF we received various documents that were used to perform the agreed upon procedures. Documents received from SMDF included documents such as bank statements, government permit list and batches received from SZV for cross-referencing purposes. A crosscheck is executed for all applicants with SZV and social affairs to ensure that applicants are not already receiving funds from another governmental program.

Consultation

This report, which includes our findings for the period under review was shared in draft form with SMDF on August 20, 2020 providing them the opportunity to respond and elucidate on the findings. After receiving a response from SMDF on the draft report and additional documents, the report was updated and shared with SMDF again on September 11, 2020. After receipt of approval on final draft from SMDF the final draft was sent to the Ministry of Finance and Ministry of VSA for their review and approval, prior to us issuing this final report.

4. Findings

4.1. Amount paid to approved applicants

We verified that all persons that have received income or unemployment support from SMDF for the period under review, have received the amount of ANG 1,150 as stated in the MD. To verify that all the persons received ANG 1,150, we obtained an overview of the bank transactions that includes all funds distributed up until July 27, 2020 to the approved applicants for the months April, May and June.

Based on our evaluation of the transactions we noted for the income support 2 instances where payment provided to the individual was ANG 1,161.69, while for the unemployment support there were 3 instances whereby approved applicant received ANG 1,161.69.

The additional fee of ANG 11.69 stated on the bank transaction is an exchange commission of 1.0167% that is charged by the bank for non-residents accounts. This means that the specific account holder has a French side address. We received confirmation of this from both SMDF and a representative from the bank.

Taking above clarification into account we have verified that all persons that received either income or unemployment support for the period under review received the stipulated amount as included in the MD of ANG 1,150 per transaction.

4.2. Findings on disbursements made to approved applicants for income support program

In total there were 340 individual approved applicants for the income and support program for the period under review, of which we tested 174 (51%) approved applicants.

The sample represents a total amount of ANG 483,000 (50%) from the total amount distributed for income support up until July 27, 2020. This selection was made by requesting from SMDF the bank transactions from the bank account made specifically for the distribution of SSRP funds for the income support program. From these bank transactions we made a selection of applicants for which we verified the following:

- if applicant is indeed eligible for income support in accordance with the criteria as set forth in the MD (legally registered as sole proprietor or have a permit for public vending or public transportation, do not have employees, updated tax forms, valid local bank account);
- if applicant submitted all required documents as included in the MD (completed application form, valid Sint Maarten ID/Passport, valid permit or valid chamber of commerce extract, stamped copy of 2018 tax return);
- if crosscheck was executed with other documents and/or programs as required by the MD. (SZV, permit list from government and Social Affairs)

Findings noted

From the sampled approved applicants for income support (340) we noted no findings. All sampled applicants had the necessary valid documents as required by the Ministerial Decree and the necessary crosschecks were executed by SMDF for all sampled applicants.

4.3. Findings on disbursements made to approved applicants for unemployment support program

In total there were 282 approved applicants for the unemployment support program for the period under review, of which we tested a total of 143 (50%) approved applicants.

The sample represents a total amount of ANG 430,100 (50%) from the total amount distributed for unemployment support up until July 27, 2020. This selection was made by requesting from SMDF the bank transactions from the bank account made specifically for the distribution of SSRP funds for the unemployment support program. From these bank transactions we made a selection of applicants for which we verified the following:

- if applicant is indeed eligible for the unemployment program in accordance with the criteria as set forth in the MD (completed application form, had been employed on Dutch Sint Maarten, became unemployment due to COVID-19, valid local bank account);
- if applicant submitted all required documents as included in the MD (valid Sint Maarten ID/Passport, Last Pay Slip, Dismissal letter on company letterhead with company stamp);
- if crosscheck was executed with other documents and/or programs as required by the MD. (SZV and Social Affairs)

Findings noted

For sampled applicants for unemployment support (282) we noted the following findings:

- For 27 applicants we noted that they did not submit a dismissal letter with the criteria required, in these instances the company stamp.

- 1 applicant did not submit a dismissal letter on the company's letterhead.
- For 4 applicants we noted that the dismissal letter did not state the dismissal motive was due to covid-19.

SMDF informed us that it was determined very early on that many companies/employers are not in possession of a company stamp. For this reason, the specific applicants were approved despite not having a company stamp on their dismissal letter.

Verification of dismissal due to Covid-19

As stated in the Ministerial Decree Article 3.b a person is eligible for the unemployment program if they had been working on the Dutch side of Sint Maarten when they became unemployed due to Covid-19 after March 15th, 2020. During our procedures we verified if the dismissal letter uploaded was dated after March 15, 2020 and if the letter indicated that the motive for the applicant's dismissal was due to Covid-19. If Covid-19 was not stated in the letter we have included this as a finding in the report because without this being stated explicitly we have no other way of verifying that the reason is indeed due to Covid-19.

During the verification process, we noted 4 instances whereby the dismissal letters did not state the dismissal motive being due to covid-19. After discussion with SMDF they informed us that due to the fact that it was not publicly stated that dismissal letters had to mention Covid-19 as the motive they accepted dismissal letter which did not specifically state this as well.

Based on the findings noted 32 of the selected applicants were not eligible to receive income support based on not being compliant with the requirements as included in the Ministerial Decree.

4.4. Findings on Rejected Applicants

We requested and received a list of all denied applicants from SMDF for both the income and unemployment support program. In total 110 applicants were denied unemployment support and 77 individual applicants were denied income support for the period under review. We selected 7 (9%) denied applicants from the income support program, and 5 (5%) denied applicants from the unemployment support program to verify if the denial of their request was indeed due to non-compliance with requirements as stated in the MD.

Income support denied applicants

We noted no findings for the sample of applicants denied for the income and support program. Based on our review they indeed did not comply with the requirements as included in the MD.

Unemployment support denied applicants

With regard to the sample of applicants denied for the unemployment support we noted that one applicant from our sample was denied but should have been approved. Applicant was terminated due to Covid-19 on May 15, 2020 and have uploaded all other required documents as included in the MD. Based on the above the applicant should have been approved for the months of May and June.

SMDF confirmed that applicant was denied for month April after cross-reference with SZV due to being a person that received funds through SSRP Payroll Support. Applicant was included in list sent to SZV for May and June, SMDF is awaiting crosscheck with SZV for the months May and June to verify if applicant can be approved for these months.

4.5. Verification of SMDF access to digital applications

To verify to what extent SMDF and others had access to the CRM SSRP Portal for income support and unemployment support we obtained access to the CRM SSRP Portal and held interviews with persons from Computech. Computech is the IT services company responsible for the management of the CRM SSRP Portal. The portal contains all documents and information uploaded by the applicant. In addition, the portal includes information on approval, review and email communication with applicant.

In the CRM SSRP Portal there are four check sections;

1. Document Check
2. Requirements Check
3. Social services Check
4. Approval

We verified based on interviews with the Computech representatives and receipt of the privileges and accessibility overview from the CRM SSRP Portal that the duties are duly segregated on the portal.

We noted the following; only persons from social affairs can edit the social services check. SMDF personnel does not have editing rights to this section.

In this section the cross-reference is executed with the list of social affairs to verify that the applicants do not receive welfare.

Personnel from SMDF edit the sections, document check and requirements check. Lastly and most important the director of SMDF is the approver and has only viewing rights for the other sections and she is the only person that can edit the approval section.

4.6. Emails sent to approved or rejected applicants

We verified for the sampled applicants if they received a decision via email from SMDF and also if the email received included all the required information as included in the MD. This execution was performed by accessing the SMDF applicant's portal and reviewing the section of activities where all correspondence between SMDF and applicants are recorded.

In accordance with the MD the emails should include the following information:

- For the approved applicants the emails sent to them should include information on the decision of approval and for which months, for which support program, the disbursements process and period and also instructions on what to do if disbursement has not been received within the mention period. Lastly, the email should state that the definition of unemployment is only in accordance with this program and no other party can claim any rights."
- For the denied applicants the email sent to them should include information on reason for denial and possibility for appeal.

Findings income support

From the sampled approved applicants (340) we noted 4 instances whereby the applicant did not receive an email of approval for the month of April. SMDF confirmed that this was an oversight and that the specific applicants did receive an email for the months May and June and did receive their funds.

For all other sampled approved applicants we noted that the required information as stated in the MD was included except for the part regarding the definition on unemployment. In the emails sent to the approved sample applicants that received income support no information is included that states that the "definition on unemployment is only in accordance with this program and no other party can claim any rights".

Findings unemployment support

From the sampled approved applicants (282) we noted 5 instances whereby the applicant did not receive an email for a specific month. SMDF confirmed that this was an oversight on their part and that in various instances the applicant did receive emails for the subsequent months.

For all other sampled approved applicants, we noted that the required information as stated in the MD was included except for the part regarding the definition on unemployment. SMDF confirmed that this was an oversight and as of June 15, 2020 all mails that were sent out to approved applicants of the unemployment support did indeed include the definition of unemployment. We verified this and noted that indeed all emails sent after said date to the unemployment approved applicants did include the required elaboration of the unemployment definition as stated in the MD.

Findings denied applicants

We noted for all the sampled denied applicants that the emails sent to them included all the information as required by the MD. All applicants where informed by email of the specific reason for denial and information on the possibility to appeal.

4.7. Compliance with Minister of Finance decision on objection

The intention was to verify if SMDF complied with the decision and/or instruction of the minister of Finance with regard to persons that filed an objection (article 7.m).

This Agreed Upon procedure has not been executed because up until July 27, 2020 there have been no instances where applicants received a disbursement after being denied by SMDF and approved by the appeal committee. We noted no instances during our test work executed on our sampled applicants and SMDF confirmed that they have not received any decisions from the appeal committee/Minister of Finance requesting to distribute funds to applicants that were initially denied by SMDF.

4.8. Separate bank account created and maintained for each program

We verified that SMDF created two separate bank accounts in the month of May 2020. One was created for the income support program and a separate bank account for the unemployment support program. On these accounts, the subsidy for the specific programs was received and from

these accounts, payments were distributed to the approved applicants as stipulated in the Ministerial Decree (2020/643) Article 10a.

4.9. Disbursement to persons without a valid local account

During our review we noted that approved applicants without a valid local bank account received their funds through PSB Bank. SMDF would prepare a list of all approved applicants without a local bank account and would send this list to PSB for disbursements of the funds to the applicants. This total amount is then deducted from the bank accounts from SMDF.

We reconciled the lists sent to PSB by SMDF with the amount deducted from the bank accounts of SMDF. We noted no difference between the total amount on the lists and the total amounts deducted from the individual bank accounts.

4.10. Days on which funds were disbursed to applicants

In the MD Article 4, it is stated that disbursements will be made on a weekly basis on Thursday's and Friday's. We noted that payments were made on various days of the week. We were informed by SMDF that in order to accelerate the process payments were made on the same or next day that the approvals were processed.

4.11. Total amount of subsidy received by SMDF and spent

We reviewed the bank statements created for both of the programs. On May 18, 2020 an amount of ANG 4,140,000 was received from the government of Sint Maarten for the income and support program. On May, 20 2020 an amount of ANG 3,547,380 was received for the unemployment support program.

Based on aforementioned deposits SMDF received a total of ANG 7,687,380 from the government of Sint Maarten for the programs related to the SSRP. This amount is in accordance with the amount as included in the Ministerial Decree in Article 10.C.

Income support bank account

Up until the date of the July 27, 2020 a total of ANG 971,985 was spent from the income support program bank account. From the total amount spent a total of ANG 970,763 was paid to the approved applicants. This is 23% from the total subsidy received.

Unemployment support bank account

Up until the date of July 27, 2020 a total of ANG 855,556 was spent from the unemployment support program bank account. From the total amount that was spent from the unemployment support program bank account a total of ANG 854,613 was paid to the approved applicants of the unemployment support program. This is 24% from the total subsidy received.

4.12. Selected transactions included in the general ledger administered by SMDF for both programs

We received the general ledger from SMDF in which the transactions pertaining to both the income and unemployment support programs are recorded. We verified if the transaction pertaining to the applicants which were selected and tested by us for the income and unemployment programs were recorded in the general ledger. We noted that all selected applicants for both the income and unemployment support program were recorded in the general ledger provided to us.

5. Closing

We would like to draw attention to the fact that the Ministry of Finance is responsible for the choice of the assignment to execute the agreed upon specific activities.

The dissemination of agreed-upon procedures reports in a public sector engagement are not restricted to only those parties that have agreed to the procedures to be performed. They can be made available to a wider range of entities or people. However, we note that others unaware of the reasons for the procedures may misinterpret the results.

As stated above, it is the intention that you have a judgment on the work carried out and, on the findings, displayed in this report, and this basis draw your own conclusion(s).

We thank you for your cooperation and trust that the findings included in this report informs you sufficiently.



N.A. Marlin MSc RA
Manager

Stichting Overheidsaccountantsbureau
Professional Office Park
Osprey Drive 4
Sint Maarten