



The Future of Finance



Assessment of the Budget Process: Towards Financial Control in the Government of Sint Maarten

The Ministry of the Interior and Kingdom Relations & Government of Sint Maarten

November 15, 2022

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November 15, 2022

Report 'Assessment Budget Process Government Sint Maarten'

Dear Mr. Burger,

Grant Thornton Sint Maarten (hereafter 'Grant Thornton' or 'we') is pleased to present to The Ministry of the Interior and Kingdom Relations (hereafter 'Min BZK' or 'you') our report containing the assessment performed of the Budget Process of the Government of Sint Maarten, which we executed for your organization, in accordance with our engagement letter with reference: HEB/RJ/67.004.0/46786.

This report contains the results of the assessment performed and sheds light on the current budget process within the Government of Sint Maarten as part of the thematic projects described in the Country Package. This assessment contributes to a wide range of reform plans and measures that should support Sint Maarten to create economic and societal resilience. More specifically, the purpose of this report is to assess the current budget process cycle in order to initiate proper financial control within the Government of Sint Maarten, which is also the objective of Theme A of the Country Package. We received formal approval of the Ministry of Finance on October 21, 2022. Hence, we hereby provide you the final report on assessment of the budgeting process.

We would like to thank you again for the opportunity to execute this very important initiative. It was a pleasure to cooperate with you, all members of the Steering Committee and all other stakeholders in the different Ministries that contributed to our assessment. In particular, we would like to express our gratitude towards Mr. Arno Peels, Acting Secretary General and Programme Manager for the different projects that contribute to the objectives set in the Country Package and Mrs. Marcella Wigley, Acting Head of Finance and project manager for the project this assessment was part of. Without their support and guidance, we would not have been able to deliver this report.

Sincerely,



Herbert Beldman



Roy Jansen

A blue ink signature of Herbert Beldman, consisting of a stylized 'H' and 'B' followed by a horizontal line.

Partner

A blue ink signature of Roy Jansen, consisting of the letters 'RJAC' in a stylized, bold font.

Partner



Preface

“If you do what you always did,
you will get what you always got.”

Our society is changing significantly. Old securities are disappearing, the era of 'Me' is ending and the provision of meaning, self-direction and interactivity take a pivotal place in the working place. Organizational change can no longer be designed in a top-down manner but must be driven by a community of stakeholders by means of co-creation. Key words are 'facilitating, serving and value driven'. This relates to teams/networks of motivated people who bear the responsibility for organizational development and who (inter)actively shape the future of the Government of Sint Maarten.

Change is often a complex and difficult process. Leading successful change as part of organizational transformation across multiple organizations (i.e., Ministries in Government) requires new thinking and especially new behavior. However, having the clearest vision or the most effectively designed solution to a problem will not, on its own, produce successful change.

The secret to leading successful change is rooted in something much more simple: how to facilitate the change of one person. Change happens at the individual level. For a group or organization to change, all the individuals within that group or organization need to be aware and, in the end, able to internalize the necessary changes.

The main takeaway of this report, even before reading commences, is that the added value of its contents does not lie with the research performed. This assessment, its observations, and the recommendations will be remembered in time, when the actual response, the actionable behavior that follows to implement improvements stands out and truly contributes to an organizational transformation that will be noticed by all citizens of Sint Maarten and by external/international stakeholders dealing with the Government of Sint Maarten.

This report provides information about the current state of the budget process of the Government of Sint Maarten, in which internal controls and possible bottlenecks are addressed at one point in time. Future changes in this process and actions by personnel may significantly and adversely affect this current state description in ways that this report did not and cannot anticipate.

Please note that no reliance can be placed on (financial) data mentioned in the report since our work did not constitute a financial audit. The assessment performed should not be relied upon to identify all strengths, weaknesses and irregularities that may exist. This engagement does not constitute an assurance- or attest engagement. This report has been prepared for the use by the Ministry of the Interior and Kingdom Relations and the Government of Sint Maarten in the context of the Country Package and should not be used for any other purposes.

This document is provided solely for informational purposes and internal use for the Ministry of the Interior and Kingdom Relations and the Government of Sint Maarten and is not intended to be shared with and should not be used by any other entity without the written permission of Grant Thornton



Contents

List of Abbreviations / Glossary	6
Executive Summary	7
1. Introduction	12
2. Recent Developments	14
3. Background	16
3.1 Overview of Laws and Regulations	16
3.2 Strategic Documents	16
3.3 Government Landscape (Internal Stakeholders)	17
3.4 External Stakeholders	18
4. Approach	20
4.1 Data Collection	20
4.2 Data Analysis	20
4.3 Towards a Final Report	21
5. Results	23
5.1 Supportive Tools, Procedures, and Planning	23
5.2 The End-to-End Budget Process	26
5.3 Collaboration between Ministries, Ministry of Finance, and Council of Ministers	32
5.4 Budget Allocation	34
5.5 Quality and Effectiveness: the OECD Principles	36
6. Conclusion	41
7. Recommendations	43
7.1 Recommendations across the four lenses	43
7.2 Short-Term Action Plan	47
7.3 Functional requirements	48
8. The Future of Finance	51
Appendix 1: Structure of Outcome Areas	53
Appendix 2: List of Bottlenecks	55
Appendix 3: List of Interviews	58
Appendix 4: List of Footnotes	60

List of Abbreviations / Glossary

Term	Description English	Description Dutch
AZ	Ministry of General Affairs	Ministerie van Algemene Zaken
CBCS	Central Bank Curaçao and Sint Maarten	Centrale Bank Curaçao en Sint Maarten
CFT	Financial Supervision Board	College Financieel Toezicht
COA	Council of Advice	Raad van Advies (RVA)
COHO	Caribbean Entity for Reform and Development	Caribisch Orgaan voor Hervorming en Ontwikkeling
COM	Council of Ministers	Ministerraad
ECYS	Ministry of Education, Culture, Youth, and Sport	Ministerie van Onderwijs, Cultuur, Jeugd en Sportzaken
IMF	International Monetary Fund	Internationaal Monetair Fonds
LIOL	National Structure and Organization of National Government	Landsverorderdening Inrichting en Organisatie Landsverheid
LVO	National Draft Budget Ordinance	Landsverordening Ontwerpbegroting
MINFIN	Ministry of Finance	Ministerie van Financiën
MINJUS	Ministry of Justice	Ministerie van Justitie
NAO	National Accountability Ordinance	Comptabiliteitsverordening
NDP	National Development Plan	Nationale Ontwikkelingsplan
OECD	Organization for Economic Cooperation and Development	Organisatie voor Economische Samenwerking en Ontwikkeling
RFT	Kingdom Act Financial Supervision	Rijkswet Financieel Toezicht
SG	Secretary General	Secretaris Generaal
STAT	Department of Statistics Sint Maarten	Afdeling Statistieken Sint Maarten
TEATT	Ministry of Tourism, Economic Affairs, Transport, and Telecommunications	Ministerie van Toerisme, Economische Zaken, Verkeer en Telecommunicatie
TWO	Temporary Work Organization	Tijdelijke Werkorganisatie
VROMI	Ministry of Public Housing, Spatial Planning, Environment, and Infrastructure	Ministerie van Volkshuisvesting, Ruimtelijke Ordening, Milieu en Infrastructuur
VSA	Ministry of Public Health, Social Development, and Labor	Ministerie van Volksgezondheid, Sociale Ontwikkeling en Arbeidszaken

Executive Summary

This report, prepared by Grant Thornton Sint Maarten on behalf of the Ministry of the Interior and Kingdom Relations, sheds light on the current budget process within the Government of Sint Maarten as part of the thematic projects described in the Country Package. This assessment contributes to a wide range of reform plans and measures that should support Sint Maarten to create economic and societal resilience. More specifically, the purpose of this report is to assess the current budget process cycle in order to strengthen financial control within the Government of Sint Maarten, which is also the objective of Theme A of the Country Package. Based on nine outcome areas and in accordance with the request of the engagement, this report provides an overview of the end-to-end budget process including an identification of the key bottlenecks, which are analyzed through four lenses: 'People', 'Process', 'Technology', and 'Organization'. These bottlenecks, along the 4 lenses, provide the foundation of the recommendations made.

Framework of the budget process

Regarding the current end-to-end budget cycle, the Government of Sint Maarten has three main laws (i.e., RFT, Constitution of Sint Maarten, NAO) and six main strategic documents (i.e., National Development Vision of Sint Maarten, National Resilience and Recovery Plan, Coalition agreement, Sint Maarten Governing Program 2020-2024, Stimulus and Relief Plan, Country Package) at its disposal that are relevant for the process. These laws and strategic documents provide a framework by which the annual budget should be compiled throughout the various phases of the process.

The theoretical end-to-end budget process

Theoretically, this process consists of three phases. First, a preparatory phase, which includes the drafting and approving of the budget. This phase starts the year prior to the fiscal year for which the budget is intended. The Ministry of Finance is responsible to facilitate this process. In addition, multiple other actors are involved during this phase such as the respective Ministries, the COM, the COA, and CFT. Second, an execution phase, in which the budgets are executed by the respective Ministries and possible amendments are implemented. This phase normally starts on January 1st, but depends on when the budget is adopted and goes into force. Third, a monitoring and reporting phase, in which the Ministries monitor and report on their ministerial budgets to keep track on potential under- and overspending. This phase runs parallel to the execution phase and contains specific reporting intervals by means of quarterly reports.

Guidance and facilitation of the budget process

This entire process is facilitated by multiple guiding documents and tools. Documents such as the Budget Process Summary, the Budget Handbook, and the Budget Letter should support the execution of the end-to-end process. Furthermore, the Government uses a variety of tools to support the process, with each its own functionality. These include DECADE, COGNOS, EXCEL, GEFIS, and Payroll Pro.

Bottlenecks and consequences of the current budget process

In practice, several bottlenecks arise during the preparation, approval, executing, amending, monitoring, and reporting of the annual budget.

There is a significant difference between how the process is theoretically designed and how it is carried out by the main actors. As outlined above, the process is, to a large extent, properly described and substantiated by several laws, procedures, and tools. However, the Government of Sint Maarten is not able to execute the end-to-end process according to those frameworks and guidelines. The bottlenecks, as presented in [Appendix 2](#), are at the core of an insufficiently and ineffectively implemented and executed budget process. These bottlenecks cause several insurmountable problems throughout the budget cycle such as delays on the timeline, inability to adhere to the relevant laws and regulations, and improper implementation of formulated policies (i.e., use of incremental budgeting rather than policy-based budgeting). Hence, the results of this assessment indicate that the required ingredients are present, but not properly utilized to establish a well-functioning budget process. It can be concluded that the current budget process is too fragmented and therefore lacks the desired synergy. There is insufficient interaction and cooperation between the various parts and actors of the process to establish such synergy.

Comprehensiveness of the budget process

Consequently, after evaluating the comprehensiveness of the process using the OECD principles of budgetary governance, the current end-to-end budgeting mechanism is found to lack quality and effectiveness. Particularly, the annual budget is not managed within clear, credible, and predictable boundaries and insufficiently aligned with the Governments' strategic objectives. Furthermore, the respective budget documents and data are not open, transparent, and accessible to all actors, a proper capital budgeting framework is absent, and budgetary choices are frequently made without inclusive, participative, and realistic debates and collaborations. These deficiencies result in insufficient quality and effectiveness regarding the budget cycle.

Recommendations for the budget process

To overcome these bottlenecks and have a well-functioning budget process that is aligned with the laws and outlined procedures, multiple recommendations have been formulated, which are presented in [Chapter 7](#). This chapter elaborates more in-depth on the specific recommendations across the lenses. These recommendations will ultimately support the Government of Sint Maarten to improve its budget process and, subsequently, to be financially in control. Next to that, short-term recommendations are also provided taking into consideration the timeframe where these activities can be initiated and its impact on the upcoming budget cycles.

In order to establish a well-functioning budget process and gain financial control across the Government of Sint Maarten, we recommend combining all results from the other ongoing initiatives within the financial management domain to draft a multi-year implementation and transition program plan. Such a plan will provide the Government of Sint Maarten with details about the functional requirements, the impact on the organization, capacity and knowledge needed

to execute such program. This means, with the end state in mind, the question “what does good look like” needs to be answered before the start of such program.

The recommendations are based on the four lenses ‘People’, ‘Process’, ‘Organization’ and ‘Technology’. Although the lenses were used to analyze the bottlenecks separately, the recommendations are consolidated into a comprehensive summary per lens that captures the entirety of the bottlenecks identified. Furthermore, each recommendation is substantiated with a start time, which reflects the moment that the recommendation should be initiated, and an impact on budget year description, which reflects the budget year to which the action in the recommendation is relevant. The recommendations that take immediate effect can be addressed right away to improve the budget process related to the current budget cycle (2022) and the budget cycle of the upcoming year (2023). An elaboration on the concrete short-term actions is provided in paragraph 7.2.

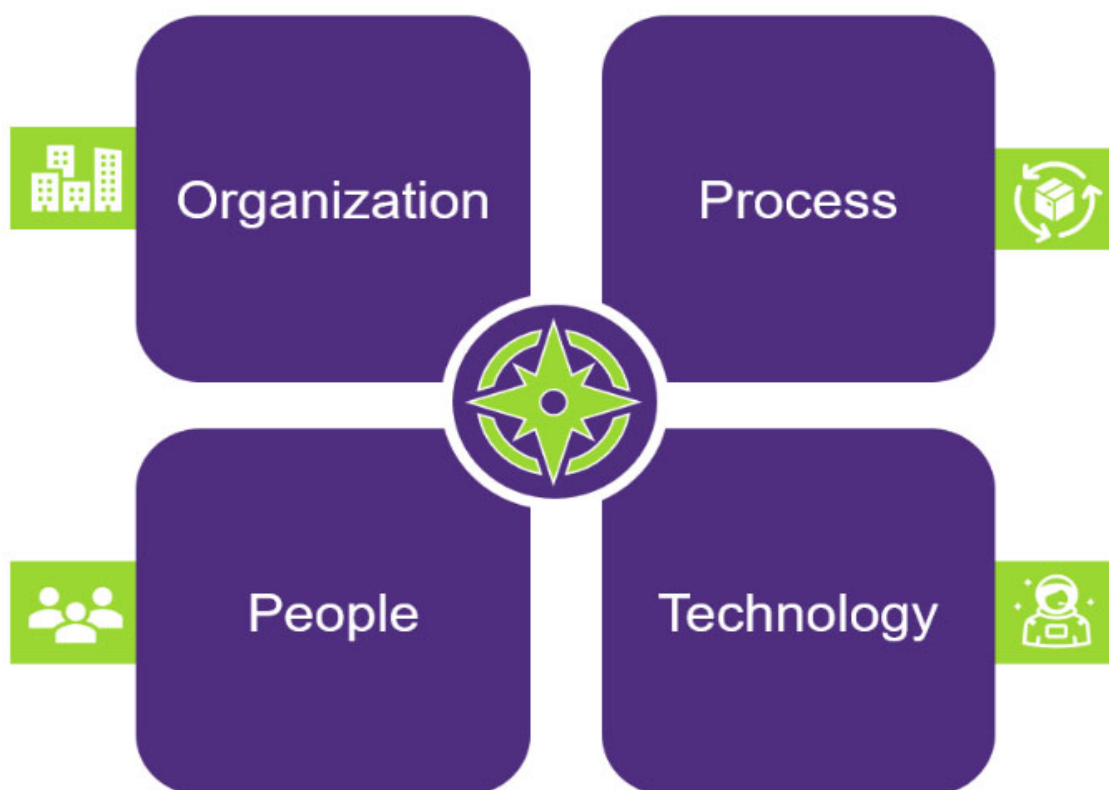


Figure 1 – 360 view on the journey towards the “Future of Finance”

Key recommendations

All formulated recommendations made across the four lenses are related to both the long- and short-term and will provide a significant improvement of the budget process. Reflecting on all the individual recommendations, three key recommendations stand out that will fundamentally change the end-to-end process. Hence, the following ‘top three’ recommendations summarize the most prominent and provide the key to a well-functioning budget process:

1. **The first key recommendation is to ensure that policy-based budgeting has a central position within the budgeting process.** The determined policy, among which the coalition agreement, should drive the preparation of the budgets, both on a ministry budget level and on a country budget level. This allows for a proper and consistent execution of the Government’s policies and plans. In this way, the collective Government policy will be the point of departure for the budget preparation rather than just looking at the compilation of the figures to get to a draft budget. As such, it is recommended to quickly create and formalize a Budget Policy that safeguards the collective vision of the Government, including policies and procedures in order to prepare the country’s budget. Furthermore, a training curriculum should be developed that focuses on the core elements of the budget process, is tailored towards policy-based budgeting, and consistent with the Budget Policy. Such measures will ensure that the cabinet’s policy has a central position in the budget process and is the main driver of the budget preparation.
2. **The second key recommendation is to strengthen the collaboration throughout the budget process.** Currently, there is insufficient collaboration among the actors that carry out the budget process. Ministries maintain an inward-looking stance regarding the preparation and execution of their individual budgets. In contrast, it is desired to carry the process together in order to achieve collaborative leadership throughout the budget cycle. Several measures will contribute to this achievement, such as the development of fixed communication structures, a collaborative platform (e.g., SharePoint) that facilitates teamwork, the establishment of a support team for the respective stakeholders, the fostering of ownership across the ministries, and earlier involvement of cabinet, ministers, and respective high councils in the preparation of the budget. Eventually, this will lead to a well-functioning budget process that is built on mutual accountability and collaboration.
3. **The last key recommendation is to improve the deployment of technological solutions that facilitate the budget process.** The technological landscape within the Government of Sint Maarten is currently too fragmented to facilitate the budget process adequately. Furthermore, currently tools are not properly and consistently utilized by the various actors of the process (e.g., the use of back-up administrations instead). As such, there is a need for

an integrated technological solution that supports the several phases in the preparation of the country’s budget and the execution and monitoring of this throughout the budget cycle. A dedicated working group that is focused on the selection and implementation of an integrated solution should be established. Furthermore, the actors in the process should be trained and guided with supportive documents for appropriate deployment of such solution. Ultimately, an integrative technological solution that is properly utilized will enhance collaboration, increase efficiency, provide a foundation to the use of reliable data, and enable the execution of a policy-based budget.



Short term recommendations

Process:

- Create a timeline including all the milestones for the Budget process 2023 that is aligned with the laws and regulations.
- Create and formalize a Budget Policy that includes the policies and procedures related to the budget process.
- Update the Budget Handbook based on the Budget Policy.

Technology:

- Develop a supportive document for the use of the financial systems, including an overview that aligns the categorization of the general ledger accounts within the financial systems and line items of the prepared budget.
- Create and utilize a web-based collaborative platform (e.g., SharePoint) that facilitates teamwork in the preparation, execution, and monitoring of the budget to exchange information between the various stakeholders.
- Establish a dedicated work group that is solely focused on the selection and roll out of technological solutions that support the end-to-end budget process.

People:

- Provide refreshment trainings to all involved actors in the budget process (i.e., laws and regulations, accounting best practices, use of systems and tools).
- Make a training curriculum that focuses on the key elements of the budget process tailored towards the new way of working in accordance with the Budget Policy (i.e., preparing, executing, monitoring, and amending).
- Provide initial policy-based budgeting support to the Ministries in drafting their budget for 2023.

Organization:

- Establish a dedicated budget support team led by the Ministry of Finance that facilitates the stakeholders with the preparation, execution, and monitoring of the budget, including brief check-ins.
- Develop communication structures (i.e., communication heartbeats) between all stakeholders, which is linked to the timeline according to the applicable law and regulations.
- Identify lessons learned from budget execution and monitoring cycle 2022 to incorporate into budget execution cycle 2023.
- Establish dedicated work group that is focused on identifying and implementing temporary measures to improve budget monitoring and reporting activities.

Introduction

This chapter provides the introduction and objective of this report on the budget process assessment.



1. Introduction

In December 2020, the Government of Sint Maarten and the Ministry of the Interior and Kingdom Relations, as part of the Dutch Government, agreed on the so-called Country Package (*Landspakket*). This Country Package describes the steps to realize a wide range of reform plans and measures. These plans and measures will support Sint Maarten, as autonomous country within the Kingdom of the Netherlands, to create economic and societal resilience. To realize the predetermined thematic projects that are part of the reform plans, an executive institution will be established. This executive institution will be called COHO (*Caribisch Orgaan voor Hervorming en Ontwikkeling* – Caribbean Entity for Reform and Development). Until the COHO is formally established, the Ministry of the Interior and Kingdom Relations (*Ministerie van Binnenlandse Zaken en Koninkrijksrelaties*) created a temporary work organization, known as the TWO (*Tijdelijke Werkorganisatie* – Temporary work organization).

Theme A of the Country Package focuses on the need for the Government of Sint Maarten to be financially 'in control'. The Government of Sint Maarten desires to have adequate control over its financial management activities, including the budget process. The following activities have been defined as part of theme A (A.1.3.), which includes: a collaborative review by the Dutch Government with the Sint Maarten Government of the budget process. Accordingly, Grant Thornton Sint Maarten has been contracted by the Ministry of the Interior and Kingdom Relations to conduct an assessment of the budget process of the Government of Sint Maarten.

The objective of this report is to shed light on the budget cycle by providing an extensive analysis of the current end-to-end process, identifying the key bottlenecks, and providing recommendations to improve this process. This report therefore contributes to theme A with an overview of the current budget process. These insights, combined with the key recommendations, will enable the Government of Sint Maarten to improve its current budget process and be 'in control' as Government.

Our analysis is performed based on nine outcome areas. In particular, these outcome areas are used as a guidance for the analysis. For instance, one outcome area demands insight into the procedures regarding the budget process. By analyzing the current process along these outcome areas, key bottlenecks are identified. These constitute the foundation for the analysis. The nine outcome areas are presented in [Appendix 1](#).

This report is structured as follows. [Chapter 2](#) provides insight into recent developments in the budget process

as an illustration for the current state of the cycle. [Chapter 3](#) provides a background of the analysis by outlining the relevant laws and regulations, strategic documents, Government landscape, and the relevant stakeholders involved in the budget process. [Chapter 4](#) elaborates on the approach used for this report. Next, [Chapter 5](#) presents the results based on the outcome areas used to perform the analysis. Thereafter, [Chapter 6](#) provides a conclusion of the results, which focuses on the key bottlenecks that are identified. These bottlenecks are analyzed using four lenses: 'People', 'Process', 'Technology', and 'Organization'. This approach seeks to provide a broader and more balanced picture of the challenges related to the budget process, and seeks to substantiate the factors that impact performance, such as (in)formal practices, organizational culture, IT systems, and constructs. [Chapter 7](#) provides the recommendations for improvement of the process. Finally, [Chapter 8](#) elaborates on the bigger picture regarding the Future of Finance within the Government of Sint Maarten.

The value of this approach is derived by not focusing on the individual elements, i.e., people, organizational units, etc., but instead looking through lenses of relationships between people, process, technology, and organization. The analysis of how these elements interact and intersect, provides the results that explain the performance, or lack thereof, but most importantly serves as the basis for developing solutions and strategies to improve performance. In short, this approach helps to provide recommendations from multiple perspectives which can serve as a guide towards initiating improvement of the budget process.

Recent Developments

This chapter provides a short description of the situation related to the budget approval process for the fiscal year 2022.

2. Recent Developments

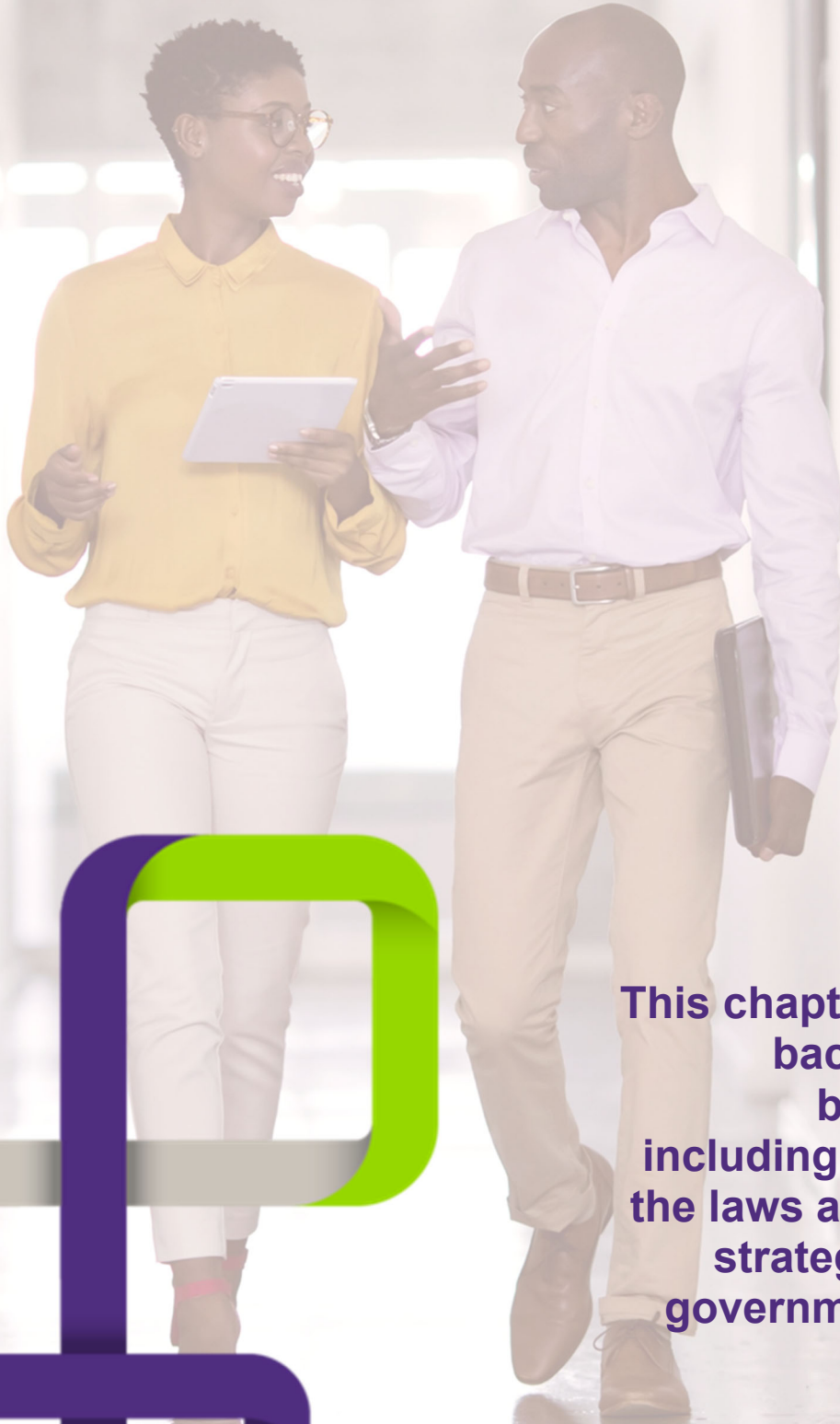
At the time of the writing of this report, January 2022, the Parliament of Sint Maarten was debating the draft national ordinance for the adoption of the budget for the year 2022. Besides the fact that the budget for the fiscal year was only approved (with questions about validity) by Parliament on January 24, 2022 and did not go into effect as per January 1st as required by law¹, the budget debate is also characterized by questions of constitutionality.

Both practically and legally, the situation does not create an immediate budgetary crisis, as the laws foresee in the absence of a formally approved budget that has not gone into force. The previous year's budget is used to continue to finance the Government's organization so that public services to the country can continue.¹ This is not an ideal situation over a longer term, but manageable. However, to create economic and societal resilience it is crucial that the Government of Sint Maarten is in full control especially also given the ambitious plans of the Sint Maarten Government (e.g. Digital Government Transformation Project, Government Reform Plans as part of Country Package).

Ironically, this situation with the 2022 budget is typical of the budget process in general. Rules and regulations, schedules and timelines are more often not strictly followed, despite the basic framework being adequate to allow Government to remain operational. The comparison of theory and practice as relates to the budget process will be identified and discussed in subsequent chapters of this report. The latest public debate about the national budget places the need for structural improvement of the process in sharp focus. The assessment of the budget process is therefore fortuitous, and the results of this evaluation will provide a basis for improvement of the process which is clearly required.

¹ The budget approval vote was held on January 24th, 2022. Approval from the Kingdom Council of Ministers was still pending at that time.

Background



This chapter provides the background of the budget process, including an overview of the laws and regulations, strategic documents, government landscape, and relevant stakeholders.



3. Background

3.1 Overview of Laws and Regulations

There are several laws and regulations relevant with respect to the budget process on Sint Maarten. These laws and regulations function as a legal framework for the entire budget cycle. There are three core laws and regulations that form the legal boundaries of the budget process, with each its own significance and function.

1. **Kingdom Act Financial Supervision (RFT):** the kingdom law relevant for the budget process is known as the 'Kingdom Act Financial Supervision' (RFT). The RFT is supra-national legislation the country Sint Maarten should comply with, since it is part of the Kingdom of the Netherlands. The primary function of the RFT is that it provides the legal basis for the supervision, assessment, and execution of the budget process. The RFT thereby provides specific guidelines for the entire process. This is monitored by the Financial Supervision Board (CFT - *College Financieel Toezicht*). Based on this Law, the CFT supervises the public finances of Curaçao and Sint Maarten.
2. **Constitution of Sint Maarten:** as autonomous country within the Kingdom of the Netherlands, Sint Maarten maintains its own constitution. This implies that the budget process is also subject to the laws that are determined in the constitution of Sint Maarten. In particular, the constitution contains regulations regarding the method and timeframe by which the budget should be approved.
3. **National Accountability Ordinance (NAO):** the budget process is subject to provisions stated in the National Accountability Ordinance (NAO - *comptabiliteitslandsverordening*). This law governs the financial administration, accountability, and budgeting rules for the government of Sint Maarten. In other words, the NAO stipulates the basic assumptions underlying the government's financial management, and thus its budget process. These basic assumptions relate to the planning and responsibilities throughout the budget cycle. For instance, it states how the Minister of Finance is involved in the process and how the responsibilities are divided across the various Ministries and positions.

As stated earlier, these laws and regulations form the legal framework for the government's budget process. The NAO was used to analyze the results of the assessment of the process as it is the national law governing the process. Where necessary, the differences with the RFT and the NAO are highlighted. While the RFT, as a consensus Kingdom Act prevails because it is of a higher order, it remains a temporary measure. The goal is to improve financial management to make the need for financial supervision, and thus the temporary RFT, unnecessary. Differences between the

RFT and NAO are not insurmountable in practice. To illustrate, Government issues quarterly reporting as required in article 18 of the Kingdom Act in lieu of the memoranda required in article 44 of the NAO. The information presented is not materially different. Article 18 of the RFT also requires the Government to provide financial statements by August 31st of each year while the NAO stipulates September 1st. There is no evidence that the differences between the RFT and the NAO caused the backlog in financial statements. Challenges are due to other fundamental factors which will be discussed in this document. [Chapter 5.2](#) provides an in-depth analysis regarding compliance with the laws and regulations during the budget process, which focuses predominantly on compliance with the NAO as this legislation is directed towards the specific activities within the end-to-end budget process.

3.2 Strategic Documents

In addition to the laws and regulations, multiple strategic documents are relevant throughout the budget cycle. In summary, six documents provide strategic guidance to the budget process.

1. **National Development Vision of Sint Maarten 2020-2030:** "the formulation of a National Development Plan (NDP) document, intended to "change the way of working", required an institutional restructuring with effective and systematic coordination at the center of the implementation plan". Given the limited availability of financial resources to use in a multi-annual budget, that would prioritize and sequence national development goals, the Government focused on the development of a National Development Vision instead of the NDP. This vision plan consists of common goals drafted by the Government of Sint Maarten in cooperation with the United Nations Development Program. These goals reflect the population's desires as well as the resources that would allow the Government to fulfill these goals. The Government takes these goals into account during the budget cycle. For instance, one of the development themes is 'a strong and resilient economy'. As such, this is an extra layer that is relevant to the yearly drafted budget.
2. **National Resilience and Recovery Plan:** this plan was made after hurricane Irma in 2017. The document outlines a roadmap with all the necessary interventions for recovery and resilience. This includes a budget for the entire recovery plan for the country. This recovery plan is part of the Government's expenses and therefore relevant for the budget cycle.
3. **Coalition agreement:** one of the main strategic documents relevant for the budget process is the coalition agreement. This document is an agreement between the political parties in the parliament of Sint

Maarten that intend to form a coalition Government. The document concerns the policy by which the country should be governed within the focal period. This policy should be the basis for the yearly budget.

4. **Sint Maarten Governing Program 2020-2024:** the Sint Maarten Governing Plan reflects the program that is established by the coalition for the transition towards a sustainable economy. It consists of people-centered and country-driven interventions throughout a 4-year program (2020-2024). These interventions are an important consideration during the budget cycle.
5. **Stimulus and Relief Plan:** just as hurricane Irma, the COVID-19 pandemic had a major impact on the economy of Sint Maarten. Therefore, the Government of Sint Maarten drafted a 'Stimulus and Relief Plan' to absorb the social and economic impacts of the pandemic. This plan outlines the measures that will be taken. These measures are funded with both the budget of 2020 and support from the Netherlands. The measures in the Stimulus and Relief Plan are thus also a basis for the budget in subsequent years.
6. **Country Package:** the country package is a mutual agreement between the Dutch Government and the Government of Sint Maarten whereby funds are made available to Sint Maarten for reforms and investments. Therefore, these country packages are one of the key starting points in drafting and approving the budget.

The Government of Sint Maarten uses a variety of strategic plans to take control of Sint Maarten's economic development, set clear and attainable economic development objectives, and design policies and programs to achieve them. Ideally, the annual budget contains these policies (defined in a financial format). Many of the above-mentioned strategic documents contain similar objectives and visions. Where they differ is often caused by changes in economic and political circumstances. For example, the National Development Vision provides a comprehensive description for a development vision. It contains a forward-looking statement for the period 2020-2030, and is a dynamic document which has been developed based on research-, consultations- and dialogue. The realities of the recovery efforts following the hurricanes of 2017, required an emphasis on resilience. The National Resilience and Recovery Plan, specifically drawn up to address the needs following the 2017 national disaster, provided input for the higher order vision document (national development plan). Elected Governments that form coalitions to govern Sint Maarten in turn use these vision and development documents when drafting their coalition agreements and later their Government plans.

By law, for the purpose of preparing an estimate for the budget each year, (NAO article 34), a policy plan with the associated budget and relevant resources for each policy objective or project is required. The Ministries and departments are supported in translating vision to policy to projects with related budgets using a variety of guiding documents, such as the budget handbook

(*budget instruction*). The parameters in which a Ministry or department can operate is allocated each year. These documents are outlined in [Chapter 5.1](#).

3.3 Government Landscape (Internal Stakeholders)

This paragraph gives an abstract overview of the Government landscape in order to better grasp the end-to-end budget process. In other words, it outlines how the Government is legally structured.

The current Government landscape consists of seven ministries, with each its own set of responsibilities: the Ministry of General Affairs, Ministry of Public Housing, Spatial Planning, Environment, and Infrastructure (VROMI), the Ministry of Finance, the Ministry of Justice, the Ministry of Education, Culture, Youth and Sport (ECYS), the Ministry of Public Health, Social Development and Labor (VSA), and the Ministry of Tourism, Economic Affairs, Transport, and Telecommunication (TEATT). Together, these Ministries form the Government of Sint Maarten and are represented in the Council of Ministers (COM). The Ministries are the internal stakeholders of the budget process.

The organizational landscape is determined by the '[National Ordinance structure and organization of national Government](#) (LIOL - *Landsverordening inrichting en organisatie landsoverheid*). It describes that a Ministry contains two integral parts: a political part and an administrative part. Whereas the political part (i.e., the cabinet) is primarily responsible for the political affairs within the Ministry, the administrative part (i.e., the Secretary General (SG), departments and support staff) is primarily responsible for the execution of the ministerial activities. Regarding the budget process, the SG has the ultimate responsibility over the cycle within the Ministry. [Chapter 5.2](#) will provide more detail on the role of the functionaries within the Government regarding the budget process.

Ministries are comprised of operational units which implement, develop, and monitor policy. Other internal stakeholders relevant in the budget cycle include the cabinets of the ministers. The staff of the cabinet not only supports the minister in conducting the political activities, but also provide a bridge to the administrative part of the Ministry. The cabinet of the Minister is responsible for the support of the Minister, the settlement of political matters, and providing political advice to the minister.

Besides the individual responsibility for policy and financial management (including drafting of annual budgets), there is a collective responsibility among the Ministries. Regular meetings between the Secretaries General are held in a consultative platform to discuss topics of importance to the Ministry. Moreover, plans, budgets, progress- and accountability reports developed by the administrative part of the Ministries

shall be discussed by the COM.

Consultations between Ministers and the Governor are also important in terms of maintaining clear communication regarding the conduct of Government operations and the financial position of the country. The Governor represents and guards the general interests of the Kingdom and is head of the Government of Sint Maarten not forming part of the Cabinet. Formally, decisions and ordinances must be contra signed by the Governor. Hence, the need for communication.

3.4 External Stakeholders

In addition to the internal stakeholders, several external parties are either involved or have a particular interest in the budget process. These stakeholders provide information and/or advice for the budget process. The parties include the following:

1. **Council for Financial Supervision - *College Financieel Toezicht* (CFT):** as stated earlier, the CFT supervises the public finances of Sint Maarten. This institution monitors all financial activities of the ², the IMF holds bilateral discussions with members (Kingdom of the Netherlands), usually every year. In this context of Article IV consultation discussions with the Kingdom of the Netherlands - Curaçao and Sint Maarten take place annually. These are predominantly directed toward good financial governance. For instance, the IMF directs initiatives to the need for adequate financial management.
5. **Department of Statistics (STAT):** STAT is charged with the collection, analysis, and dissemination of statistical information in Sint Maarten. Therefore, STAT provides important statistics that are used for drafting the budget and presents statistics that reflect the performance regarding the execution of the budget. This makes STAT an important external stakeholder for the budget process.
6. **Central Bank Curaçao and Sint Maarten (CBCS):** The CBCS is responsible for multiple activities that affect the yearly budget and is therefore an important

Government, including the budget process (adoption and implementation). The CFT thus has an important position as external party in the budget cycle. In particular, the Ministry of Finance sends the approved budget to CFT for perusal, which gives an official advice. Hence, the CFT has a consultative role at the end of the budget cycle. The CFT's advice to the Kingdom Council of Ministers has consequences; an instruction can be issued by the Kingdom Council of Ministers regarding the budget. Such instructions can affect the ability to borrow and spending on policy.

2. **Council of Advice - *Raad van Advies* (COA):** the role of the COA in the budget process is after the draft budget is completed. One of the main tasks of the COA is to give advice on the draft version of the budget. Based on their advice, an adapted version of the budget is prepared by the Government.

3. **International Monetary Fund (IMF):** the IMF can be considered an external stakeholder of the process because it is (indirectly) involved Under Article IV of the IMF's Articles of Agreement

stakeholder in this process. These activities include conducting monetary policy, supervision, agency on the capital market, and disseminating economic analysis. These activities are relevant in crafting the annual budget.

7. **General Audit Chamber:** The General Audit Chamber has no formal role in the establishment of the budget. Only during the accountability phase of the budget cycle does this High Council of State come into play. The General Audit Chamber reviews the financial statements to determine whether public funds were spent lawfully and effectively. The Audit Chamber is autonomous in the audits it conducts each fiscal year; the results of which are presented to Parliament. The Government considers their findings and recommendations in the preparation of subsequent budgets.

²Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies.

4. Approach

The budget process has been assessed by means of a practical approach that ultimately leads to a final report. This approach includes data gathering, data processing, and data analysis. Figure 2 presents an overview of the used approach. This approach reflects the two phases as discussed at the beginning of the project, captured in one continuous process. The following paragraphs explain this approach by elaborating on the way information was gathered (this includes desk research, interviews, and walkthroughs) and analyzed to complete the review. The last paragraph of this chapter outlines the validation process that was executed to receive feedback on the draft report which was incorporated and resulted in the final version of this report.

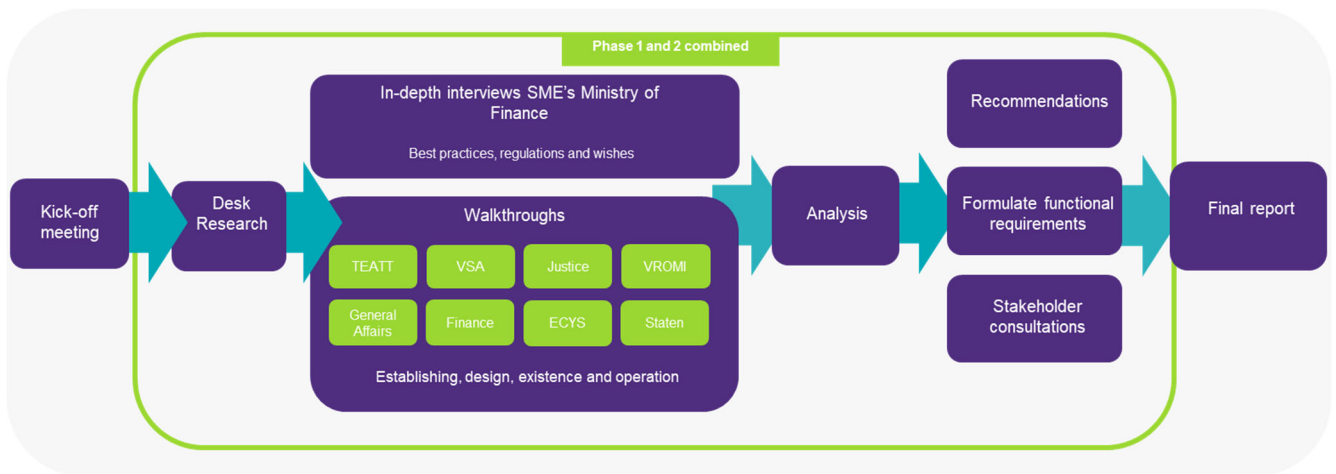


Figure 2 – Approach

4.1 Data Collection

The review process started with information gathering. First, desk research on several documents related to the budget process was performed. Second, process walk-throughs were planned with the Ministries of Sint Maarten. These walk-throughs consisted of one or more semi-structured in-depth interviews with the SG and the controller(s) of the Ministries and external stakeholders. This resulted in an analysis of the bottlenecks and subsequent recommendations. An overview of the interviews performed for the analysis is presented in [Appendix 3](#).

4.2 Data Analysis

This report provides a descriptive overview of the budget process and the identified bottlenecks. As previously described, the nine requested outcome areas form the basis of the analysis. These outcome areas were grouped and structured ([Appendix 1](#)). The interview questionnaire, analysis of the gathered information, and this report were structured accordingly. Subsequently, all identified bottlenecks were projected through the 'four lenses': People, Process, Technology, and Organization to provide a

solid overview of the key recommendations. Using the individual lenses, we analyzed how each relates and interacts with the budget cycle and considered the intersection of each focal point with the other. The results, i.e., shortcomings, challenges, and performance are described in the next chapter.

4.3 Towards a Final Budget Process Assessment Report

After the submission of a first draft report on January 25th, 2022, we received valuable feedback that allowed for improvement towards a final version of the budget process assessment report. This input has been taken by heart and has been incorporated in the relevant parts of the report. The feedback can be summarized into the following key feedback points. This description is substantiated with a short explanation about how the feedback is processed, and where you, as a reader, can find the adjustments of the report:

1. **Recommendations on the budget process:** *“focus the recommendations on the incremental steps and incorporate phasing; what can be done on the short-term to improve the incremental budgeting mechanism and how can policy-based budgeting with a process redesign be implemented on the long-term?”.*

The request was to elaborate more extensively on the recommendations in [Chapter 7](#). Practical recommendations that shed light on short term actions to be taken. As such, the recommendations are outlined in a table and a timeline that includes practical steps on when and how certain recommendations can be addressed. Additionally, a separate section, focusing on the short-term recommendations, is added to [Chapter 7](#). This section outlines an action plan that contains the actions that can be executed to improve the budget cycle relevant for the execution of the budget 2022 and the preparation of the budget 2023.

2. **Conclusion on human resources:** *“the report indicates that there is a need for adequate human resources for a successful budget process (quantity and quality). Elaborate more extensively on the issue (e.g., where does this occur?)”.*

The conclusion that there is a shortage of skills and knowledge within the budget process is further substantiated throughout [Chapter 5.2](#). Based on interviews that point towards this issue, multiple adjustments are made to this chapter in order to elaborate more extensively on this topic addressed.

3. **Process of budget amendments:** *“the Government experiences the complexity of the budget amendment process as an important issue. Consider incorporating a more extensive analysis of the budget amendments process and evaluate whether it is possible to simplify amending by means of a short-cycle amendment process”.*

[Chapter 5.2](#) elaborates on the process of budget amendments. This part is revised based on the feedback received and states the importance of simplifying the amendment process. Additionally, this chapter now includes an evaluation on the possibility to adjust the budget amendments within the boundaries of the NAO.

4. **Laws and regulations:** *“the report focuses predominantly on the application and compliance of the NAO throughout the process while the RFT is also important. Consider elaborating more on the use of these laws and regulations and the conflicts that arise among them”.*


A more extensive elaboration on the laws and regulations is incorporated in [Chapter 3.1](#). This chapter now outlines the differences and conflicts between the NAO and RFT. The overview of the end-to-end budget process, as outlined in [Chapter 5.2](#), focuses predominantly on the compliance and application of the NAO, as this legislation is directed toward the specific activities within the end-to-end budget process.

5. **Synergy:** *“The report mentions lack of synergy within the process, this however seems insufficiently addressed in the overall conclusion”.*

The conclusion provides a more in-depth elaboration on the lack of synergy across the various parts and actors within the process. It now describes why there is a lack of synergy and how this can be resolved. This is also referred to in the recommendations and executive summary of the report.

The processed feedback as described above forms the most prominent modifications to the report. Detailed review notes have been received and processed as well.

Results

A woman with dark hair in a bun, wearing a dark top, is leaning over a wooden table and pointing at a laptop screen. Two men are seated at the table; one is wearing glasses and a plaid shirt, and the other is wearing a light blue shirt. They are in a bright, modern office setting with large windows in the background. A large, stylized graphic element is overlaid on the bottom left, consisting of a purple and green interlocking shape.

This chapter provides the results regarding the assessment of the budget process, including aspects that relate to the process facilitation, budget process overview, budget allocation, and an evaluation of the quality and effectiveness of the current budget process based on the OECD principles. The analysis includes a description of the current state of the process and an evaluation of the operational effectiveness of this process.

5. Results

5.1 Supportive Tools, Procedures, and Planning

Overview Procedures and Planning

The Government of Sint Maarten maintains procedures and planning documents in support of the budget preparation. These documents are meant to contribute to a clear budget cycle, though they are not completely aligned with all relevant laws and regulations. For example, the NAO (article 34) requires each Ministry to provide budget information by May 1st of each year. Based on the results of the walkthroughs at the Ministries, this part of the budget cycle is not completed on the stipulated timeline.

The following documents provide an overview of the procedures and planning of the budget process currently used:

1. **Budget Process Summary Document:** this document describes the main activities within the budget process. A detailed description of the activities and procedures included in this document is outlined in [Chapter 5.2](#).
2. **Budget Handbook:** this is a handbook for the end-to-end budget process. The Budget Handbook provides a step-by-step planning that incorporates all the activities and procedures that are part of the annual budget cycle³.

The procedures followed during the budget process are subject to four principles:

1. Establish broad goals to guide Government decision-making
2. Develop approaches to achieve goals
3. Develop a budget consistent with approaches to achieve goals
4. Evaluate performance and adjust

These principles serve as a starting point for the budget drafting, execution, and evaluation. The principles are built on a policy-based budgeting approach, in which a policy (e.g., a coalition agreement) forms the basis for the budget. Policy-based budgeting is an approach that was recently introduced, and the implementation and use of the approach will need to be refined and supported for optimal effect at every Ministry.

These procedures and activities are supposed to ultimately lead to a drafted, approved, and executed budget. The planning is based on the 'Budget Process Summary' document, which, formally, should be aligned with the National Accountability Ordinance (NAO). It should be noted that the procedures do not always correspond with the legal stipulations of the NAO. For example, the budget process is generally delayed.

The budget process, as described in the Budget Handbook, consists of three main phases. First, a preparatory phase, in which the budget is meant to be drafted and approved. Second, an execution phase, in which the Ministries are expected to execute their operations based on their assigned budget and during which budget amendments can be made. Third, a monitoring phase, in which the Ministry is supposed to monitor its budget and report the outcomes. The preparatory phase is the most time-intensive of the process for a proper budget to be developed. In practice, the following described document, the budget letter, should be a core element in this phase.

Ultimately, the Budget Handbook is supposed to provide a basis to guide the actors through the three main phases of the budget process. However, it should be noted that the Budget Handbook is currently still a draft document that is not implemented organization wide.

3. **Budget Letter (*begrotingsaanschrijving*):** this document, produced by the Ministry of Finance, is relevant for the different Ministries within the Government. The budget letter contains technical and procedural instructions. The objective is to have all Ministries draft their budget based on uniform procedures. This includes budget design instructions, time limits, and a provisional budget allocation per Ministry. Each Ministry is allocated a portion of the budget to carry out its policies and operations.

Hence, this document is crucial because it provides a (financial) starting point for the development (and implementation) of each Ministry's budget. Despite the importance of the letter to the process, Ministries do not always receive the letter, or if they do, it is on short notice prior to the date for budget submission to Finance.

³ The National Budget involves four (4) distinct phases: **budget preparation, budget approval, budget implementation and accountability**. While distinctly separate, these phases overlap in the implementation during a budget year and the process is known as the budget cycle.

Models and Systems (Tools)

There are several models and systems used in the process of the end-to-end budget cycle. These models and systems are meant to support the various phases of the process (i.e., drafting, approving, executing, and monitoring the budget).

For this review, models and systems are both considered as tools that facilitate the budget process. Therefore, both models and systems are addressed within this paragraph. In general, the prominent tools that are used include Excel, DECADE, COGNOS, GEFIS, and Payroll Pro. Other basic tools that are used throughout the budget process are Microsoft Office applications such as Word, PowerPoint, and Excel, in this paragraph, the available tools used in the various budget-cycle phases are discussed. Table 2 presents an overview.

Tools for Drafting the Budget

Currently, the main tool used for drafting the budget is Excel. Each Ministry receives – attached to the budget letter - an Excel template from the Ministry of Finance in which to enter the details of the Ministries' (and underlying organizational units) budget. This Excel template represents the format used for the budget. This budget format is expected to conform with the requirements for the budget stipulated in Chapter 3 of the NAO. Moreover, Chapter 4 of the NAO contains stipulations for the preparation of the budget. The Excel template is accompanied with a budget instruction file containing a detailed description of the drafting procedure. This template serves as a basis that includes the concerning items that need to be included in the budget. This template (or model) consists of an Operational account and a Capital account in which the income and expenditures are estimated. Currently, the tools for preparing the budget include the budget letter and previous year's budget and, if available, quarterly reports. These constitute the starting point for the budget process. Consequently, the Ministries' controllers are expected to coordinate and consolidate the budget for each department in order to develop the ministerial budget.

Tools for Approving the Budget

The budget, as drafted using Excel sheets (format), once consolidated, represents the country's (draft) budget. Currently, the tools that are in place regarding the approval of the budget relate to a series of practices or procedures. The Ministries generally follow their own internal practice for achieving consensus within the Ministry and the approval of the Minister responsible. Based on the information received, the SG and Controller of each Ministry coordinate the budget preparation, engage in discussions with individual departments and/or organizational units, coordinate with the Ministry of Finance, where necessary, and present a draft to the responsible Minister for approval. When approved by the Minister (including possible amendments), the Ministry's draft budget is presented to the Finance Ministry.

Thereafter, the Ministry of Finance reviews the submitted budgets and addresses possible issues with the respective Ministry. When all individual budgets of the Ministries are free from issues, the Ministry of Finance consolidates them into a single document and presents the consolidated budget to the COM for discussion and approval. Depending on the discussion within the COM, changes are made to the budget (whether or not in consultation with the Ministry), and the budget is ultimately approved by Parliament. It is fair to state that there is a procedure whereby multiple parties evaluate the draft budget, and a practice/procedure for approving the budget. However, a uniform system using specific models (other than the Excel-format) is not common to this process.

Tools for Executing the Budget

The approved budget is imported into the accounting system 'DECADE', which is used during the execution. This IT platform is centrally managed by the Ministry of Finance. This is the most important tool for the execution of the budget. It should be noted that, in practice, DECADE is not properly integrated in the budget process. For instance, there is a misalignment between line items according to different layouts used for the preparation of the budget (e.g., Excel) with the consequence of ineffective translation of Excel to the available tools (e.g., DECADE). Moreover, DECADE does not support budget consolidations.

Besides this tool, GEFIS is used as an additional application to record revenues. Furthermore, Payroll Pro is a tool that is used for the Government's payroll. A system to integrate the information from DECADE, GEFIS, and Payroll Pro is not formalized. Moreover, extracting information from the applications requires the use of another application, COGNOS, a reporting tool, which is reported to be subject to inaccuracies due to a backlog in updates of DECADE. The paragraph about monitoring elaborates in more detail on this tool.

Tools for Amending the Budget

Formally, the NAO (Chapter 4, for example articles 49-50), addresses budget amendment and changes. There are specific stipulations related to when budget amendments are to take place, at fixed times during the year. In practice, these changes to the budget are interpreted to relate to shifts of balances between budget items (usually not material).

For amendments, the same Excel template as adopted for drafting the budget is used. Amendments as meant under the NAO require the budget process to be followed and a draft submitted to Parliament for approval. An overview of the amendment process is given in [Chapter 5.2](#).

Tools for Monitoring the Budget

Each Ministry use systems for monitoring their budget. There are similarities in terms of what is done, and the tools used. However, no proper formalized system is in place with regard to monitoring.

Monitoring of the budget during the cycle occurs on Ministry level and can be supported using reports generated from COGNOS. COGNOS is a reporting tool that extracts information from the main accounting system DECADE and can provide an overview of the current budget realization in a standardized format. However, most Ministries tend to keep track of their budget by using back-up Excel sheets to monitor the revenues and expenses of their Ministries. Additional information for budget monitoring is available via Payroll Pro upon request from the Wages and Salaries department (for realization of personnel expenditure) and GEFIS (income and other revenue via the Receiver's Office). It should be noted that the data provided in COGNOS is not always accurate and reliable. Therefore, some Ministries choose to use a variety of tools such as back-up administrations. In particular, COGNOS is not always reliable due to lack of timely recording of financial data into DECADE. Moreover, data is not always recorded accurately in DECADE. Hence, the use of information and related tools varies by Ministry.

Table 1 – Overview Models (tools) used in the Budget Process

Tool	Purpose
DECADE	General accounting system of the Government of Sint Maarten. This system is used as an accounting system during the budget cycle.
COGNOS	Reporting tool which uses data from Decade to monitor the budget
EXCEL	EXCEL Templates are used for drafting the budget. EXCEL sheets used by the Ministries for backup administration.
GEFIS	Registration system for the revenues of the Government.
Payroll Pro	Payroll system

Bottlenecks

- The procedures and planning for the budget process are not properly aligned with the NAO. Based on the NAO, there is a timeline for the budget cycle. For example, by law, each Ministry must submit their budget to the Ministry of Finance by May 1st. The budget letter is often not available from the Ministry of Finance prior to that date - (*Process*).
- The basic information used for the allocation of budget is not transparent to all Ministries. Ministries do not always have timely access to the budget realization data. Ministries cannot adequately adjust their budgets – (*Organization*).
- The Budget Handbook available is still a draft document. Ministries use ad hoc procedures and guidelines for budget preparation - (*Organization*).
- The policy-based budgeting principle has not yet been formalized into the process of budgeting for the Ministries. Ministries report a lack of familiarity with this form of budgeting, and it is not uniformly applied - (*People and Organization*).
- There are no formalized guiding principles, procedures, and policies available other than the *begrotingsaanschrijving* or budget letter. The budget letter is not entirely aligned with the stipulations of the NAO (and the RFT). The timing of the process, for example, is often delayed as compared to the requirements set forth in law - (*Process*).
- At Ministry level, there is a lack of ownership in the budget preparation phase. Currently, the responsibility for the preparatory phase is at the Ministry of Finance by means of the submission of the budget letter, even though this letter is often not provided on time (based on timeline stipulated in the Kingdom Act Financial Supervision and the NAO) or entirely absent – (*People and Organization*).⁴

⁴ Ministries, according to the Landsverordening Inrichting & Organisatie Landsoverheid (*L/OL*), are expected to prepare annual plans (that ideally should be linked to a budget), as well as an annual report for the activities achieved in the previous year. These tools that each Ministry has at its disposal, can be deployed to initiate/support the budget process independent of the budget letter of the Ministry of Finance.

- At Ministry level, COGNOS is not properly used due to the lack of reliability of the data provided. Due to delays in the processing of monthly financial data in DECADE, not all information is available on a monthly basis - *(Technology)*.
- There are no formal systems available to support the drafting and approving process of the budget. This refers to workflows tracking the process and consolidating data along the process - *(Technology and Process)*.
- Current process followed for the drafting of the budget is not entirely according to the NAO timelines – *(Process)*.
- Currently, most Ministries use internally developed back-up administrations to keep track of their budget. These tools are not well integrated across platforms and are very time consuming - *(Technology and Process)*.
- There are no adequate tools and systems available to facilitate policy-based budgeting. Policy-based budgeting is newly implemented within Government but is poorly supported with systems to keep track of progress - *(Technology and Process)*.
- For the tools used, there are no uniform processes available for the use of these tools within the organization - *(Process)*.
- The required knowledge and skills are not always available for the use of the tools in place - *(People)*.
- There is a misalignment between line items according to different layouts used (e.g., Excel) with the consequence of ineffective translation of Excel to the available tools (e.g., DECADE) – *(Technology)*.

5.2 The End-to-End Budget Process

The end-to-end budget process consists of three distinct phases: a preparatory phase, an execution phase, and a monitoring phase. The following paragraphs provide insight into the different phases of the budget process. It reveals how the process is theoretically composed and how it is executed by the Government. Another core aspect of the budget process are the amendments. The amendment process is, together with the execution and monitoring phase, outlined in the [second paragraph](#) of Chapter 5.2. The [first paragraph](#) of Chapter 5.2 elaborates on the preparation of the budget.

The Preparatory Phase

The first phase in the process is the preparatory phase and includes the drafting and approval of the budget for the upcoming year. The preparation of the budget is required to start at the beginning of the year prior to fiscal year for which the budget is intended (see NAO). However, in practice, the start occurs further down in the year. For example, budget preparation for budget 2022 should have started early in 2021, but it started later (i.e., process started in summer 2021 and parliamentary procedure started mid-December 2021). The first step for a successful drafting and approval of a budget is a schedule (planning) that is aligned with the stipulations required by the NAO. In practice, the Ministry of Finance relies on their Budget Process Summary Document (see 4.1). Currently, the Ministry of Finance starts the drafting process by making preliminary revenue and expenditure projections for the fiscal year in question. The Ministry of Finance updates the budget files (Excel template) of the Ministries and incorporates, where appropriate increases/cuts and indexations.

Subsequently, the Ministry of Finance prepares the budget letter for the Ministries, which describes the budget allocation for each Ministry/organizational unit using the previously mentioned Excel template. Currently, the budget allocation is largely based on the previous year's budget corrected by small changes. [Chapter 5.4](#) elaborates further on the budget distribution.

The budget letter is supposed to be evaluated by the COM and eventually approved. Thereafter, the Ministry of Finance sends the budget letter to the Ministers, SG's, and the Controllers of the Ministries and organizational units (for example, High Councils of State). Interviews at the Ministries suggest that the budget letter is not always 'known' or that there is a short notice for the budget preparation process. Ministries are responsible for compiling their own budget. In practice, the budget preparation process is considered to have started upon receipt of notification from the Ministry of Finance, usually by means of the budget letter. Some Ministries report starting their preparations prior to receiving notification.

The controllers within the respective Ministries coordinate the preparation of their budget with the respective departments/department heads. The department heads draft their individual budgets and share this with the controller, who consolidates the information into a ministerial budget (the practice differs among Ministries). It should be noted that specific knowledge and skills is needed to be able to optimally carry out a successful budget drafting. The knowledge, skills and experience of the stakeholders involved differs per Ministry. This affects the quality of the draft budget substantially which causes delays due to back-and-forth consultations and adjustments. Furthermore, in practice, the input from the departments is most of the time limited due to the shortened timeframe in which the budget needs to be prepared that is caused by the delayed start of the preparatory phase. Regardless of the input, after the consolidation of the ministerial budget, the controllers and the SG's review and prepare the final ministerial budget for approval (possibly with changes) by the responsible Minister (the approach may differ among Ministries). After approval by the Minister, the budget is shared with the Ministry of Finance.

The Ministry of Finance consolidates the individual ministerial budgets into a draft country budget. Generally, after finalizing this draft, the Minister of Finance presents the draft budget to the COM, for final collective approval. Amendments at this stage can and do occur which can extend the process depending on the nature of suggested changes. Simultaneously, Legal Affairs prepares the draft national ordinance for adoption of the budget based on the draft. After the approval by the COM, the COA and the CFT evaluate the draft budget and provide recommendations. These two entities carry out regular consultations in order to avoid conflicting recommendations. The recommendations can be, depending on the nature of the suggestion, incorporated by the Ministry of Finance. Whereas the recommendations of the CFT should be incorporated as required by law, the recommendations of the COA are not mandatory. Negative advice from the CFT can lead to an instruction which can have a material impact on the budget and its entry into force. More specifically, the CFT's advice is usually provided at the end of the budget preparation process, which is often delayed. As such, Ministries have little time to process the CFT's advice and make adjustments to their budgets if necessary, this may also lead to additional work that needs to be redone prior to the start of the budget cycle. Moreover, a delayed advice of the CFT may also lead to insufficient time for consultations at the various levels intended to evaluate and improve the budget.

While essential, the advice from the COA is not binding. For example, each year the COA advises Government to follow the law (for example, by submitting the budget on time, or receiving approval for budget deficits). The budget 2022, is late (i.e., at the time this report was conducted it was still not approved) and there is a debate whether approval was granted for the 127-million-guilder deficit⁵.

In practice, the approval process at the COM may be more complicated. For instance, adjustments can be made without consultation with the SG's and recommendations of the COA can be implemented. Moreover, the Ministry of Finance may need to process adjustments to ensure a balanced budget, or to meet budgetary restrictions (CFT). An example of this includes across-the-board reductions of budget line items, such as travel expenditures.

Once the COM has approved the final draft budget following the comments from the CFT and COA, the entire package is presented to Parliament for deliberation and approval. When parliament receives the budget, it's discussed with the presidium and each faction. Presentations by the individual Ministries/ministers will be done in the Central Committee of Parliament and normally precede the formal deliberations and approval process in a formal public meeting of Parliament. During the Central Committee questions are raised about the proposed budget and policy. In recent years, members of parliament have also proposed potential amendments.

The drafting and approval process at local level is concluded with the adoption of the draft national ordinance on the budget by Parliament, and the signing of the country's budget by Government. The budget goes into effect if there are no comments or instructions from the Kingdom Council of Ministers, based on a final CFT advice on the budget (Kingdom Act Financial Supervision, article 12, paragraph 1). The activities as described in this paragraph represent the main steps in the preparatory phase as they are set forth on paper. It should be noted that the process has changed several times throughout the last years, which clutters the workflow within the Ministries. Table 2 summarizes the steps for the drafting and approval process. As demonstrated above, there can be differences between procedure and practice.

Table 2 – Steps in Preparatory Phase

Step	Action	Responsible person/department	Date
1	Timeline planning in line with National Accountability Ordinance		January - February
2	Revenue projections		February - April
3	Updating budget files for the Ministries and high councils to update their budgets	Ministry of Finance	February - April
4	Adding growth rates and indexations to Ministries' budgets	Ministry of Finance	February - April
5	Clarification sought by the COM (Council of Ministers) for which Ministries get priority	Minister of Finance	February - April
6	Preparation of the budget letter for the Ministries (begrotingsaanschrijving)	Ministry of Finance	February - April

⁵ Advice on the draft ordinance for budget 2022 from the Council of Advice, reference SM/08-21-LV

7	Approval of the budget letter	COM	April
8	Sending the budget letter to the Minister, SG, and Controller of the Ministries	Ministry of Finance	April
9	Drafting and submitting the Ministry's budgets	Concerning Ministry	May 1st
10	Reviewing and discussing the submitted budgets	Ministry of Finance controllers	June
11	Compiling the Ministries' budgets	Ministry of Finance	June
12	Submitting draft budget to the Minister of Finance	Ministry of Finance	Late June
13	Preparing LVO (Landsverordening ontwerpbegroting) based on draft budget	Legal Affairs	
14	Deciding on the draft budget	COM	
15	Evaluating draft budget after decision COM	RVA (Council of Advice), Governor, and CFT	July
16	Incorporating recommendations from RVA and CFT	Ministry of Finance	August
17	Approving final draft budget	COM	August - September
18	Deliberating the final draft budget in Central Committee meeting and public meeting for approval and eventual amendments	Parliament	August - September
19	Contra-signing of LB of the approved budget (after evaluation CFT)	Governor, CFT	November - December

As presented in the table above, multiple departments/persons are involved during the drafting and approval process. The division of responsibilities is presented in a process flow in Figure 4. This provides a clear overview of the various tasks and responsibilities.

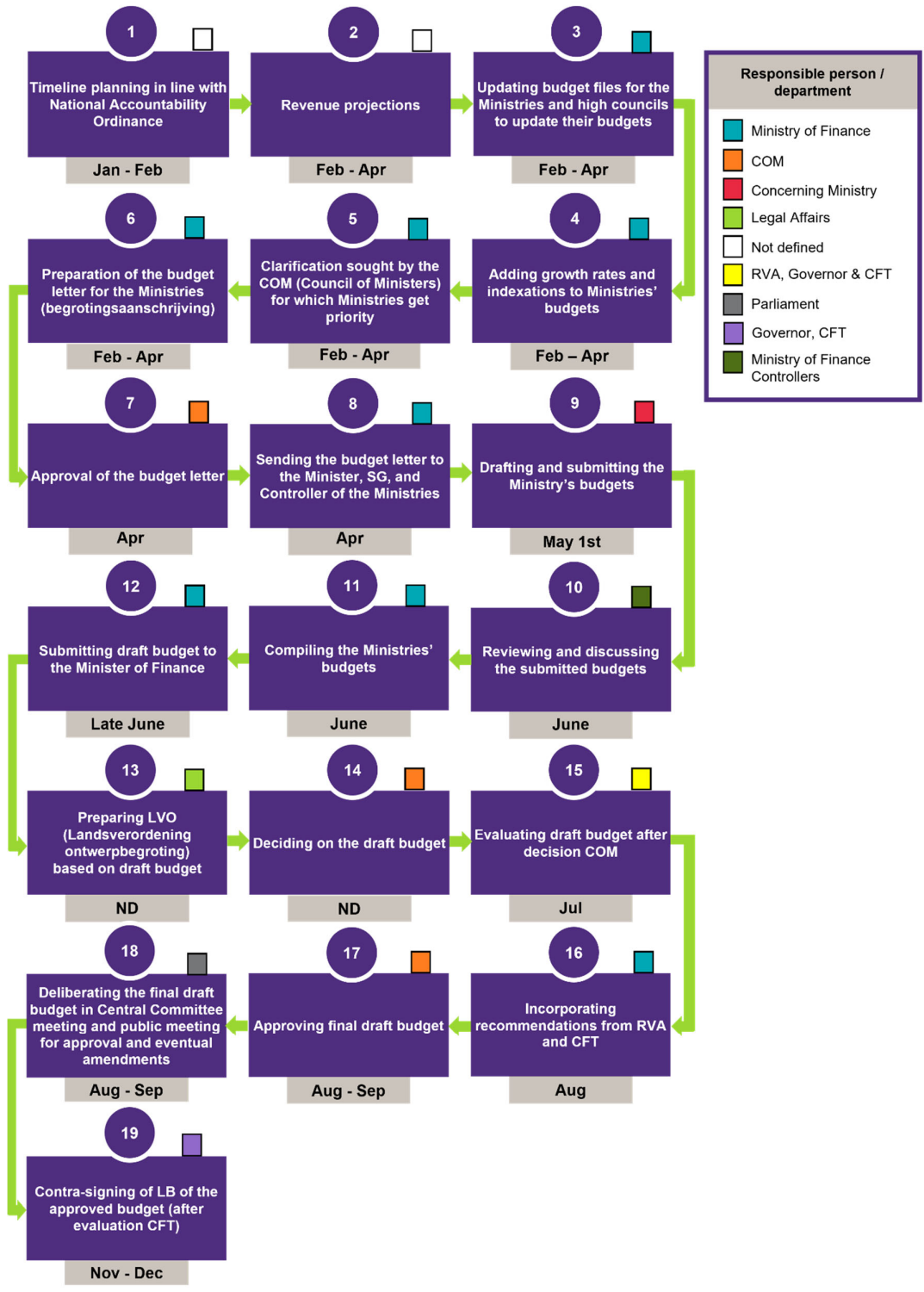


Figure 3 – Process Flow of the Drafting and Approving Process

The Execution and Monitoring Phase

The next phase in the budget process is the execution phase. After approval of the budget, the Ministries are expected to implement and execute the policies within the budget. Simultaneously, the Ministries are supposed to monitor and report on their ministerial budgets. Given that these two core elements of the budget process intertwine and appear simultaneously, this paragraph provides insight into how both the execution and monitoring phase are theoretically composed and how these are carried out by the Ministries. In addition, it elaborates on the process of amendments that are potentially deployed throughout the fiscal year.

The execution phase should start on January 1st, the moment the fiscal year begins. However, it depends on when the budget is adopted and goes into force. From that date onwards, the Ministries are authorized to use the funds as allocated in their budget for the operation of the Ministry. The financial accounting is centrally organized via the Ministry of Finance. The controller at each Ministry is supposed to monitor and manage the individual budgets by recording and reporting the obligations/expenses as well as by performing administrative controls. COGNOS is the reporting tool available that extracts information from the main accounting system. However, in practice most Ministries tend to keep track of their budget by using back-up backup administration to monitor the revenues and expenses of their Ministries. The objective of reporting is to monitor budget realization for under- or overspending.

Preferably, reporting is supposed to occur on a monthly basis. As the data in COGNOS is not up-to-date, most controllers maintain a separate Excel file as a form of back-up (shadow) administration, in support of the monthly reporting. More importantly, the Ministry of Finance is obliged by the RFT to produce quarterly reports. The COM shall submit to the CFT and the Parliament, an implementation report no later than six weeks after the end of every quarter⁶. The report must include information on budget depletion and the relevant remaining budgetary room to cover commitments, any new policy intentions having financial consequences and any windfalls and shortfalls in the implementation of the budget. These so-called quarterly reports (*uitvoeringsrapportages*) are presented as per the Kingdom Act Financial Supervision (article 18, paragraph 1 Kingdom Act Financial Supervision).

During the year, the Minister of Finance is required to inform Parliament (among others) about the expenditures by means of preliminary reports (article 44, paragraph 1 of the NAO). First, on the 15th of May, the Minister of Finance is required to present a preliminary report about last year's budget to Parliament. Second, between the 15th of August and November, the Minister of Finance is expected to present a preliminary report about the current situation regarding the ongoing budget to Parliament. Lastly, the Minister of Finance is required to prepare financial statements for the fiscal year, which ends on the 31st of December. The preparation of the financial statements is supposed to take place before the 1st of September of the following year. With these financial statements, the Ministries are expected to give account for the execution of their budget throughout the fiscal year. Currently, there is no proper alignment between the reporting process and the preparation of the financial statement. However, alignment between reporting in terms of quarterly reports and the financial statement would be beneficial for streamlining the entire budget cycle.

To reduce the backlog in the preparation of the financial statements a 'catch up action' is currently underway, with the draft FY 2019 and 2020 having been presented to the SOAB. It should be noted that based on the Kingdom Act, regular reporting is also required regarding the budget implementation. In practice, the reports as required by the NAO and the quarterly reports to CFT seem to be interchangeable but the timing for presentation differs.

Another important element during the execution phase relates to budget amendments. Budget amendments, if any, are handled by the controllers. There is no standard procedure for budget amendments and procedures as outlined in the NAO for formal budget amendment, which are avoided unless the amendment relates to a priority item of the Minister. Moreover, article 49, paragraph 3 of the NAO allows for additional rules to be established by ministerial decree with respect to the way a draft national ordinance amending the budget can be prepared. Such a ministerial decree was not referenced during the interviews at the ministries. In practice, budget amendments take the form of transfer of balances between (mostly) budget items related to material expenditure. Amendments are submitted to the Ministry of Finance, often by memo or e-mail. Formal budget amendments are avoided because the persons involved claim that the process is very complex it was suggested that, it would be beneficial for the flow of the budget cycle if the procedure for amending the budget is simplified by means of a short-cycle amendment process. The NAO contains stipulations that allow for further rules to be created by a national decree regarding reinforcing budget discipline (article 48,3 NAO). Moreover, rules concerning the general design of draft national ordinances amending the budget can be created by a ministerial decree (article 49,3 NAO). These stipulations could be used to develop instruments (policy, regulations, guidelines etc.) to improve the flow of the budget cycle including simplifying the amendment process. In fact, article 48, third paragraph of the NAO is a requirement though the National Decree containing general measures was not in evidence during the assessment.

⁶ The report to the CFT for Q3 2021, was presented on November 16, 2021, www.cft.aw ,

The aforementioned activities represent the main steps required in the budget execution phase. Table 3 summarizes the execution phase based on the main steps of the process. Note, this overview does not represent the actual practical situation which differs depending on circumstances.

Table 3 – Steps in Execution Phase

Step	Action	Date
1	Start of the fiscal year, Ministries start executing their operations with the assigned budget	January 1 st
2	Controllers record and report the commitments/expenses	January 1 st - December 31 st
3	Ministry of Finance presents a preliminary report on the finances regarding the budget of the previous year to Parliament.	May 15 th
4	Possibility for budget amendments as regulated via the NAO	May 15 th
5	Ministry of Finance presents a preliminary report on the finances regarding the budget of the current fiscal year to Parliament	August 15 th - November 15 th
6	Possibility for budget amendments as regulated via the NAO	August 15 th
7	Possibility for budget amendments as regulated via the NAO	November 15 th
8	End of the fiscal year	December 31 st
9	Ministry of Finance presents a financial statement to account for the execution of the budget	September 1 st in the following year

During the execution and monitoring of the budget, several departments/persons are involved. The division of responsibilities and tasks is presented in Figure 5 by means of a process flow.

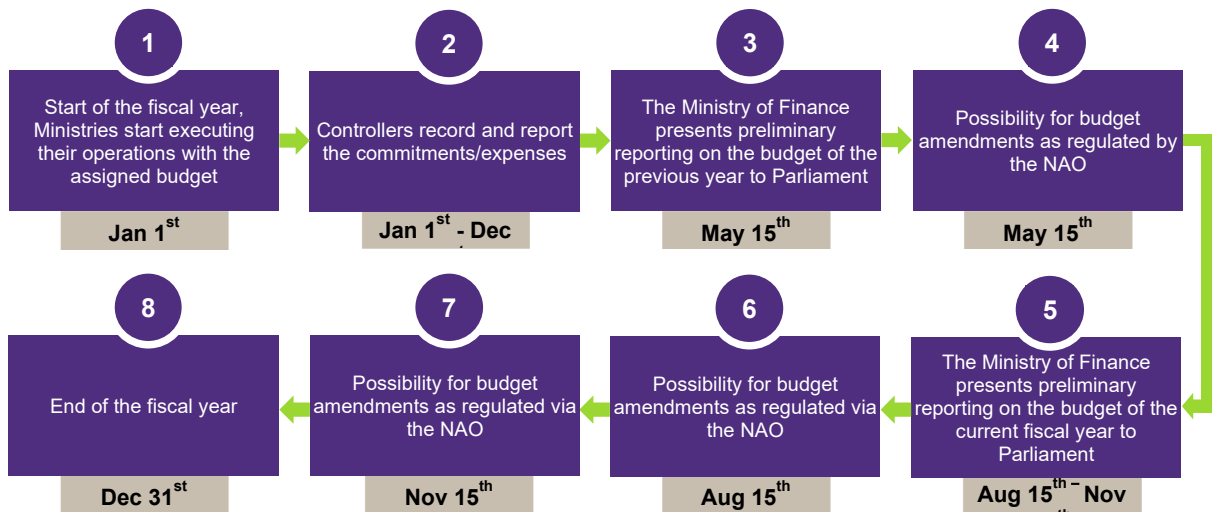


Figure 4 – Process Flow of the Executing, Amending, and Monitoring Process

Bottlenecks

- There is no structure and fixed timeline for providing the budget letters to Ministries. As a result, the preparatory phase of the budget process is highly vulnerable to the risk that it is delayed and or protracted - *(Process and People)*.
- Longer lead times in the budget approval process, due to an unstructured process and lack of clear ownership at several phases of the process - *(Process)*.
- Absence of a fully implemented policy-based budgeting system across all Ministries; drafting of the yearly budgets using this system is therefore inconsistent within the organization - *(Organization and Process)*.

- The Ministry of Finance leads the process of budget allocation because of the availability of funding. The responsibility for the preparation of the Ministries' budgets should ideally remain at the respective Ministries - (*Organization*).
- Insufficient ownership of the process at the Ministries often results in delay in the preparation of the yearly budget - (*People and Organization*).
- There is across ministries a shortage of skills, knowledge and experience related to the main areas of budget preparation and monitoring – (*People and Organization*).

5.3 Collaboration between Ministries, Ministry of Finance, and Council of Ministers

Budgeting is a highly necessary task which is regulated by numerous regulations and managed by virtue of procedures and tools. For Government, an organization tasked with several complex public activities and services, collaboration and cooperation are prerequisites to successfully implement and monitor the budget. Proper cooperation and collaboration will establish synergies throughout the budget process. In this regard, there is room for improvement among the key actors within the process.

Although the responsibility for the overall budget management falls with the Ministry (Minister) of Finance, the country budget should belong to every Ministry (Minister) within the Government organization. For example, the Minister of TEATT is expected to determine how to spend the tourism marketing budget, and the Minister of AZ should know how to best manage spending on Government facilities. Nevertheless, in practice, the Minister of Finance (Ministry of Finance) takes the lead. The process is designed to have budgets managed by individual Ministries, rather than the Ministry of Finance. This optimal situation would contribute to a sense of commitment and buy-in among Ministries. When the Minister of Finance is required to control the budget system via a master spreadsheet, the system is, by definition, managed top down. The consequence is a disconnect between the way it should be (laws governing the budget cycle) and the way it is (day-to-day activities of the Government organization). It is therefore not unreasonable that monitoring budget realization in the current situation is difficult and sometimes impractical.

Collaboration between Ministries

The Ministries, despite the differences in responsibilities and activities, share the mutual objective of achieving lawful and effective budget implementation as part of the overall Government organization. Ideally, Ministries should work in concert to achieve the policy objectives of the Government. Despite this, the SG-platform does not have the budget process on the fixed agenda. As such, each Ministry focuses on its own budget with little collaboration with (nor insight into) the other Ministries. Ministries work towards retaining as much as possible of the previous year's budget and do not actively seek policy collaboration with other Ministries unless formally required by the Ministers (or COM).

Furthermore, the lack of funding and time limits the collaboration between the individual Ministries. Unfortunately, every Ministry is confronted with another common element; financial scarcity. To limit the competition for scarce resources, the Ministry of Finance determines to a large extent the allocation of annual budget per Ministry. In practice, this is done absent of a great deal of inter-ministerial communication and this practice can be a disincentive to collaboration among the respective Ministries.

The policy-based budgeting initiative could become a stimulus for additional collaboration between the Ministries, as Government policy objectives stretch across various sectors. Policy-based budgeting must be systematically introduced along with the supporting technology, processes, and training of people. Furthermore, the budget cycle must be embedded throughout the organization particularly in terms of fixed schedules for the preparation of budgets, reporting on the implementation based on achievement of objectives. The linking-pin remains the Ministry of Finance, which is legally tasked with the coordination of the budget.

Collaboration with the Ministry of Finance

By law, the Minister of Finance is responsible for coordinating the preparation of budget and ensuring supervision of the implementation. The Ministry of Finance is required to report on the budget implementation and to provide timely signals should budget amendments become necessary during the fiscal year. At the end of the fiscal year, a financial statement is required to allow the ministers to give account for their financial management. Here too the Minister of Finance is the coordinating figure.

In practice, the Minister of Finance's role is expanded. There are several reasons that the Minister of Finance's role goes much further than coordinating and monitoring. First there is a lack of a robust infrastructure. Simply

stated, the systems and tools available for preparation, execution and reporting on the budget are inadequate. The Ministry of Finance manages the major systems and has the most access to them. For Ministries to take the responsibility for reporting and monitoring of the budget, every Ministry needs access to the data in real-time. If this is not the case, the Ministry of Finance will be required to generate reports.

Furthermore, the budget preparation process is dependent on formats and templates from the Ministry of Finance. The scope of the Government's organization requires integrated and modern financial systems and platforms that provide timely and accurate information to each Ministry.

The process of the budget cycle is not sufficiently transparent for all Ministries. Laws and requirements should ideally be tightly integrated into the process and systems. Scheduling and input for the budget, for example growth targets, maximum expenditure and capital investments are not collaboratively determined, but rather assigned by the Ministry of Finance. This is partly a result of limited resources, requiring the Ministry of Finance to take a leading role, in some cases, introducing across-the-board reduction of expenditure to meet budgetary requirements and constraints. A good example of this situation can be found in the budget amendments. The law prescribes a procedure which is rarely used, in fact it is avoided, in lieu of budget transfers within departmental line items. Ministries are not always familiar or comfortable with the process, hence practice of shifting budget line items instead of the formal budget amendment procedure.

While Ministries are responsible for the implementation of the budget and the reporting thereon, they are limited by virtue of the quality and quantity of information available to them. There is limited structured contact between the controllers and the Ministry and Finance. However, given the limited IT-tools at the disposal of the Ministries, communication with the Ministry of Finance would be beneficial in terms of monitoring the budget realization, particularly in terms of signaling over- or underspending.

As such, the cooperation between the Ministry of Finance and the other Ministries varies. For instance, the Minister of Finance provides a budget letter, a budget instruction, and an Excel template to the Ministries in order to draft their budgets⁷. In turn, the Ministries submit their draft budget to the Ministry of Finance. During the implementation of the budget, the collaboration depends on the involvement of the respective controllers of the Ministries. Reporting from the Ministries varies, and the Ministry of Finance often prepares the required implementation reports based on both information where available from the Ministries and from estimates derived from tools (DECADE and GEFIS).

Collaboration with the Council of Ministers

The individual Ministers as members of the Council of Ministers meet on a regular basis making collaboration more likely. Within the process of the budget, there are specific moments requiring the COM to reach consensus on the budget. While the Minister of Finance may take the lead and prepares the final budget, Ministers are privy to the constraints of the budget in an early stage (evaluation and approval of the budget letter) and ultimately approve the draft budget of their respective Ministry, prior to collectively agreeing on the draft country budget to be submitted to Parliament. The regularity of meetings of the COM also permits the members to address the implementation and monitoring of the budget. Cooperation and communication at the top-level of Government does not however translate to collaboration among Ministries. While getting the decision-making accomplished at the COM level may be less time consuming, ministers may not be aware of the minutiae of the operations across Ministries. Synergies of collaborative actions may not be readily identified as a result.

Bottlenecks

- A lack of structured communication between the SG's of the various Ministries about the budget process - (*People and Process*).
- There is minimal cooperation between the Ministries during the budget execution and monitoring, which hinders the creation of synergies (*People and Organization*).
- Collaboration at the Council of Ministers does not translate to collaboration among Ministries - (*Organization*)
- The role of the Minister of Finance is too comprehensive throughout the process, limiting cooperation between the Ministry of Finance and the respective Ministries - (*Organization*).

⁷ Several ministries report never receiving the budget letter.

5.4 Budget Allocation

A core aspect of the current approach to budgeting is to determine how the available funds will be utilized and distributed within the respective Ministries during the fiscal year. In fact, distribution of the budget across the departments is one of the very first steps in the Ministries' budget process after receiving the budget letter. The distribution determines how (and if) a Ministry can give substance to the formulated policy. Currently, the distribution is largely based on the previous year's budget corrected by changes such as inflation. This approach can be best described as Incremental budgeting. The changes (increases or subtractions) are for example based on the economic development of Sint Maarten and global economic trends. The allocated total for the Ministries is the point of departure for each Ministry to draft their budgets and divide the budgeted expenses across departments and organizational units.

The incremental approach to budgeting is simple and best suited when the income or expenditures are not subject to large changes. However, it comes with disadvantages. For example, inefficiencies can be perpetuated and there is a perverse incentive to maintain high budget (line items) regardless of need to maintain budget levels. Moreover, in practice, there is a lack of management within the Ministries regarding their assets, incomes, and costs.

To improve the quality of the budget, an initiative was recently introduced at (most of) the Ministries to encourage a transition to a policy-based-budgeting method. Using this method, preparation of the annual budget is based on formulated policy outlined in relevant strategic documents. In practice, however, policy-based-budgeting is not fully implemented; not all Ministries use it or are familiar with the process. Moreover, the current circumstances do not facilitate the adoption of policy-based budgeting for the preparation of the budget. For instance, the Ministries are not able to draft their own budget based on policy but on a predetermined amount that is specified in the budget letter (i.e., budgeting on what is available rather than what is needed). Even with policy-based budgeting in place there may still be a mismatch between what is available and what is needed. However, the budget needs within the respective Ministries are more properly justified with policy-based budgeting, which eventually enhances the dynamic between budget demand and budget allocation.

Regardless of the underlying method used for drafting the budget, Ministries are expected to estimate their revenues and expenses. The national budget uses three expenditure categories: (1) personnel costs, (2) material costs, and (3) capital expenditures. It should be noted that major amendments between those categories (personnel-, material-, and capital expenditures) should occur via formal budget amendments. For example, shifting underspent personnel budgets to cover additional material costs are submitted to the Ministry of Finance prior to implementation of the amendment. However, in practice, shifting between budget line items in material costs, for example from representation to travel, occurs regularly without a formal budget amendment inquiry. Normally, amendment of the budget requires that the stipulations of the NAO (see articles 48-50) are followed. Because of the perceived complexity of the formal budget amendment process, the aforementioned practices are maintained across the Ministries, unless there is an acute or specific request to draft a budget amendment and present it (as required by the NAO) to Parliament. The following paragraphs provide insight into the foundations used for budgeting these types of expenses and the revenues. In addition, this chapter pays attention to the way by which the budgeting of items related to the judicial chain is implemented. This is a crucial aspect of the annual budget and particularly relevant for the Ministry of Justice when drafting its budget.

Budgeting Revenues

Technically, Ministries are responsible for preparing revenue projections as part of the budget. Revenue forecasting is crucial in developing a sound budget document. As per the NAO and the constitution of Sint Maarten, the national budget is required to be a balanced⁸. It is therefore advantageous if the Ministries prepare their budget estimates based on an as accurate income projection as possible. After all, Ministry SG's, controllers, and department heads have a better understanding of the financial needs of their Ministry. Creating a budget without the input of key personnel from 'the floor' can result in underfunding or overfunding of a department.

As such, many practices can be utilized during the revenue projections, which include the considerations of one-time revenues, evaluation of unpredictable revenues, preparation of revenue projections, and an analysis of major revenues.

In practice, budgeting revenues is based on realized revenues of the preceding year, adjusted based on trends and economic growth. It should be noted that several Ministries are not able to accurately monitor revenues during the fiscal year and inform the Ministry of Finance. The Receiver is the collector of Government revenues, and the

⁸ Article 100, second paragraph, Constitution of Sint Maarten, the annual budget and the long-term budget shall be balanced. If necessary in connection with the recovery of damages caused by exceptional events, including natural disasters, departures from the first sentence are possible, in accordance with rules issued by or pursuant to a Kingdom Act or national ordinance.

information is registered in GEFIS. Nevertheless, most Ministries provide the revenue estimates to the Ministry of Finance. Once there is consensus on the revenue estimates, it becomes the financial basis for budgeting the operating costs and (if any) capital expenditures.

Budgeting Personnel Costs

An important category of costs that the individual Ministries budget are the personnel costs. These costs include expenses that relate to the human resources of the Government of Sint Maarten. The personnel costs form an important expense of the Government. Just as is the case for the entire budget, the personnel costs are currently estimated using the costs of the preceding year subject to increases/decreases. As such, the current budgeted personnel costs simply reflect the annual salary adjusted by expected salary increments, bonuses, substitutions, allowances, and promotions. Therefore, there is no link between personnel formation according to policy and its financial projection.

In practice, the Ministries use specific budget codes to calculate personnel costs. The budget codes present salary information of the current personnel such as potential salary increases and retirement dates. Additionally, the codes indicate personnel needs for the Ministry plans to hire for the coming year. As such, personnel needs are an integral aspect in determining the personnel costs. Open vacancies have a large influence on the assigned budget. In other words, not filling all vacancies may cause losing the funding for the subsequent year. Therefore, the Ministries aim to fill all the positions within their departments.

It should be noted that it is crucial that the personnel costs are budgeted accurately to compose a realistic budget. This because personnel costs constitute a major part of the total costs within the Government (i.e., approximately 32% in budget 2021). An inaccurate budget of personnel costs potentially causes insurmountable shortages in executing the budget.

Budgeting Material Costs

Another important category of costs that the Ministries budget are the material costs. This includes the operational costs related to the respective Ministry such as licenses, rents for equipment and office spaces, utilities etc. The operating costs are divided into fixed expenses and incidental expenses. Besides the personnel costs, the material costs represent a large portion of the Ministries' costs. According to the policy-based-budgeting method, the budgeted material costs should also reflect the funds needed to execute the operations as expected by the formulated policy. However, in practice these costs are largely derived from the previous year's material costs adjusted for changes that relate to economic development, trends, or other material factors.

Together, the personnel costs and material costs form the operating expenditure of the Ministries. These costs recur annually in the budget and remain mostly stable with the exception of minor changes. Collectively, those costs take up the largest part of the ministerial budget. Preferably, the Ministries aim to incorporate a budget for (if any) capital expenditures if the allocated budget allows to do so. The next paragraph describes how the capital expenditure is determined.

Budgeting Capital Expenditure (Kapitaaldienst)

One of the biggest challenges for the Ministries is budgeting capital expenditures. These include all costs that relate to capital investment. The policy as determined in the strategic documents requires the necessary investments at Ministry level in order to successfully apply the formulated plans of the Government. Unfortunately, in recent years, the lack of funding means that little or no capital investment is possible. The budget, sometimes referred to as a 'skeleton budget' to reflect the situation of a budget that has been cut to the bone, which is subject to legal requirements (for example, *rentelastnorm*⁹) or interest expense burden). It is not uncommon for a Ministry to budget for capital expenditure and during the fiscal year learn that there is no available financing to cover the expenditure. Therefore, the Ministries are not able to fully execute their policy and plans according to the 5-year plan. This situation materially challenges the achievement of necessary and substantial reforms for the country of Sint Maarten.

Considering the challenge of acquiring financing for capital investments based on the ministerial budget, the Ministries are required to submit a proposal for capital investments to the COM. The COM evaluates the proposal and decides if additional funding is available for any investments. However, in practice, the majority of these proposals are not successful given the existing budgetary limitations. As such, the policy-based budgeting method is not currently integrated in drafting the budget for capital expenditures.

⁹ Kingdom Act Financial Supervision, article 1 defines it as follows: interest burden equivalent to 5% of the average realized combined revenue of the collective sector of a country, over the three years preceding the year in which the budget is or will be submitted.

Financing the Judicial Chain (Justitiële keten)

It should be noted that some organizational units, for example within the Ministry of Justice, operate (semi) autonomously and besides managing their budgets, also receive external funding. For example, in the framework of the new constitutional structure of the Kingdom (as per October 10, 2010), agreements were made about the judicial chain (the Courts, the Public Prosecutor's Office, the police and - in short - the supervision of the judicial chain in the countries of Curaçao and Sint Maarten and the public entities Bonaire, Sint Eustatius and Saba – Law Enforcement Council).

These agreements resulted in four consensus Kingdom laws.¹⁰ An Administrative Council was established which, conducts consultations with the Ministers of Justice of the four countries on, among others, the budget of the judicial organization. Each country, including Sint Maarten is required to make funds available via the Ministry of Justice to support the operation of these joint institutions. The portion each of the countries allocate is based on agreements reached in the Joint Four Party Discussion (JVO-justitieel vierpartijen overleg) and is based on a formula derived from the number of cases (crime level), population, housing per island and a percentage of the budget. Payments are usually made on a quarterly basis to the institutions.

Another form relates to external funding, for example, as in the case of the Coast Guard which operates as part of the larger Caribbean Coast Guard. Funding is received from the Netherlands for a part of the joint operations. The budget request for the Coast Guard is submitted by the controller to Finance, but the allotment for joint operations due from Sint Maarten is not always shared with the Ministry of Finance.

The monitoring of budget realization and year-end accountability at these autonomous units within the judicial chain is not fully transparent according to the Ministry of Finance. The units may use other tools for their financial management and report to the Ministry of Justice. However, the Ministry of Finance indicated that the annual reporting, when submitted, is very detailed.

Revenues generated by the judicial chain are also not well defined. A Crime Prevention Fund exists which is funded using monies confiscated as part of the criminal cases. A National Ordinance stipulates the organization and management of the Fund; however, several critical reports have been issued that highlight the weaknesses of the financial management.¹¹ Income derived from fines are also not always immediately apparent to the Ministry of Finance particularly if these are not collected via the Receiver's Office.

According to the Ministry of Finance, the issue of budgeting and budget management is apparently a concern at Kingdom level as there is a new working group 'budget problematiek'.

Bottlenecks

- The budget allocation is largely based on the preceding years rather than policy intentions. The approach to budgeting is incremental and not policy based. Consequently, Ministries find it difficult (if not impossible) to implement major policy initiatives that would allow positive developments within the country Sint Maarten (IST: based on previous years, SOLL: based on policy) – (*Organization*).
- The Ministry of Finance currently communicates the available funds for the respective Ministries by means of the budget letter and indicates the level of costs that can be incurred within each cost category. Ideally, the policy of the individual Ministry should serve as the basis for the budget allocation - (*Process and Organization*).

5.5 Quality and Effectiveness: the OECD Principles

Now that the end-to-end budget process has been described and analyzed, resulting in the exposure of the most prominent bottlenecks, the comprehensiveness of the process will be evaluated using the OECD principles. Such an evaluation is meant to provide additional insight into the quality and effectiveness of the Government's budget process. The OECD principles represent international good practices for a proper Budget Policy framework. These principles govern the end-to-end budget process and provide a systematic framework in which the formulated policy objectives can be accomplished. For instance, an open, inclusive, and independent budget process contributes to a better allocation of resources, clear budgetary objectives, and the identification of potential budgetary risks. The framework consists of ten basic principles. In the following paragraphs, the budget process of the Government of Sint Maarten is evaluated based on the ten principles listed in the table below.

¹⁰ Specifically, the Kingdom Act on the Joint Court of Justice, the Kingdom Act on Public Prosecutors of Curaçao, Sint Maarten and Bonaire, Sint Eustatius and Saba, the Kingdom Act on Police of Curaçao, Sint Maarten and Bonaire, Sint Eustatius and Saba and the Kingdom Act on the Council for Law Enforcement.

¹¹ Law Enforcement Council report of April 2019 and General Audit Chamber, November 2018.

Table 4 – OECD Principles of Budgetary Governance

1	Manage budgets within clear, credible, and predictable limits for fiscal policy.
2	Closely align budgets with the medium-term strategic priorities of government.
3	Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner.
4	Ensure that budget documents and data are open, transparent, and accessible.
5	Provide for an inclusive, participative, and realistic debate on budgetary choices.
6	Present a comprehensive, accurate and reliable account of the public finances.
7	Actively plan, manage, and monitor budget execution.
8	Ensure that performance, evaluation, and value for money are integral to the budget process.
9	Identify, assess, and manage prudently longer-term sustainability and other fiscal risks.
10	Promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit.

Budget within Clear, Credible, and Predictable Limits for Fiscal Policy

First, the budget should be managed within clear, credible, and predictable limits for fiscal policy. Considering the current state of the budget process, the end-to-end cycle is properly described within clear, credible, and predictable limits. For instance, as stated in [Chapter 5.1](#), there is a clear recurring planning (timeline) for the drafting and approving process as stipulated by law (see [Chapter 3.1](#)). However, the analysis shows that adhering to the planning (timeline and schedule) is challenging for the organization. For example, submission and receipt of the budget letter is often delayed, complicating the drafting and approval of a budget within clear, credible and predictable limits. While the regulations and procedures provide clear, credible and predicable limits, in practice the process is not consistently implemented within these limits.

Alignment with Medium-Term Strategic Priorities

Second, the budget should be aligned with the medium-term strategic priorities of the Government. As outlined in [Chapter 3.2](#), there are a number of strategic policy documents at the disposal of the Government. Moreover, the Government has initiated a process of introducing policy-based budgeting, though it has not yet been fully implemented and is not in a consistent way used by the Ministries. The approach to budgeting is incremental whereby the previous year's (realized) budget is used with additions or subtractions of a percentage (inflation or other economic index) to obtain the current year's budget. Therefore, the medium-term strategic priorities of the Government are not sufficiently carried into the budgets. Government's recent introduction of a policy-based budgeting method does not yet fulfil the necessary requirements to allow alignment of the budget with medium-term strategic objectives and goals.

Capital Budgeting Framework

Third, according to the OECD principles, a capital budgeting framework should be designed in order to meet national development needs in a cost-effective and coherent manner. National development usually requires investment in projects and policies. The analysis shows that capital expenditures are not (entirely) included in the current ministerial budgets, further complicating the implementation of the intended policy. Currently, a formal capital budgeting framework is not in place at Ministry-level to support in projecting capital investments. How a Ministry estimates its budget for capital expenditure varies; based on the previous year's budget or budget remaining after budgeting for the other expense categories. Hence, a capital budgeting framework that is aligned with a policy-based-budgeting method should be designed in order to make capital expenditures a fixed and recurring part of budget preparation.

Openness, Transparency, and Accessibility of Budget Documents and Data

Fourth, the Government should ensure that budget documents and data are open, transparent and accessible, within information security limits to protect personnel- and other sensitive information. As outlined in [Chapter 3.2](#), there are various strategic budget documents that provide guidance to the budget cycle within the Government. However, these documents are not easily accessible for all actors within the process. It appears that the basic information used for the allocation of budget is not transparent to all Ministries. For instance, the Ministries report they do not always have timely access to the budget realization data. Therefore, Ministries cannot adequately use

data when drafting the new budgets. Moreover, some of the available documents, such as the Budget Handbook, only exist in draft form and still need implementation across the board. Consequently, Ministries use ad hoc procedures and guidelines to support budget preparation. Current budget reference documents and budget realization data are not sufficiently open, transparent, and accessible to all actors within the budget process; however, the basic documentation is available.

Inclusive, Participative, and Realistic Debate on Budgetary Choices

Fifth, the OECD principles state that an inclusive, participative, and realistic debate on budgetary choices should be facilitated. The analysis shows that cooperation and debates are possible at all levels. For example, the budget letter is subject to debate and approval at the level of the COM. Moreover, the final draft of the consolidated budget cannot be presented to Parliament prior to approval by the COM after consultation with the COA and CFT. There is a SG-platform, though the analysis shows that the topic of budgeting is rarely on the agenda. Regular meetings between the concern controller and the controllers of the Ministries do not currently take place, though it was practice previously. The intention is there to initiate these sessions again. The Ministers and their respective SG's also meet to approve the Ministry's budget submission to Finance, but the process differs by Ministry. This suggests that a structure regarding the budget process exists but is not formalized. To ensure a more inclusive, participative, and realistic debate on budgetary choices, more formal communication structures on multiple levels should be integrated into the process.

Presentation of a Comprehensive, Accurate, and Reliable Account of the Public Finances

Sixth, a comprehensive, accurate and reliable account of the public finances should be presented throughout the budget cycle. The NAO and the Kingdom Act on Financial Supervision contain stipulations for regular and structured reporting on the budget implementation, realization and final accountability for a lawful and effective public expenditure and policy execution. Based on the analysis, the periodic reporting as required by the Kingdom Act appears to occur adequately, with these reports seemingly interchangeable with the memoranda stipulated in the NAO. Financial statements in which the Government give account for financial management are frequently late and of not of the appropriate quality. To date, the Government's financial statements have not received a unqualified opinion from the auditors; there have only been adverse opinions to date. While Government continues to work on improvement plans for financial management, it is fair to state that a comprehensive, accurate and reliable account of public finances is not available.

Planning, Managing, and Monitoring Budget Execution

Seventh, according to the OECD principles, budget execution should be actively planned, managed, and monitored to realize an effective budget process. Currently, the budget execution process shows deficiencies regarding managing and monitoring the budget. For instance, it appears that there is no uniform structure at Ministry level regarding monitoring. The approach to monthly monitoring varies across the Ministries, with some of the Ministries maintaining back-up administrations. Furthermore, the current systems, such as DECADE(COGNOS), GEFIS etc. do not provide reliable data and thereby do not support active monitoring and reporting during the execution phase. Moreover, there seems to be limited ownership of reporting within the Ministries. The responsibility for the quarterly reports (*uitvoeringsrapportages*) falls within the Ministry of Finance rather than the individual Ministries, though the Ministries should, optimally, provide the data for a consolidated report. Hence, the current budget process lacks active planning, managing, and monitoring within the budget execution.

Integration of Performance, Evaluation, and Value for Money into the Budget Process

Eighth, for an effective budget process, it should be ensured that performance, evaluation, and value for money are integrated into the budget process. Given the current prevalence of incremental budgeting which allows coverage of basic operational costs (material and personnel) and allows few opportunities to execute material projects or policy, it is difficult to account for performance. Few if any KPI's are used for the budget process. The Government is able to report on budget realization and year-over-year comparisons along with, if executed, a new policy. Economic information can be presented in reports, but whether these can be directly attributed to Government expenditure is unclear. For now, performance, evaluation, and value for money are not integral to the budget process.

Identifying, assessing, and managing prudently longer-term sustainability and other fiscal risks

Ninth, the OECD principles require that longer-term sustainability and other fiscal risks are prudently identified, assessed, and managed. Sint Maarten's Government is aware of the relatively low tax compliance of the jurisdiction and has been working on projects to improve the fiscal system to stimulate greater compliance. Given the limited financial room available for the annual budget, additional sources of income are top of mind, though the sensitivity of the 'one-pillar' economy must be considered. The disasters of the 2017 hurricanes and the 2020 pandemic further illustrate the need for sustainable policies. The inclusion of fiscal research within the Country Packages is a sign that the longer-term sustainability is receiving attention.

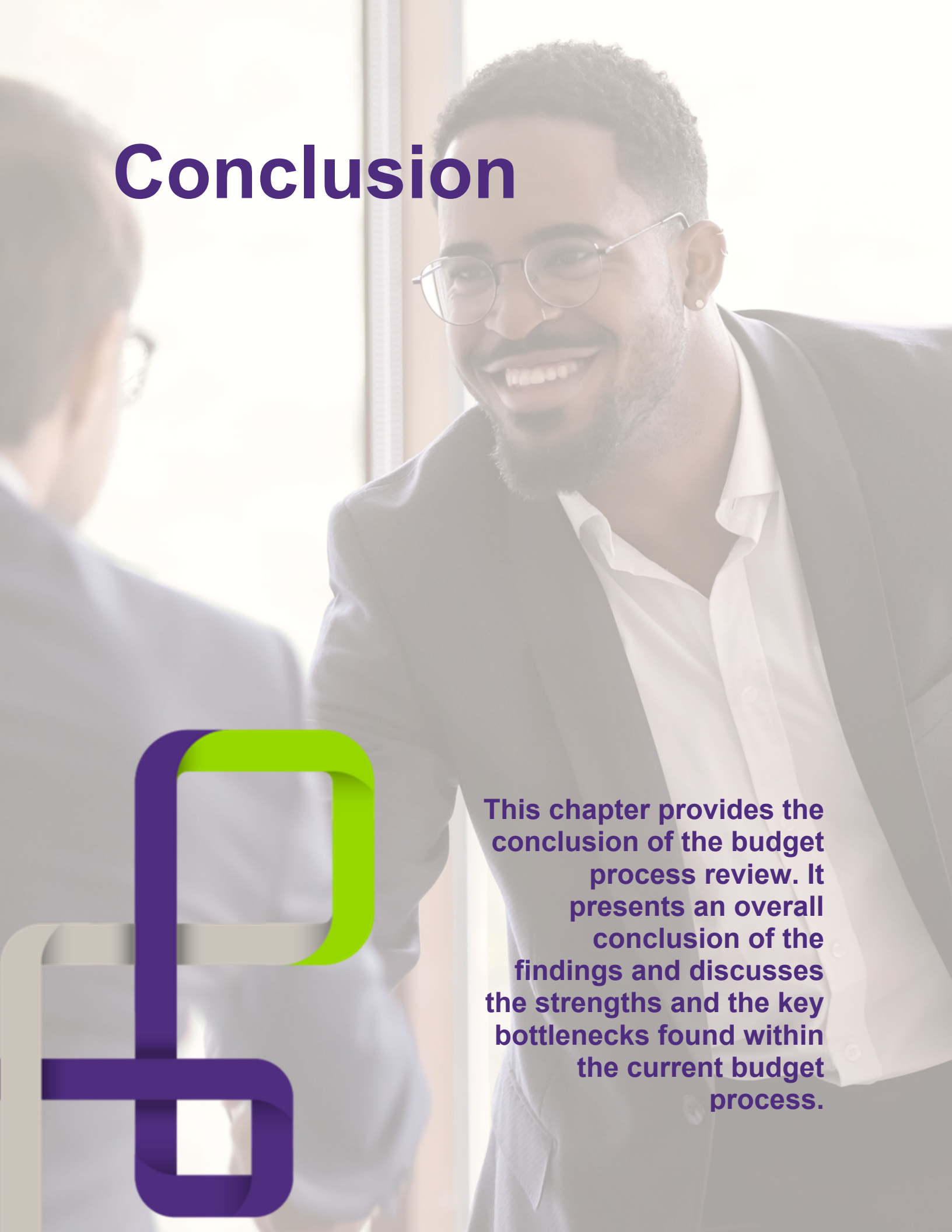
Promoting Integrity and Quality of Budgetary Forecasts, Fiscal Plans and Budgetary Implementation

Lastly, according to the OECD principles, the Government should promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audits. It is clear from the discussion of previous points, that financial management of the Government needs to be improved. Rigorous quality assurance must be developed as part of the improvement plans for financial management in general and the budget cycle in particular. As for independent audits, the constitutional framework of the country establishes an independent High Council of State specifically tasked with reviewing the legal compliance and performance of the Government's income, expenditures, and policy. The General Audit Chamber was one of the few public institutions that received a high score in the National Integrity System assessment from Transparency International (2015). Every year, the General Audit Chamber conducts a variety of compliance and performance audits, the results of which are presented to Parliament and then made public. The internal auditor of Government, the SOAB also plays a prominent role in conducting audits.

Overall Quality and Effectiveness

As becomes clear from the paragraphs above, the current quality and effectiveness of the budget process analyzed alongside the OECD principles can be improved significantly. It appears that several bottlenecks are evident when benchmarking the budget process with the OECD principles. For instance, the annual budget is not managed within clear, credible, and predictable boundaries and insufficiently aligned with the Governments' strategic objectives. Furthermore, the respective budget documents and data are not open, transparent, and accessible to all actors, a proper capital budgeting framework is absent, and budgetary choices are frequently made without inclusive, participative, and realistic debates and collaborations. However, it is important to view the evaluation of the quality and effectiveness based on the OECD principles in perspective. Although the OECD principles are a valid indicator for the quality and effectiveness of the budget process, one should consider them with certain nuance. In a maturity driven roadmap towards a desired state "Future of Finance", the OECD Principles will eventually become valuable principles.

Conclusion

A photograph of two men in business attire. The man on the right is smiling broadly, wearing glasses, a white shirt, and a dark suit jacket. The man on the left is partially visible, wearing a light blue suit jacket and glasses. The background is a bright, out-of-focus window.

This chapter provides the conclusion of the budget process review. It presents an overall conclusion of the findings and discusses the strengths and the key bottlenecks found within the current budget process.



6. Conclusion

This assessment aimed to provide insight into the budget process of the Government of Sint Maarten. Based on nine outcome areas, the current budget process is analyzed. It can be concluded from the findings that the Government of Sint Maarten is not in adequate control regarding their end-to-end budget process cycle. The overall conclusion is that the required ingredients are present, but not properly utilized to establish a well-functioning budget process. In other words, the process is sufficiently designed from a theoretical perspective, but inadequately implemented throughout the organization. As a result, the process remains too fragmented, in which there is insufficient interaction and cooperation between the various parts and actors within the process to establish synergy. This would make the process greater than just a sum of its parts. Moreover, although there are several guidelines and tools (e.g., laws, procedures, planning, documents, systems) available at the Government's disposal, the main actors struggle to get the process right. For instance, the Government is equipped with clear laws and regulations (i.e., RFT, Constitution of Sint Maarten, NAO) that describe how the process and respective planning should look like. However, the results of the review indicate that it appears difficult to align and implement the process within those guidelines.

Conclusion about the budget process across the four lenses

This conclusion can be drawn from multiple perspectives that relate to the 4 lenses, which formed a common thread throughout the analysis. In terms of people, it can be concluded that there is a lack of ownership, as a behavioral component, across the various levels within the Government. In addition, there is insufficient cooperation and communication between the actors in the process to create synergies. Next to that a shortage of skilled and experienced personnel also impacts the quality and causes inefficiencies. In terms of process, it can be concluded that the available procedures, principles, policies, and work instructions are not formalized into official documents that are transparent and accessible to all Ministries. Furthermore, the process is particularly designed to support an incremental budgeting approach rather than the intended policy-based-budgeting approach. In terms of organization, it can be concluded that the tasks and responsibilities are not adequately distributed across the main actors within the process. More specifically, the Ministry of Finance, as ultimately responsible for the annual budget cycle, not only facilitates the entire process, but also takes responsibility for too many tasks. As a result, the Ministries are unable to appropriate/take ownership over their respective tasks and responsibilities. In terms of technology, it can be concluded that the tools as currently available do not fully suffice to facilitate a smooth budget process. For instance, there are no formal systems in place that support the drafting and approving process (i.e., only use of error-prone Excel templates). Or, in case there are systems available that do suffice, they are not applied in an appropriate manner (i.e., COGNOS available for reporting, but barely used due to the lack of reliability).

Conclusion about the strengths in the budget process

Consequently, it can be concluded that the Government of Sint Maarten is not yet in control regarding its budget cycle. Nevertheless, several strengths are present in the current process and are there to be preserved. For instance, there are (although in draft) guiding principles, procedures, and policies available to support the process. Not to mention, a comprehensive law and regulations framework is available that legally grounds the budget cycle. Moreover, several adequate basic systems are in place (e.g., for monitoring) that have the potential to optimize and facilitate the process across the organization. Furthermore, the Government intended and started to implement a policy-based budgeting system as the foundation for the process. As such, these ingredients form a solid basis for a smooth budget process.

Main conclusion about the budget process

Given these points, the main conclusion drawn from this review is that the basic ingredients for a proper budget cycle are at the Government's disposal. Several laws, procedures, and tools are available to adhere to the process as outlined in the relevant documents. However, the utilization of these ingredients and thus the execution of this process is not sufficient (e.g., lack of ownership, no use of formalized guiding documents, and lack of optimization of available IT tools) and predominantly based on inappropriate fundamentals (i.e., incremental instead of policy-based budgeting). Therefore, the Government of Sint Maarten is not in control regarding its budget process and synergies are absent. As outlined in the following chapter, a multi-year implementation and transition program, which is based on the recommendations, should enable the Government of Sint Maarten to establish a well-functioning budget process and gain financial control.

Recommendations



**This chapter discusses
our key
recommendations
regarding the budget
process.**

7. Recommendations

Based on the conclusions drawn and outlined in the previous chapter, the Government of Sint Maarten is currently not in adequate control regarding the end-to-end budget process. The overall conclusion indicates that the ingredients are present, but not properly utilized/implemented to establish a well-functioning budget process. This means that the design of the process should be stringently implemented throughout the organization. Synergy needs to be created within the budget process by proper interaction and cooperation between the various parts of the process. Based on these conclusions, recommendations have been identified primarily assessing the budget process in its entirety, but also from the different perspectives that relate to the four lenses, used as a framework to analyze and interpret the data. These recommendations will initiate improvement and provides a foundation for a streamlined budget cycle that promotes synergies.

In order to establish a well-functioning budget process and gain financial control across the Government of Sint Maarten, we recommend combining all results from the other ongoing initiatives within the financial management domain to draft a multi-year implementation and transition program plan. Such a plan will provide the Government of Sint Maarten with details about the functional requirements, the impact on the organization, capacity and knowledge needed to execute such program. This means, with the end state in mind, the question “what does good look like?” needs to be answered before the implementation of the plan.

‘People’, ‘Process’, ‘Organization’ and ‘Technology’. Although the lenses were used to analyze the bottlenecks separately, we have deliberately chosen to consolidate the recommendations into a comprehensive summary per lens that captures the entirety of the bottlenecks identified. The table below contains the recommendations per lens. Each recommendation is substantiated with an (1) entry time, which reflects the moment that the action within the recommendation comes into effect, and (2) an impact on budget year time frame, which reflects the budget year to which the action in the recommendation is relevant. In addition, an elaboration on the concrete short-term actions is provided in paragraph 7.2, which outlines the recommendations that take immediate effect and can be addressed right away to improve the budget process related to the budget of 2023.

7.1 Recommendations across the four lenses

The recommendations based on the four lenses cover

The recommendations are presented in the following tables. These recommendations are subsequently plotted in a timeline, which is presented in figure

Table 5 – Recommendations Process


	Nr.	Recommendations	Start	Impact on Budget cycle
1.Process 	1.1	Create a timeline including all the milestones for the Budget process 2023 that is aligned with the laws and regulations (timeline should include buffers and be transparent and accessible to all actors in the process) and linked to developed communication structures (recommendation 4.2)	Short	2023
	1.2	Develop and formalize a Budget policy that includes the policies and procedures related to the budget process	Short	2024
	1.3	Update the Budget Handbook based on the Budget Policy and make it transparent and accessible to all the actors within the process.	Short	2024
	1.4	Based on the formalized policies and procedures, perform end-to-end budget process redesign incl. budget amendments to optimize process flow and realize efficiencies.	Mid	2025
	1.5	Create working instructions covering the entire (re)design process including workflows, tools used, communication and planning.	Long	2025
	1.6	Implement redesigned policies, procedures including working instructions covering the end-to-end budget process. Ideally the recommendation is to align these implementation efforts with the current steps at the time of implementation with the formalized budget cycle timeline (as depicted in table 2). This approach makes it possible to directly implemented policies and procedures in the current planning and control cycle.	Long	2025

Table 6 – Recommendations Technology


	Nr.	Recommendations	Start	Impact on Budget cycle
2.Technology 	2.1	Create a supportive document for the utilization of the financial systems, including an overview that aligns the categorization of the general ledger accounts within the financial systems and line items of the prepared budget.	Short	2023
	2.2	Create and utilize a web-based collaborative platform (e.g., SharePoint) that empowers teamwork in the preparation, execution, and monitoring of the budget to exchange information between the various stakeholders.	Short	2022 2023
	2.3	Establish a dedicated work group that is solely focused on the selection and roll out of technological solutions that support the end-to-end budget process.	Short	2024
	2.4	Further operationalize the need to upgrade or replace current financial systems used (DECADE, COGNOS, GEFIS etc.). This includes the link to the sub-project fit gap analysis. As a result, from this analysis high level requirements regarding the use of systems and tools are formulated further in this chapter.	Mid	2024
	2.5	Define the need for systems and tools to support the drafting and approving process (preparatory phase) of the budget. This refers to workflows tracking the process and consolidating data along the way. Further research is needed as part of the fit gap analysis to determine the proper solution for this requirement.	Mid	2024
	2.6	Evaluate functionalities that allow real-time budget monitoring (including reporting on revenues) across the entire organization that facilitates dashboarding based on KPI's.	Mid	2024
	2.7	Formalize, standardize, and implement key processes around the used systems and tools to align with the ongoing process redesign as much as possible.	Mid	2024
	2.8	Establish a foundation to achieve reliability of data. The current data sources do not provide up-to-date and reliable information. This can be achieved by not only performing data cleansing but also having standardized and redesigned processes in place to mitigate further data pollution.	Long	2025

Table 7 – Recommendations People



	Nr.	Recommendations	Start	Impact on Budget cycle
3.People 	3.1	Provide refreshment trainings to all involved actors in the budget process (i.e., laws and regulations, accounting best practices, use of systems and tools).	Short	2022 2023
	3.2	Make a training curriculum that focuses on the key elements of the budget process tailored towards the new way of work in accordance with the Budget Policy (i.e., preparing, executing, monitoring, and amending).	Short	2024
	3.3	Provide initial policy-based budgeting support to the ministries in drafting their budget for 2023.	Short	2023
	3.4	Create new roles and responsibilities across the redesigned end-to-end budget process. Description of duties within and responsibilities across the entire budget process.	Mid	2024
	3.5	Develop and implement an organizational culture transition program which aims to strengthen the underlying values and actionable behavior that are important prerequisites for the required new ways of work.	Mid	2025
	3.6	Implement new way of working, roles, and responsibilities based on process redesign.	Long	2025

Table 8 – Recommendations Organization

4. Organization	Nr.	Recommendations	Start	Impact on Budget cycle
	4.1	Establish a dedicated budget support team led by the Ministry of Finance that supports the stakeholders with the preparation, execution, and monitoring of the budget, including brief check-ins	Short	2022 2023
	4.2	Develop communication structures (i.e., communication heartbeats) between all stakeholders, which is linked to the timeline in according to the applicable law and regulations.	Short	2022 2023
	4.3	Identify lessons learned from budget execution and monitoring cycle 2021 to incorporate into budget execution cycle 2022	Short	2022 2023
	4.4	Establish dedicated work group that is focused on identifying and implementing temporary measures to improve budget monitoring and reporting activities	Short	2022 2023
	4.5	Establish earlier involvement of cabinet, Ministers, and respective high councils in the preparation of the budget, as part of the embedded communication structures	Mid	2024
	4.6	Operationalize policy-based budgeting government-wide with a dedicated project team that is solely focused on policy-based budgeting	Mid	2024
	4.7	Analyze outcome redesigned processes and procedures and include findings into sub-project organizational set-up. This outcome will be the basis for the necessary organizational redesign necessary to support the redesigned processes as part of the journey towards the Future of Finance.	Mid	2024
	4.8	Define the roles and responsibilities across the end-to-end budget process aligned with the process (re)design.	Mid	2024
	4.9	Formalize and roll-out duties and responsibilities needed based on the performed process redesign.	Long	2025

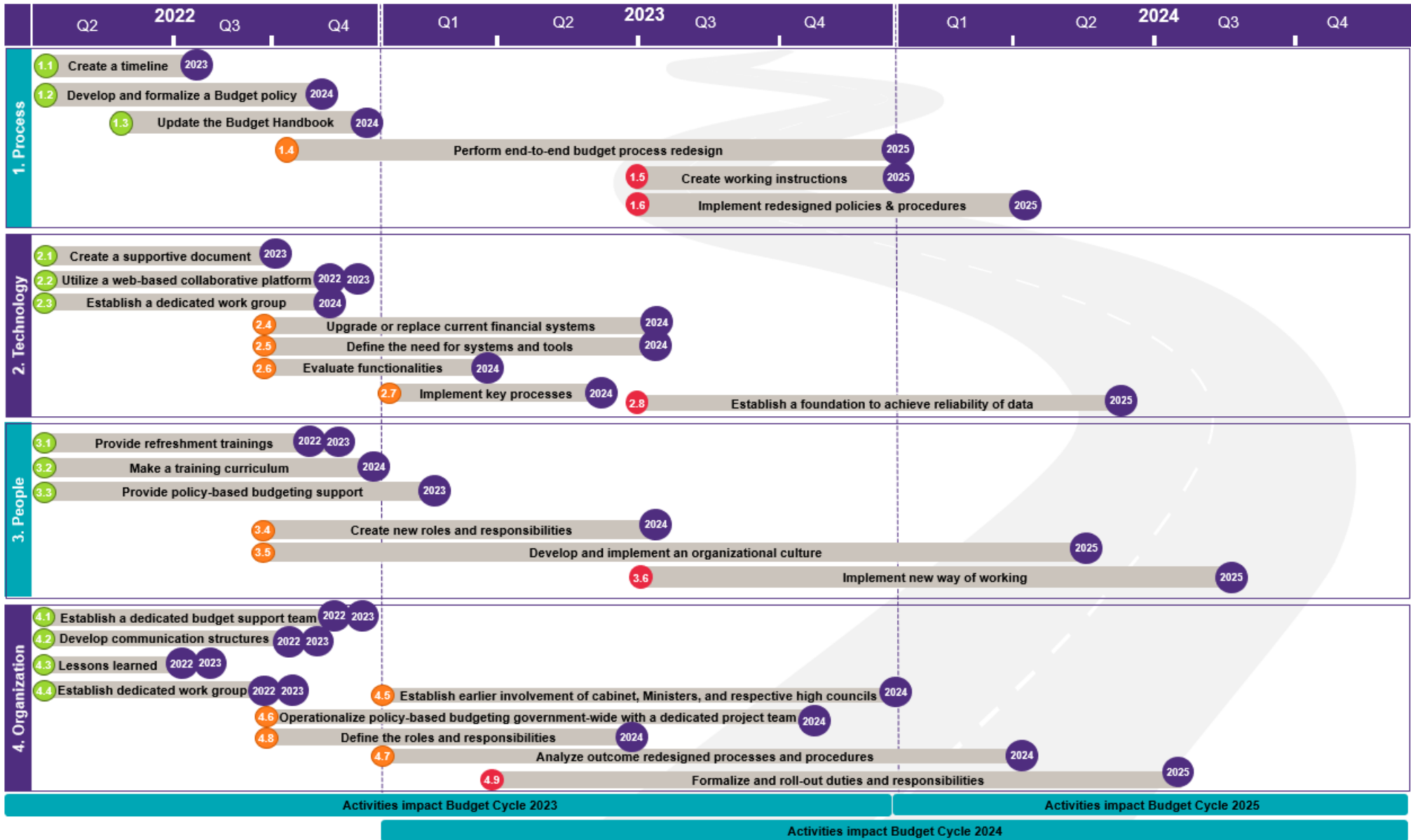


Figure 5 – Timeline Recommendations

7.2 Short-Term Action Plan

What can be done today to improve the budget cycle immediately? Multiple of the recommendations formulated can be addressed with immediate effect in order to improve the budget process related to the current and upcoming budget cycle. Consequently, it is recommended that a project team be established that directs these actions. As such, an outline for an action plan is prepared, which consists of the following practical actions.

Process:

- 1.1 Create a timeline including all the milestones for the Budget process 2023 that is aligned with the laws and regulations.** An extensive timeline should be developed that includes milestones outlined in the laws and regulations (NAO). This timeline should include buffers to ensure that it can be maintained adequately and to minimize the risk of delay. Such a timeline needs to be transparent and accessible to all actors within the process, and must be linked to the developed communication structures, as described in recommendation 4.2. Such a timeline will already have an impact on current preparations of the budget 2023.
- 1.2 Create and formalize a Budget Policy that includes the policies and procedures related to the budget process.** The project team needs to create a comprehensive Budget Policy that outlines all the policies and procedures relevant for the end-to-end budget process. This Budget Policy can be created with immediate effect and will ultimately provide a framework for the entire process, starting to have an impact on budget 2024.
- 1.3 Update the Budget Handbook based on the Budget Policy.** The Budget Handbook, that is currently in draft, should be updated based on the Budget Policy. This handbook can be updated simultaneously with the creation the Budget Policy. Such a handbook will have an impact on the preparation of budget 2024.

Technology:

- 2.1 Develop a supportive document for the utilization of the financial systems, including an overview that aligns the categorization of the general ledger accounts within the financial systems and line items of the prepared budget.** Currently, there is often a mismatch between the general ledger accounts in DECADE and the line items within the prepared budget, causing a misallocation of costs and, subsequently, a cluttered overview of the budget realization. As such, an overview needs to be created that aligns

the general ledger accounts in DECADE with the line items of the prepared budget to guide the processors through entering the real figures into the systems. This action will have an immediate impact on the execution and monitoring of budget 2022 and the preparation of budget 2023.

- 2.2 Create and utilize a web-based collaborative platform (e.g., SharePoint) that empowers teamwork in the preparation, execution, and monitoring of the budget to exchange information between the various stakeholders.** A collaborative web-based platform that allows for document exchange, project planning, and action registration would empower teamwork and collaboration throughout the process. A central platform that provides transparent and accessible data to all actors within the process will improve the information flows tremendously. Such a platform will have an immediate impact on the budget execution 2022 and budget preparation 2023. This recommendation goes hand-in-hand with the communication structures outlined in recommendation 4.2.
- 2.3 Establish a dedicated work group that is solely focused on the selection and roll out of technological solutions that support the end-to-end budget process.** A work group should be established as soon as possible that focuses on the selection and roll out of a comprehensive system that supports the budget process. This will have an impact on the budget preparation of 2024.

People:

- 3.1 Provide refreshment trainings to all involved actors in the budget process (i.e., laws and regulations, accounting best practices, use of systems and tools).** Initial refreshment trainings will already support the actors with the preparation of the budget 2023. Such refreshment training should focus on the basics of the budget process, such as the use of the current systems and tools, best practices related to accounting, and creating more knowledge among the actors with respect to the relevant laws and regulations.
- 3.2 Make a training curriculum that focuses on the key elements of the budget process tailored towards the new way of work in accordance with the Budget Policy (i.e., preparing, executing, monitoring, and amending).** As the process will be redesigned and restructured, training should be provided around the new way of work (incl. policies and procedures). The training should be based on robust working processes for the end-to-end budget process. The curriculum can be developed immediately and will have an impact on the preparation of budget 2024, since training can be provided in advance to the budget cycle 2024.

3.3 Provide initial policy-based budgeting support to the Ministries in drafting their budget for 2023. The dedicated team, as proposed in recommendation 4.60, should already provide initial support to the ministries on the use of policy-based budgeting. This will have an immediate impact on the preparation of the budget 2023.

Organization:

- 4.1 Establish a dedicated budget support team led by the Ministry of Finance that supports the stakeholders with the preparation, execution, and monitoring of the budget, including brief check-ins.** As the budget process is a complex, a dedicated budget support team, that is led by the Ministry of Finance, needs to be established. Such a team will help the various actors throughout the entire cycle. This can be arranged by means of regular check-ins with the responsible persons (related to the developed communication structures) and a help desk that assists actors with a variety of cases. Immediate implementation of such a team will already have an impact on the execution of budget 2022 and the preparation of budget 2023.
- 4.2 Develop communication structures (i.e., communication heartbeats) between all stakeholders, which is linked to the timeline according to the applicable law and regulations.** Fixed communication structures between the stakeholders should be developed with immediate effect. These communication structures will enhance collaboration between the various stakeholders within and between the Ministries, which can be embedded by means of systematic check-ins and/or heartbeat meetings. To realize these structures, stakeholders need to be identified with stakeholder mapping. Furthermore, the communication structures should be in line with the created timeline, as explained in recommendation 1.1. This action will have an immediate impact on the execution of the current budget and the preparation of budget 2023.
- 4.3 Identify lessons learned from budget execution and monitoring cycle 2021 to incorporate into budget execution cycle 2022.** To enhance the budget execution of 2022 and the budget preparation of 2023, it is critical to reflect properly on the previous budget cycle. As such, the lessons that can be learned from the budget execution and monitoring 2021 should be identified. This will contribute to an improved execution of the current budget and the preparation of the budget for the upcoming year.
- 4.4 Establish dedicated work group that is focused on identifying and implementing temporary measures to improve budget monitoring and reporting activities.** The last short-term action step that will affect the execution of the budget

2022 and the preparation of the budget 2023, is the establishment of a workgroup for the identification and implementation of temporary measures to improve budget monitoring and reporting activities. Monitoring and reporting should be done in a coherent and consistent manner. Currently, multiple Ministries maintain a back-up administration instead of using COGNOS. A dedicated workgroup that implements temporary measures will help the Ministries to monitor and report on their current budgets in the appropriate manner.

These 15 practical and concrete action steps, that constitute the short-term action plan, can be initiated immediately in order to improve the budget process towards the current and upcoming budget cycle. Whereas it concerns small practical matters in some cases, they can have a significant impact on the improvement of the budget process when handled properly. The other recommendations, as outlined in the table above, are focused on long-term improvements and will contribute to the creation of a well-functioning end-to-end budget process that provides financial control within the Government of Sint Maarten.

7.3 Functional requirements

Solely looking at systems and tools is not the solution, but rather a necessary tool that supports the development of a solution. Looking at the recommendations provided there are some fundamental factors that need to be in place before drafting comprehensive functional requirements. These include having a solid and implemented administrative organization and internal control (AO-IC). This needs to be supported by having all elements of an organization structure including roles and responsibilities in place. But also, having implemented and formalized policies and procedures, supported by laws and regulations.

The Implementation of an IT system or platform to support the budget process is potentially one of the most critical parts of improving the financial management in Government. It is costly, time-consuming, and complex. Moreover, the system is only as good as the data and processes to be used and the knowledge and skill of the people that will use it. For this reason, the choice for technology should be taken after careful consideration of all other required steps, especially of a legal (process) or institutional (process/people) nature.

Functional requirements, specifically derived from the context of the budget process could include the following:

Budget Management

- Ability to identify all budget components as either recurring or non-recurring (for operating or non-capital appropriations). Items are assumed to be recurring unless otherwise identified as non-recurring
- Ability to provide a system that is based on real time updates
- Ability to make budget modifications
- Ability to periodically roll-up and assess/monitor the budget

Budget creation

- Ability to export/import data to/from spreadsheet/database applications
- Calculate incremental budget changes based on percentages, target budgets and/or user-defined formulas
- Plan budgets beyond the upcoming fiscal year for items such as multi-year budget line items
- Establish a base budget for which all changes will be made
- Copy prior year data to current budget year
- Attach/submit supporting documents (e.g. Excel, PDF, Word files etc.)
- Access data immediately after import into the system
- Changes only for the budget codes to which they have access

Workflow / tracking

- Design a hierarchal structure for the approval of requests and modifications made to the budget by approved/delegated users in various departments and bureaus.
- Additionally, should provide the ability to pass the request for approval should he/she not be present (pass through workflow)
- Restrict non-vital users/departments (during predetermined times throughout the budget cycle) from viewing, accessing, and/or editing data
- Maintain and view an audit trail of all

changes made during budget development. This backup information should include: (User IDs, Date, Time, Type of Change, etc.)

- Add comments or notes for recording actions such as budget change requests. The comments/notes should be searchable
- Maintain and view the approval history of each budget version as it moves through the budget development cycle
- Allow reviewers and approvers to comment on decisions of budget change requests

Capital Expenditure


- Maintain multiple years of active capital budgets in the system and the ability to perform queries on at least those number of years of historical capital budget data
- Enter and track multi-year operating budget impacts of capital projects and link the cost impacts to the development of the operating budget and forecasts

Reporting

- Ability to aggregate or disaggregate the budget from the lowest level of detail to the highest cost center
- Ability to produce reports that compare expenditures to budget
- Ability to produce reports that compare performance against projections

An IT system must be able to support the entirety of the budget process across all levels; from the Ministry of Finance, through the other Ministries, to external organizations. In addition, the system must be capable of performing different functions for example budget preparation and budget execution. Next to that a platform needs to be able to have a functionality that adequately tracks all budgets per Ministry, taking KPI's into perspective, but also keep track of changes made during the budget cycle. The suggested functional requirements are a first glimpse of a comprehensive set of functional requirements that are to be validated by the relevant stakeholders and will act as a starting point for another project that's also part of the program: the fit-gap analysis for a comprehensive financial management system for the Government of Sint Maarten

The Future of Finance



This chapter provides a holistic view on the journey that lies ahead for the government of Sint Maarten, a transformation of public financial management led by the Ministry of Finance: “The Future of Finance”

8. The Future of Finance

Achieving a shared strategic vision, a desired end state for the Government of Sint Maarten's public finance function, should be a starting point for the transformation that lies ahead. A common understanding across the Government of Sint Maarten of such an ambition gives direction and provides guidance on the objectives to be realized during the journey towards such an audacious goal.

Typically, such trajectories to execute on one or more strategic objectives, are organized in an organizational transformation program. Program management is the coordinated planning, management, and execution of multiple related projects that are directed towards the same strategic/organizational objectives. Such a program is more than a collection of similar projects or initiatives under the same umbrella. Comprehensive program management ensures that a solid focus on benefits to be realized is maintained and teams are focused and collaborating across departments together to achieve the shared strategic vision.

Areas where we foresee benefits to be identified include:

- Policy or legal requirements - benefits that enable the Government of Sint Maarten to fulfill policy objectives, or to satisfy legal requirements.
- Quality of service - benefits to citizens, such as quicker response to queries or providing information.
- Internal management - benefits that are internal to the Government of Sint Maarten such as improving the decision-making or management processes.
- Process improvement - benefits that allow the Government of Sint Maarten to do the same job with less resources, allowing reduction in cost.
- HR management - the benefits of a better motivated workforce may lead to a number of other benefits such as flexibility or increased productivity.
- Risk reduction - benefits that enable the

Government of Sint Maarten to be better prepared for the future in a risk-based fashion.

- Flexibility - benefits that allow the Government of Sint Maarten to respond to change without incurring additional expenditure.
- Revenue enhancement or acceleration - benefits that bring increased revenue, or the same revenue in a shorter timeframe, or both.
- Organizational redesign - benefits that allow the Government of Sint Maarten to operate in a future-proof and resilient way.
- Automation – the benefits of a technology-enabled business and operating model supports innovation, contributes to the future of work given the next generation(s) of employees.

Many organizational transformation efforts focus on the 'hard' elements and tend to shy away from the human aspects of such a journey. Having an eye for talent across the Government of Sint Maarten, providing the opportunity for civil servants to explore their personal ambitions alongside the Government's transformation process, is often viewed as 'difficult' and left aside with typical assumptions that technology, process redesign and/or changes in organizational structures will lead to desired behavior change. Nothing could be further from the truth. The "Future of Finance" vision shall provide guidance on an individual's successful journey through change. Each step of the deployed change management efforts is executed rigorously ensuring that the change sticks.

The desired transition of the Government of Sint Maarten comes with dedication and perseverance.

Objectives set can only be reached through a vehicle of a plan, in which fervently must be believed in, and upon which vigorously must be acted on. There is no other route to success.

Appendices



Appendix 1: Structure of Outcome Areas

This table provides an overview of the deliverables / outcome areas from the Ministry of the Interior and Kingdom Relations and where these can be found in this report.

Deliverable	Chapter
1. An overview of the legislation and regulations, the procedures and the planning with regard to the budget process cycle, insight into the way in which this is implemented by the Ministries and the Ministry of Finance and any bottlenecks therein.	
Overview of laws and regulations	3.1 Overview of Laws and Regulations
Overview of procedures and planning of the budget process cycle	Overview Procedures and Planning
Insight into the way in which legislation and regulations, procedures and planning are implemented by the various Ministries and the Ministry of Finance	5.1 Supportive Models (IT), Procedures and Planning
Bottlenecks	Bottlenecks
2. Insight into the available and used models for the budget products that need to be delivered (budget, budget amendments, accountability), the way in which these are implemented by the Ministries and the Ministry of Finance and possible bottlenecks.	
Insight into the available models for budget products that need to be delivered (budget, budget amendments, accountability).	Models and Systems (Tools)
Insight into the used models for budget products that need to be delivered (budget, budget amendments, accountability).	Models and Systems (Tools)
Insight into how the models used are implemented by the Ministries and the Ministry of Finance	Models and Systems (Tools)
Bottlenecks	Bottlenecks
3. Insight into the process, the division of responsibilities and the cooperation between the Ministries, the Ministry of Finance, and the Council of Ministries in drawing up and approving the budgeted (amendment), accountability and possible bottlenecks.	
Drafting and approving the budget (amendment) and accountability	The Preparatory Phase
Insight into the process	The Preparatory Phase
Insight into the division of responsibilities	The Preparatory Phase
Insight into the cooperation between the Ministries, the Ministry of Finance, and the Council of Ministers	5.3 Collaboration between Ministries, Ministry of Finance, and Council of Ministers
Bottlenecks	Bottlenecks
4. Insight into the process, the division of responsibilities and the cooperation between the Ministries, the Ministry of Finance and the Council of Ministries in the implementation of the budget (such as budget management and forecasting) and possible bottlenecks.	
Budget execution (such as budget management and forecasting)	The Execution and Monitoring Phase

Insight into the process	The Execution and Monitoring Phase
Insight into the division of responsibilities	The Execution and Monitoring Phase
Insight into the cooperation between the Ministries, the Ministry of Finance and the council of Ministries	5.3 Collaboration between Ministries, Ministry of Finance, and Council of Ministers
Bottlenecks	Bottlenecks
5. Insight into the (financial) systems used for estimating, budgeting, changing, approving and monitoring the budget and possible bottlenecks.	
Insight into the (financial) systems used for the	Models and Systems (Tools)
Budgeting	Tools for Drafting the Budget
Amendments	Tools for Amending the Budget
Approval	Tools for Approving the Budget
Monitoring the budget	Tools for Monitoring the Budget
Bottlenecks	Bottlenecks
6. Insight into the principles used in the (long-term) budgeting of the revenue income and costs (including the macroeconomic estimates) and possible bottlenecks in this regard.	
Insight into the principles used in the (long-term) budgeting of the revenue income and costs (including the macroeconomic estimates)	5.4 Budget Allocation
Bottlenecks	Bottlenecks
7. Insight into the principles that are used in the (long-term) personnel formation per Ministry and the associated personnel costs and possible bottlenecks in this regard.	
Insight in the determination of the personnel formation per Ministry and the related personnel costs	Budgeting Personnel Costs
Bottlenecks	Bottlenecks
8. Insight into the principles that are used to budget the (long-term) capital expenditure and the distribution of that expenditure between the Ministries and any bottlenecks.	
Insight into the principles that are used to budget the (long-term) capital expenditure	Budgeting Capital Expenditure (Kapitaaldienst)
Insight into the distribution of (long-term) capital expenditure between the Ministries	Budgeting Capital Expenditure (Kapitaaldienst)
Bottlenecks	Bottlenecks
9. Insight into the quality and effectiveness of the budget process, based on the 10 basic principles of the OECD. It also explicitly looks at the way in which the Government's policy objectives are involved in the budget process and how they are included in the budget and accountability.	
Insight into the quality and effectiveness of the budget process based on the 10 basic principles of the OECD	5.5 Quality and Effectiveness: the OECD Principles
Insight into the way in which the Government's policy objectives are involved and are given a place in the budget and accountability	5.5 Quality and Effectiveness: the OECD Principles

Appendix 2: List of Bottlenecks

This table provides an overview of all the bottlenecks that are identified during the analysis. It should be noted that these bottlenecks are not completely self-contained and can thus not always be separated from the context in which they are discussed in the results.

Lenses	Nr.	Bottleneck
People	1	The policy-based budgeting principle has not yet been formalized into the process of budgeting for the Ministries. Ministries report a lack of familiarity with this form of budgeting, and it is not uniformly applied
	2	At Ministry level, there is a lack of ownership in the budget preparation phase. Currently, the responsibility for the preparatory phase is at the Ministry of Finance by means of the submission of the budget letter, even though this letter is often not provided on time (based on timeline stipulated in the Kingdom Act Financial Supervision and the NAO) or entirely absent
	3	The required knowledge and skills are not always available for the use of the tools in place
	4	There is no structure and fixed timeline for providing the budget letters to Ministries. As a result, the preparatory phase of budget is highly vulnerable to the risk that it is delayed and or protracted
	5	Insufficient ownership of the process at the Ministries often results in delay in the preparation of the yearly budget
	6	A lack of structured communication between the SG's of the various Ministries about the budget process
	7	There is minimal cooperation between the Ministries during the budget execution and monitoring, which hinders the creation of synergies
	8	There is a Government wide shortage of skills and knowledge related to the drafting, executing, and monitoring of the budget
Process	9	The procedures and planning for the budget process need to be properly aligned with the NAO. Based on the NAO, there is a timeline for the budget cycle. For example, by law, each Ministry must submit their budget to the Ministry of Finance by May 1st. The budget letter is often not available from the Ministry of Finance in advance of that date
	10	There are no formalized guiding principles, procedures, and policies available other than the begrotingsaanschrijving or budget letter. The budget letter is not entirely aligned with the stipulations of the NAO
	11	There are no formal systems available to support the drafting and approving process of the budget. This refers to workflows tracking the process and consolidating data along the way
	12	Current process followed for the drafting of the budget is not entirely according to the NAO timelines
	13	Currently, most Ministries use internally developed back-up administrations to keep track of their budget. These tools are not well integrated across platforms and are very time consuming
	14	There are no adequate tools and systems available to facilitate policy-based budgeting. Policy-based budgeting is newly implemented within Government but is poorly supported with systems to keep track of progress Budget Policy

	15	For the tools used, there are no uniform processes available for the use of these tools within the organization
	16	There is no structure and fixed timeline for providing the budget letters to Ministries. As a result, the preparatory phase of budget is highly vulnerable to the risk that it is delayed and or protracted
	17	Longer lead times in the budget approval process, due to an unstructured process and lack of clear ownership at several phases of the process
	18	Absence of a fully implemented policy-based budgeting system across all Ministries; drafting of the yearly budgets using this system is therefore inconsistent within the organization
	19	A lack of structured communication between the SG's of the various Ministries about the budget process
	20	The Ministry of Finance currently communicates the available funds for the respective Ministries by means of the budget letter and indicates the level of costs that can be incurred within each cost category. Ideally, the policy of the individual Ministry should serve as the basis for the budget allocation
Organization	21	The basic information used for the allocation of budget is not transparent to all Ministries. Ministries do not always have timely access to the budget realization data. Ministries cannot adequately adjust their budgets
	22	The Budget Handbook available is still a draft document. Ministries use ad hoc procedures and guidelines for budget preparation
	23	The policy-based budgeting principle has not yet been formalized into the process of budgeting for the Ministries. Ministries report a lack of familiarity with this form of budgeting, and it is not uniformly applied
	24	At Ministry level, there is a lack of ownership in the budget preparation phase. Currently, the responsibility for the preparatory phase is at the Ministry of Finance by means of the submission of the budget letter, even though this letter is often not provided on time (based on timeline stipulated in the Kingdom Act Financial Supervision and the NAO) or entirely absent
	25	Absence of a fully implemented policy-based budgeting system across all Ministries; drafting of the yearly budgets using this system is therefore inconsistent within the organization
	26	The Ministry of Finance leads the process of budget allocation because of the availability of funding. The responsibility for the preparation of the Ministries' budgets should ideally remain at the respective Ministries
	27	Insufficient ownership of the process at the Ministries often results in delay in the preparation of the yearly budget
	28	There is minimal cooperation between the Ministries during the budget execution and monitoring, which hinders the creation of synergies
	29	Collaboration at the Council of Ministers does not translate to collaboration among Ministries
	30	The role of the Minister of Finance is too comprehensive throughout the process, limiting cooperation between the Ministry of Finance and the respective Ministries
	31	The budget allocation is largely based on the preceding years rather than policy intentions. The approach to budgeting is incremental and not policy based. Consequently, Ministries find it difficult (if not impossible) to implement major policy initiatives that would allow positive developments within the country Sint Maarten (IST: based on previous years, SOLL: based on policy)

	32	The Ministry of Finance currently communicates the available funds for the respective Ministries by means of the budget letter and indicates the level of costs that can be incurred within each cost category. Ideally, the policy of the individual Ministry should serve as the basis for the budget allocation
	33	There is a Government wide shortage of skills and knowledge related to the drafting, executing, and monitoring of the budget
Technology	34	At Ministry level, COGNOS is not properly used due to the lack of reliability of the data provided. Due to delays in the processing of monthly financial data in DECADE, not all information is available on a monthly basis
	35	There are no formal systems available to support the drafting and approving process of the budget. This refers to workflows tracking the process and consolidating data along the way
	36	Currently, most Ministries use internally developed back-up administrations to keep track of their budget. These tools are not well integrated across platforms and are very time consuming
	37	There are no adequate tools and systems available to facilitate policy-based budgeting. Policy-based budgeting is newly implemented within Government but is poorly supported with systems to keep track of progress Budget Policy
	38	There is a misalignment between line items according to different layouts used (e.g., Excel) with the consequence of ineffective translation of Excel to the available tools (e.g., DECADE)

Appendix 3: List of Interviews

The tables in this appendix provide an overview of the interviews held during the data collection for this report. This includes interviews with both internal and external stakeholders.

Interviews Internal Stakeholders

Nr	Ministry	Position	Name
1	Ministry of General Affairs	SG Min AZ	Hensley Plantijn
		Acting SG Min AZ	Emilia Connor-Thomas
		Controller	Vanessa Wilson
		Financial Officer	Makebah Baly
2	Ministry of Finance	Acting SG	Arno Peels
		Concern Controller	Roxanne Howell
		Controller	Emmerika Destin
		Act.Head of Finance	Marcella Wigley
		Finance	Velma Windefelde
		Finance	Catherine Connor
		Finance	Emilio Kalmera
3	Ministry of Justice	Asst. Controller	Justina Bazil
		Controller	Carlos Acuna-Lopez
		Former Controller	Tyrone Yates
		Former Controller	Sergio Dias

4	Ministry of Education, Culture, Youth and Sport (ECYS)	Act. SG	Shermina Powell-Richardson
		Controller	Hiro Shigemoto
5	Ministry of Public Health, Social Development and Labor (VSA)	SG	Joy Arnell
		Former Controller	Roxanne Howell
		Controller	Sergio Dias
6	Ministry of Tourism, Economic Affairs, Transport, and Telecommunication (TEATT)	SG	Miguel de Weever
		Controller	Jhoalis Richardson
7	Ministry of Public Housing, Spatial Planning, Environment and Infrastructure (VROMI)	Act. SG	Kurt Ruan
		Controller	Sahayra Kelie - Quimmie
8	Council of Ministers (COM)	SG	Cassandra L. Janssen
9	Parliament	SG	Garrick Richardson

Interviews External Stakeholders

Nr	Stakeholder	Position	Name
1	Council of Advice	Secretary Director	Ajamu Baly
2	SOAB in the role of the Auditor	Director	Candia Joseph
			Junice Augusta
3	General Audit Chamber	Secretary General	Keith de Jong
4	CFT	Secretary Office CFT	Stefan de Kok
			Jasper Vermeulen

Appendix 4: List of Footnotes

This table provides an overview of the footnotes that are included throughout the report.

Nr	Footnote
1	The budget approval vote was held on January 24th, 2022. Approval from the Kingdom Council of Ministers was still pending at that time.
2	Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies.
3	The National Budget involves four (4) distinct phases: budget preparation, budget approval, budget implementation and accountability. While distinctly separate, these phases overlap in the implementation during a budget year and the process is known as the budget cycle.
4	Ministries, according to the Landsverordening Inrichting & Organisatie Landsoverheid (LIOL), are expected to prepare annual plans (that ideally should be linked to a budget), as well as an annual report for the activities achieved in the previous year. These tools that each Ministry has at its disposal, can be deployed to initiate/support the budget process independent of the budget letter of the Ministry of Finance.
5	Advice on the draft ordinance for budget 2022 from the Council of Advice, reference SM/08-21-LV
6	The report to the CFT for Q3 2021, was presented on November 16, 2021, www.cft.aw
7	Several ministries report never receiving the budget letter
8	Article 100, second paragraph, Constitution of Sint Maarten, the annual budget and the long-term budget shall be balanced. If necessary, in connection with the recovery of damages caused by exceptional events, including natural disasters, departures from the first sentence are possible, in accordance with rules issued by or pursuant to a Kingdom Act or national ordinance.
9	Kingdom Act Financial Supervision, article 1 defines it as follows: interest burden equivalent to 5% of the average realized combined revenue of the collective sector of a country, over the three years preceding the year in which the budget is or will be submitted
10	Specifically, the Kingdom Act on the Joint Court of Justice, the Kingdom Act on Public Prosecutors of Curaçao, Sint Maarten and Bonaire, Sint Eustatius and Saba, the Kingdom Act on Police of Curaçao, Sint Maarten and Bonaire, Sint Eustatius and Saba and the Kingdom Act on the Council for Law Enforcement.
11	Law Enforcement Council report of April 2019 and General Audit Chamber, November 2018.

The Future of Finance

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