



INTER-AMERICAN DEVELOPMENT BANK

BARBADOS

NATIONAL TOURISM PROGRAM

(BA-L1033)

**MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT
(MTI)**

BARBADOS TOURISM INVESTMENT, INC

**APPLICATION OF THE INSTITUTIONAL CAPACITY ASSESSMENT
SYSTEM (ICAS)**

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**BARBADOS
NATIONAL TOURISM PROGRAM
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**MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT (MTI)
APPLICATION OF THE INSTITUTIONAL CAPACITY EVALUATION SYSTEM (ICAS)**

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**BARBADOS
NATIONAL TOURISM PROGRAM
(BA-L1033)**

**MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT (MTI)
APPLICATION OF THE INSTITUTIONAL CAPACITY ASSESMENT SYSTEM (ICAS)**

ACRONNYMS

AOP	Annual Operations Plan
BTI	Barbados Tourism Investment, Inc.
BTM	Barbados Tourism Marketing, Inc.
BTPA	Barbados Tourism Product Authority
CC	Control Capacity
CE	Execution Capacity
CPO	Programming and Organization Capacity
FMA	Financial Management & Audit
GOB	Government of Barbados
ICAS	Institutional Capacity Assessment System
IDB	Inter-American Development Bank
MTI	Ministry of Tourism and International Transport
PEU	Project Executing Unit
SABS	Goods and Services Management System
SAF	Financial Management System
SAP	Personnel Management System
SCE	External Control System
SCI	Internal Control System
SOA	Administrative Organization System
SPA	Programming Activities System

**BARBADOS
NATIONAL TOURISM PROGRAM
(BA-L1033)**

MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT (MTI)

INSTITUTIONAL CAPACITY ASSESSMENT

FINAL REPORT

I. INTRODUCTION

A. Objective

- 1.1 The objective of the report is to describe the results of the institutional capacity assessment of the Ministry of Tourism and International Transport (MTI) of Barbados and the Barbados Tourism Investment, Inc., (BTI) undertaken by the consultant through the application of the Institutional Capacity Assessment System (ICAS) of the Inter-American Development Bank (IDB).

B. Scope of the Report

- 1.2 The report is the result of the institutional capacity assessment which was carried out based on the institutional and financial information provided to the consultant by a number of pertinent individuals of MTI and BTI. It also reflects the conclusions that emanated from the interviews, meetings and work sessions undertaken by the consultant with personnel of the Ministry during the week of March 14 – 18, 2016 in Bridgetown, Barbados.
- 1.3 The report reflects the verbal responses to the ICAS questionnaires utilized during the interviews with MTI and BTI officials, in addition to the respective interpretation and analysis by the consultant of all the supporting information and documentation provided by the Ministry. Consequently, the results and conclusions reflect, in an objective manner, the institutional characteristics and capacities of MTI and BTI, as a direct input to their potential participation in the execution of the Program, and in strict compliance with the guidelines for the application of the ICAS methodology.

II. BACKGROUND OF THE PROGRAM

A. Objectives of the Program

- 2.1 The objective of the program is the reinvigoration of the Barbados tourism industry, with a focus on increasing tourism receipts to revert the current descending trend.

B. Components of the Program

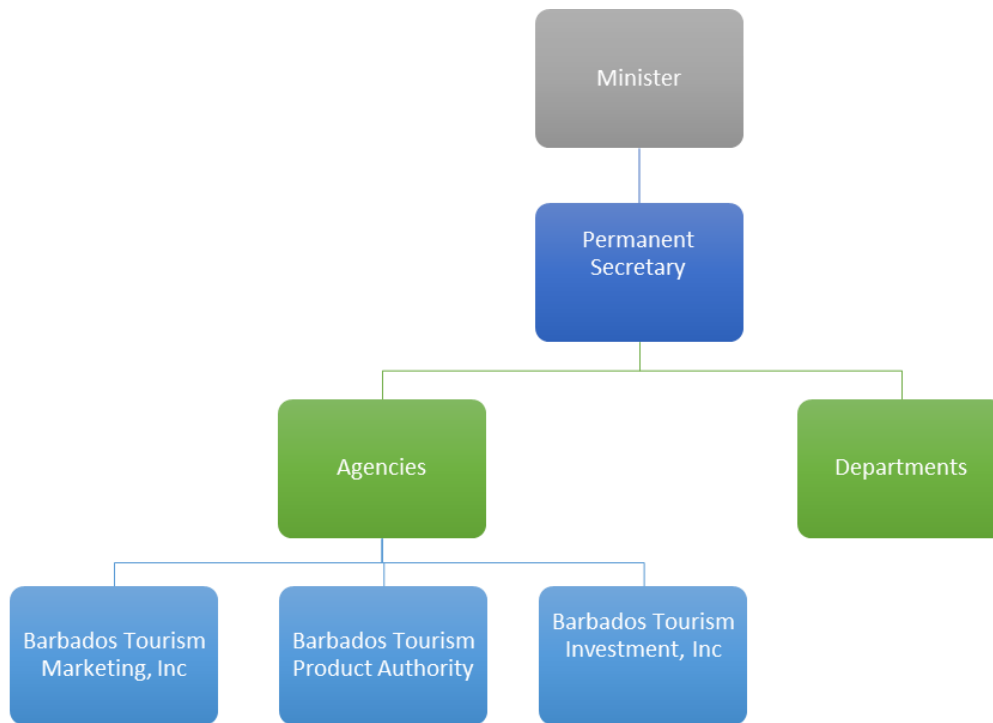
- 2.2 The Program will have three components i) Diversification/improvement of tourism products to consolidate current visitors and attract new segments in key geographical markets, based on sound understanding of demand determinants and preferences; ii) Updating and improvement of marketing strategies, with a special emphasis on the use of on-line channels in a coordinated way with the private sector, in order to rejuvenate Barbados' tourism branding and to promote the new tourism products proposed in the previous component; and iii) Optimization of the use of public funding for airlift support following recommendations derived from studies in terms of allocations by country and assigning mechanisms.

III. THE MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT

A. Background and Mandate

- 3.1 With the rearrangement of ministerial portfolio responsibilities, the International Transport Division was included under the former Ministry of Tourism to create the Ministry of Tourism and International Transport. The mission of the Division of International Transport is to create an environment that provides a high degree of safety and economic viability in respect of the operations of the civil aviation and maritime sectors, strategically using these sectors as major vehicles for the expansion and further social and economic development of Barbados.
- 3.2 The Ministry of Tourism and International Transport (Tourism) is the public agency responsible for formulating and implementing tourism policy, tourism research, as well as the administration of the *Tourism Development Act, CAP. 341*, the legislation which provides fiscal incentives to the tourism industry. The Ministry also provides leadership to and works in collaboration with the Barbados Tourism Marketing, Inc. (BTMI), Barbados Tourism Product Authority (BTPA) and Barbados Tourism Investment, Inc., (BTI) as well as other entities in governing the tourism sector for Barbados.
- 3.3 The Ministry of Tourism and International Transport, the Barbados Tourism Product Authority, Barbados Tourism Investment Incorporated and the Barbados Tourism Marketing Incorporated are intended to adopt a coordinated and collaborative approach to ensure that product development and marketing are inextricably linked to maintain a highly competitive and sustainable tourism industry.
- 3.4 The relationship between the MTI and the agencies is depicted in the simplified organogram below

Figure III-1. Simplified MTI Organogram



IV. INSTITUTIONAL CAPACITY EVALUATION SYSTEM (ICAS)

A. Objective and Scope of ICAS

- 4.1 ICAS is a methodology applied to the evaluation of the institutional capacity of a public organization or executing agency of project initiatives funded with resources from the IDB, and mainly comprises an assessment of internal management, administration and control capabilities and procedures. Through the application of a series of questionnaires and interactive process between the evaluator and pertinent instances of the executing agency, along with the analysis of the institutional information provided by the entity, the consultant undertakes the evaluation of the various internal resources of the institution including human resources, infrastructure, equipment, materials and information, among others, as well as of institutional norms, procedures and control systems. The assessment and results of the evaluation constitute the main input to determine the capacity of the institution to comply with fiduciary, administrative, internal control and external audit responsibilities required by the IDB from the executing agencies.

B. Components of ICAS

- 4.2 ICAS comprises seven components grouped in three areas described below.

1. Programming and Organization Capacity (CPO)

4.3 Represents the institutional capacity to undertake the planning processes along with the corresponding allocation of the resources to implement the activities necessary for the attainment of institutional objectives. It includes two systems:

2. Activities Programming System (SPA). Provides an assessment of the planning capacity of the institution along with its ability to translate it into strategic plans, as well as in concrete goals and activities to be executed by the organization towards the attainment of institutional objectives in the short and medium term. Includes the institutional capacity to effectively link such plans with the programming process towards the allocation of human, technical, financial and other resources.
3. Administrative Organization System (SOA). Provides an assessment the characteristics of the organizational structure, including the distribution of resources to meet the needs of the institution to undertake its programming, execution, administration and control activities and towards the accomplishment of the institutional objectives.

B. Execution Capacity (CE)

4.4 Represents the capacity of the organization to implement its planed/programmed activities and reach the desired results in accordance with the strategic plan and institutional objectives. It includes three systems:

1. Personnel Management System (SAP). Provides an assessment of the existence of norms and procedures related to the search, selection, hiring, development, induction and evaluation of the human resources of the institution, as well as the incentives, remuneration and retirement structures.
2. Goods and Services Management System (SABS). Provides an assessment of the existence of technical and administrative norms and procedures applicable to the administration and control of the goods and services of the institution, from the moment of their request to their final disposition. In this respect, it comprises the request, authorization, estimates, procurement, contracting, verification of inventories, administration, control, safeguarding, and write-off processes.
3. Financial Management System (SAF). Provides an assessment of the existence of norms, procedures and systems for the administration of the financial resources of the institution, and includes budgeting, accounting, treasury and other systems. It also assesses the effectiveness of their operation as well as the overall level of integration of systems and recording mechanisms.

Control Capacity (CC)

4.5 Represents the capacity of the institution to generate and show efficiency and transparency in the administration of its resources, its ability to provide precise and reliable information on such administration, and its capacity to provide a timely accountability on the results

for its fiscal periods.

4. Internal Control System (SCI). Provides an assessment of the presence of an administration focused on the compliance with internal norms aimed at ensuring an operating efficiency, effectiveness and transparency, the capacity of the institution to generate timely and reliable information on its administration, and its capacity to comply with norms, regulations and legislation related to the management of the State's resources.
5. External Control System (SCE). Provides an assessment of the institution's procedures in the procurement of external/independent audits to examine the operations and activities of the institution in each fiscal period, with the objective of establishing the efficiency of the administrative and internal control systems, as well as the reliability of the accounting and operating records and financial statements.

C. Assessment and Interpretation of Results of ICAS

- 4.6 As can be seen in the following table, ICAS groups each of the seven components described above in two categories of evaluation including "Development" and "Risk Level", and presents the results on a percentage scale.

**TABLE IV-1
INSTITUTIONAL CAPACITY ASSESSMENT SYSTEM (ICAS)
SCALE OF QUALIFICATIONS/SCORES**

Qualification	Development	Risk Level
0 – 40	Non-Existing (ND)	High (RA)
41 – 60	Incipient (ID)	Substantial (RS)
61 – 80	Medium (MD)	Medium (RM)
81 – 100	Satisfactory (SD)	Low (RB)

**V. RESULTS OF THE APPLICATION OF ICAS TO THE MINISTRY OF TOURISM
AND INTERNATIONAL TRANSPORT**

A. Summary of Results

- 5.1 The application of ICAS to the MTI results in a weighted average factor of 84.53%, suggesting a "Satisfactory" (SD) development level associated with a "Low" (RB) risk level (see Table V-1 below). The three categories of the capacity assessment contribute to this consolidated result in the following manner:

- (a) “Planning and Organization Capacity” (CPO) with a score of 88.98%, equivalent to a “Satisfactory” (SD) development level and a “Low” (RB) risk level. Based on the ICAS’ *weight distribution* in this category of 50% for SPA and 50% for SOA (refer to Table V-1 below), the weighted average results for MTI point to the presence of strengths in both the organizational system and the planning system.
- (b) “Execution Capacity” (CE) with a score of 92.19%, equivalent to a “Satisfactory” (SD) development level and a “Low” (RB) risk level. The ICAS’ methodology assigns a *weight distribution* of 30% to SAP, 30% to SABS and 40% to SAF for this category. The CE score for the MTI suggests that the Ministry possess strengths in all three systems. However, the fact that the results of SABS is marginally above the threshold of the medium development and medium risk levels, points to the presence of a limited number of aspects that would require strengthening actions to further improve institutional performance in the goods and services management. Further, it should be borne in mind that a significant proportion of the Financial Administration functions are not carried out within the MTI but are provided by the Ministry of Finance via the Treasury Department.

TABLE V-1
MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT
RESULTS OF ICAS

Capacity	System	Quantification			Development	Risk Level
		Score	Weight	Weighted Average		
CPO	SPA	93.33	50%	46.67	SD	RB
	SOA	84.62	50%	42.31	SD	RB
Total				88.98	SD	RB
CE	SAP	93.33	30%	28.00	SD	RB
	SABS	80.65	30%	24.20	SD	RB
	SAF	100.00	40%	40.00	SD	RB
Total				92.19	SD	RB
CC	SCI	66.67	80%	53.34	MD	RM
	SCE	80.00	20%	16.00	MD	RM
Total				69.34	MD	RM
Consolidation of Results		Quantification			Development	Risk Level
Capacity		Score	Weight	Weighted Average		
CPO		88.98	25%	22.24	SD	RB
CE		92.19	45%	41.49	SD	RB
CC		69.34	30%	20.80	MD	RM
Total			100%	84.53	SD	RB

- (c) “Control Capacity” (CC) with a score of 69.34%, equivalent to a “Medium” (MD) development level and a “Medium” (RM) risk level based on a *weight distribution* of 80% for SCI and 20% for SCE of the ICAS methodology. The major contributor to this rating is the lack of an Internal Audit function within the MTI.
- 5.2 In summary, the consolidated results of ICAS indicate that MTI has the necessary institutional capacity to participate in the execution of the “National Tourism Program” (BA-L1033). However, it is important to note that the presence of medium levels of development and associated medium levels of risk in the components of the Control Capacity section of ICAS points to potential areas of improvement which if strengthened would not only contribute to enhanced Program execution, but more importantly, but also improve control capacity of the Ministry.

B. Results of Individual Components

1. Activities Programming System (SPA)
- 5.3 The score of 93.33% reflects a satisfactory development (SD) level and an associated low risk (RB) level.
- 5.4 As part of the budget preparation exercise, each year the MTI prepares an Operations Plan. This is submitted to the Ministry of Finance along with the associated estimates of expenditure. Once the budget is approved, implementation of the plan becomes the responsibility of the Permanent Secretary.
2. Administrative Organization System (SOA)
- 5.5 The score of 84.62% reflects a satisfactory development (SD level and an associated low risk (RB) level.
- 5.6 Although there is no OM, the Employee Orientation Manual contains a listing of the positions in a typical government ministry. In the absence of an OM and diagram, the fact that staff are made aware of functions and responsibilities of the various positions in the organization has contributed to the SD and RB level obtained. Further, under the Performance Review and Development System individuals discuss and agree their work plan and performance review criteria with their supervisor at the start of each year.
3. Personnel Management System (SAP)
- 5.7 The score of 93.33% reflects a satisfactory development (SD level and an associated low risk (RB) level.
- 5.8 The Personnel Management System within the MTI is well defined. This is mainly due to the existence of Ministry of Civil Service within which the Personnel Administration Division resides. The General Orders establishes the conditions of service for public officers and is incorporated within the Public Service Act.
- 5.9 Additionally, Civil Establishment (Qualifications) Order under the Public Service Act sets out the qualifications required for appointment to positions in the public service.

4. Goods and Services Administration System (SABS)

- 5.10 The score of 80.65% reflects a satisfactory development (SD) level and an associated low risk (RB) level.
- 5.11 The procurement of goods and services is regulated under the FMA (Financial) Rules which sets out authority limits for contracting. Those rules state that a purchase order shall be used for the procurement of goods and services on behalf of a department. The purchase order is then forwarded to the supplier.
- 5.12 The Tenders Committee's role and authority is also established in the FMA (Financial) Rules. All contracts are prepared or approved by the Solicitor-General.
- 5.13 While the MTI has a fairly well regulated system for its procurement activities, it lacks personnel with experience in Bank procurement policies and procedures and would therefore need to recruit suitable personnel who would be trained in Bank procurement policies and procedures.
- 5.14 The major limitation in the SABS relates to controls with respect to the need to ensure that the employees conducting the verifications of the physical existence of inventories are independent of the handling and recording of goods. The other adverse activity which is also reflective of the need for better controls is the need for pre-numbered purchase orders. Currently purchase orders are generated electronically and the number assigned at that time. This lends itself to manipulation.

5. Financial Management System (SAF)

- 5.15 The score of 100% reflects a satisfactory development (SD) level and an associated low risk (RB) level.
- 5.16 The Permanent Secretary is the chief accounting officer in the Ministry. However, the day-to-day financial administration is the responsibility of the Accounts Department in the MTI, headed by a Senior Accountant with extensive experience. The FMA Act provides the Rules to be complied with.
- 5.17 The accounts of the MTI are processed using a computerized (wide area network), SmartStream Product Suite. Some modules that are included are: Funds Control, Accounts Receivable and Budget.
- 5.18 It must be borne in mind that the treasury functions are carried out by the Treasury Department which is headed by the Accountant-General.

6. Internal Controls System (SCI)

- 5.19 The score of 66.67% reflects a medium development (MD) level and an associated medium risk (RM) level.
- 5.20 The major contributor to this medium developmental and risk levels is the lack of an internal audit function.
- 5.21 Although there is a Code of Conduct and Ethics and a Code of Discipline which are to be provided to new employees as part of the orientation process, there is no follow up mechanism to ascertain whether or not individuals have familiarized themselves with the

- requirements of those documents.
- 5.22 Employees are also not required to indicate the existence or nonexistence of conflicts of interest after joining the service.
7. External Controls System (SCE)
- 5.23 The score of 80% reflects a medium development (MD) level and an associated medium risk (RM) level.
- 5.24 The external audit is conducted by the Auditor General and generally focuses on: (a) adequacy of the internal controls; (b) adequacy of the accounting and financial reporting systems; (c) legality of the expenditures and accompanying processes; and (d) performance in the use of public resources.
- 5.25 The procedures for the administration of the external audit are normally agreed with the PS during discussions prior to the audit. However, there is no formalizing of this in writing.

VI. BARBADOS TOURISM INVESTMENT, INC

A. Institutional & Legal Background

- 6.1 Barbados Tourism Investment Inc. (BTI) was incorporated under the Companies Act on April 17, 1998 as a limited liability company. The Government of Barbados is the sole shareholder and is represented on the Board of Directors by the Minister of Tourism and International Transport or his nominee (currently, the Permanent Secretary). BTI's Board of Directors presently consist of nine directors, none of whom are officers or employees of BTI.

B. Mandate and Objectives

- 6.2 BTI is the official government agency responsible for facilitating tourism infrastructural development and has the following mandate:
- (a) to develop a portfolio of tourism-related properties on its own or in joint venture with private and public partners;
 - (b) to manage the implementation of the Urban Rehabilitation Programme for Bridgetown, Speightstown, St. Lawrence Gap and Oistins as Executing Agency for the Government of Barbados;
 - (c) to facilitate both public and private sector-owned investment in tourism and hospitality sector in Barbados

C. Organization

- 6.3 BTI's Articles provide for a minimum of 3 and a maximum of 13 directors at least 3 of whom should not be officers or employees of the company. BTI's Board of Directors currently consists of nine directors, none of whom are officers or employees of BTI.

- 6.4 BTI is headed by a Chief Executive Officer (CEO) who is responsible for the day-to-day management, direction and control of the company's operations. The organizational structure includes a Programme Director, a Financial Controller and a Manager, Property Development.

D. Personnel

- 6.5 At present, the position of Financial Controller is vacant and advertisements for this position have been published. Currently, there is an Accountant and as Accounts Clerk who assists with the vouchers under the oversight of the CEO. Additional support is provided by Administration and Information Technology staff.

VII. ASSESSMENT OF BARBADOS TOURISM INVESTMENT, INC.

A. Summary of Results

TABLE VII-1. RESULTS OF ICAS

Capacity	System	Quantification			Development	Risk Level
		Score	Weight	Weighted Average		
CPO	SPA					
	SOA					
Total						
CE	SAP		30%			
	SABS	84.62	30%	25.39	SD	RB
	SAF	80.00	40%	32.00	MD	RM
Total				57.39	SD	RB
CC	SCI	57.14	80%	45.71	ID	RS
	SCE	100.00	20%	20.00	SD	RB
Total				65.71	MD	RM
Consolidation of Results		Quantification			Development	Risk Level
Capacity		Score	Weight	Weighted Average		
CPO			25%			
CE		57.39	45%	25.82	SD	RB
CC		65.71	30%	19.71	MD	RM
Total			100%	45.54	MD	RM

- 7.1 Due To the limited availability of personnel from BTI, the interaction focused on the Procurement, Financial Management, Internal and External Control Systems. Consequently, it was not possible to carry out an assessment of the Planning and Organization Capacity (CPO). Similarly, the inability to assess the Personnel Management System has impacted negatively the attempt to assess the institution's execution capacity (CE).
- 7.2 Given BTI's role in project development and implementation, a project team is created for each project. With the launch of the recent Sam Lord's Castle project, BTI has no spare capacity and would need to contract individuals to undertake the investment projects contemplated under the Loan.
- 7.3 Although BTI has not executed a Bank-financed project, it recently executed a \$15 million project with CDB funding. Consequently, BTI is familiar with the procurement rules of the CDB. BTI has also managed several development projects under the Urban Rehabilitation Programme.
- 7.4 BTI practices fund accounting and as a result there is no comingling of funds although the funds for various projects are deposited into the company's bank account.
- 7.5 Management accounting reports are prepared and submitted to the Board monthly and the annual audit is conducted by KPMG. Issues from the audit report are addressed by the Board. However, there has not been any major matter arising from the audit over years.

B. Results of Individual Components

1. Goods and Services Administration System (SABS)

- 7.5 The score of 84.62% reflects a satisfactory development (SD) level and an associated low risk (RB) level.
- 7.6 BTI as a company has its own procurement rules which are similar to those set out in the FMA (Financial) Rules. However, the threshold of \$200,000 above which open public tender is required has been lowered to \$100,000. These rules are incorporated in the Company's by-laws and Board decisions.
- 7.7 As a corporate body, BTI is not required to submit its procurement processes to the Tenders Committee or seek approval from the Solicitor-General for the contracts it awards.
- 7.8 While the BTI has a fairly well regulated system for its procurement activities, it lacks personnel with experience in Bank procurement policies and procedures and would therefore need to recruit suitable personnel who would be trained in Bank procurement policies and procedures.
- 7.9 The other limitations in the SABS relate to the lack of an internal audit function and the need for a robust electronic filing system capable of facilitating the identification of transactions especially when conducting audit processes.

2. Financial Management System (SAF)

- 7.10 The score of 80% reflects a Medium Development (MD) level and an associated medium risk (RM) level, thus indicating that there may be areas that could provide opportunities for strengthening.

- 7.11 In the absence of a Financial Controller, the CEO presently provides oversight of the financial management of the company. He is assisted by an Accountant and an Accounts Clerk.
- 7.12 BTI uses ACCPAC for accounting. BTI indicates that this software facilitates access to the financial information for the preparation of the financial statements. The capacity of this system to provide the information that will be needed to support the project will need to be assessed by the Bank.
- 7.13 BTI is financed by GOB, but its Articles allow it to raise funds to assist in financing the programmes it carries out.

3. Internal Controls System (SCI)

- 7.14 The score of 57.14% reflects an Incipient Development (ID) level and an associated Substantial Risk (RS) level.
- 7.15 The major contributor to these developmental and risk levels is the lack of an internal audit function.
- 7.16 Although BTI provides new employees with the Public Service Code of Conduct and Ethics and a Code of Discipline, there is no follow up mechanism to ascertain whether or not individuals have familiarized themselves with the requirements of those documents.
- 7.17 Employees are also not required to indicate the existence or nonexistence of conflicts of interest after joining the service.

4. External Controls System (SCE)

- 7.18 The score of 100% reflects a Satisfactory Development (SD) level and an associated Low Risk (RB) level.
- 7.19 The external audit is conducted by the KPMG and generally focuses on: (a) adequacy of the internal controls; (b) adequacy of the accounting and financial reporting systems; (c) legality of the expenditures and accompanying processes; and (d) performance in the use of public resources.
- 7.20 The procedures for the administration of the external audit are normally agreed with the PS during discussions prior to the audit.
- 7.21 Over the years there has been no major matter for correction identified by Auditor.

VIII. BARBADOS TOURISM MARKETING, INC., & BARBADOS TOURISM PRODUCT AUTHORITY

A. Institutional and Legal Background

- 8.1 The Barbados Tourism Marketing, Inc., (BTMI) and the Barbados Tourism Product Authority (BTPA) were created in 2014 as successor institutions to the former Barbados Tourism Authority.
- 8.2 BTMI was incorporated under the Companies Act while BTPA is a Statutory Entity created by an Act of Parliament.
- 8.3 BTMI and BTPA share support services – human resource administration, financial

management and information technology – via a memorandum of understanding between the institutions.

B. Mandate and Objectives

- 8.4 The functions of BTMI are to promote, assist and facilitate the efficient development of tourism; to design and implement suitable marketing strategies for the effective promotion of the tourism industry; to make provision for adequate and suitable air and sea passenger transport services to and from Barbados; to encourage the establishment of amenities and facilities necessary for the proper enjoyment of Barbados as a tourist destination; and to carry out market intelligence in order to inform the needs of the tourism industry.
- 8.5 The main functions of BTPA, inter alia, are (a) to promote and facilitate the efficient development of the tourism product; and (b) to encourage the establishment of amenities and facilities necessary for the proper enjoyment of Barbados as a tourist destination. Although BTPA undertakes work in all areas of product development, it focuses expressly on the nonphysical work of these elements so as to avoid overlap with the work of the Barbados Tourism Investment Inc., which has responsibility for the development of Government's physical tourism assets.

C. Barbados Tourism Marketing, Inc.

- 8.6 BTMI has offices in USA, Canada, UK and Barbados. A detailed organizational chart exists and includes an Internal Auditor who reports to the Board. The position of Director of Aviation has not been filled and those functions are being overseen by the CEO.
- 8.7 The entity is fully funded by the GOB and submits quarterly requests for its subvention to the Accountant General. The implementation of the allocation is managed by its Board and CEO.
- 8.8 Procurement activities within BTMI are regulated by its Purchasing & Procurement Policy that has been approved by its Board of Directors. The policy requires that all purchases must be made competitively with performance, price, quality, suitability, delivery, and service being the factors to be considered. Tender procedures are being prepared for the approval of the Board.
- 8.9 There is no centralized procurement unit within BTMI. However, a Procurement Selection Group (“PRG”) has been established within the entity and has the responsibility to ensure suppliers are evaluated and assessed to verify that they meet procurement criteria for qualified suppliers before business is conducted with *new* external suppliers.
- 8.10 Requisitions are generated in ACCPAC within a department and approved by the Head of the Department. After which a Purchase Order is prepared by the Finance Department for approval by appropriate authority level based on the value of the procurement.
- 8.11 The procurement activities within BTMI has been for goods and services with the main focus being the contracting of advertising and marketing agencies. Firms are selected when BTMI enters a market and contracted for up to 3 years. In general, the basis for subsequent the contract award in a market has been the relationship developed over time. BTMI has no experience with international financial institutions.

D. Barbados Tourism Product Authority

- 8.12 BTPA is also fully funded by the GOB with the exception of \$15,000 received annually from hotel registrations. The organizational chart clearly shows the four departments each headed by a manager.
- 8.13 Promotion plans are developed internally and implementation monitored by the CEO. Other activities included Event Planning.
- 8.14 BTPA has adopted the Purchasing & Procurement Policy of BTMI. Tender procedures are being prepared for approval by the Board. Currently, requisitions are approved at the departmental level and the Purchase Order signed off in the Finance Department. The receipt of goods is signed off by the originating department. BTPA has no experience working with the Bank or any other international financial institution.

E. Shared Services

- 8.15 The accounting software used is ACCPAC. The accounts department is headed by the Director of Finance who is a chartered accountant and receives support from the Manager of Finance who is also a chartered accountant and four (4) Finance Officers.
- 8.16 The external audit is carried out by KPMG which firm conducted the audits for Barbados Tourism Authority (BTA), the predecessor entity. The audits on BTA are not yet completed and consequently KPMG will be retained until that situation becomes current. At that time tenders will be invited for the audit function.
- 8.17 The filing system for both BTMI and BTPA consists of electronic folders stored on a server. A designated drive is available for the assets team. There are also designated folders for reconciliation, budget, etc., with access being restricted to the relevant authority levels. Offsite backup and storage is done every day at 4:00 pm.

IX. CONCLUSION AND RECOMMENDATIONS

- 9.1 The results of the institutional assessment indicate that the MTI has the necessary institutional capacity to participate in the implementation of the “Barbados National Tourism Project” (BA-L1033).
- 9.2 The consolidated/weighted average suggests that MTI has in place the necessary fiduciary, administrative, financial management, and internal control capabilities which would contribute to an effective and transparent administration of the project resources. Five of the seven components of ICAS for MTI yielded high levels of development and associated low risk levels and, in a two cases, medium levels of development and associated medium risk levels.
- 9.3 However, it should be borne in mind that a number of the function/questions included in the survey were either not applicable to the current execution modality of the MTI or were provided by external agencies such as the Treasury or the Auditor General. Accordingly some support services that would be needed for project execution do not reside within the Ministry.
- 9.4 With respect to Goods and Service Management, the MTI has no previous experience and/or

- exposure to IDB procurement policies.
- 9.5 The FMA Act requires that a Special Tenders Committee is established where the Crown borrows money from an International Financial Institution and that the contract is prepared and approved by the Solicitor General.
- 9.6 BTI has significant experience in executing investment projects and would have no difficulty putting together a team to execute the relevant activities under the proposed project. However, BTI would have to contract such individuals as it currently does not have the requisite personnel. Personnel who would be directly involved in the execution of the procurement activities contemplated in the Program would therefore require training in addition to the adoption of IDB procurement norms and procedures.
- 9.7 Additionally, BTI being a company under the Companies Act is not limited by the Tenders Committee nor would need to obtain the approval of the Solicitor-General for the contracts it awards.
- 9.8 Based on the forgoing and given that procurement and financial administration processes and procedures are critical for project management purposes, these must be specifically contained in an Operations Manual for the Project and training in Bank financial administration and reporting policies provided.
- 9.9 Further to 8.6 & 8.7 above and taking into consideration: (a) the results of ICAS for MTI; (b) the institutional characteristics and capabilities of the BTI; and (c) the scope of the proposed operation, it is recommended that the MTI be the Project Executing Agency with a project coordinating unit (PCU) housed within BTI with specific activities being supported with contracted personnel funded by the Program. In particular, the PCU should comprise as a minimum a Project Coordinator, a Financial Specialist, a Procurement Specialist, and an Administrative Assistant.
- 9.10 Given that the component of the proposed project fall under the jurisdiction of three entities (BTI, BTMI and BTPA) it is recommended that a Steering Committee with representation from MTI, BTI, BTMI, BTPA, MFE and the Project Coordinator is created to ensure the effective application of the Operations Manual of the Program, the compliance with IDB financial and procurement policies and regulations, and the overall monitoring of the technical and financial implementation of the Program.