PAC

PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

FIRST REPORT OF THE

PUBLIC ACCOUNTS

C O M M I T T E E

FIRST SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Years 2014 and 2015 with specific reference to the Auditor General's Department.

Public Accounts Committee[1]

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

"(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;
(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and
(c) the report of the Auditor General on any such accounts."

Current membership

Dr. Bhoendradatt Tewarie	Chairman[2]
Mr. Rodger Samuel	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Ms. Marlene McDonald	Member
Ms. Jennifer Raffoul	Member

Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary to the Committee
Ms Hema Bhagaloo	Assistant Secretary to the Committee
Ms Samantha Snaggs	Parliamentary Intern

Publication

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

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[1] The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.
[2] The Committee held its first meeting on Wednesday December 2, 2015. At this meeting the Committee elected Dr. Bhoendradatt Tewarie as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago. At that same meeting, the Committee resolved that its quorum should comprise of three (3) Members, inclusive of the Chairman and any other Opposition Member.

Contents

Members of the Public Accounts Committee

ELEVENTH PARLIAMENT,

REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

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Ms. Jennifer Raffoul
Member

EXECUTIVE SUMMARY

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the issues outlined in the Auditor General's Report and audited financial statements of Ministries, Departments and Statutory Bodies. The Committee examined the ***Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the financial years 2014 and 2015*** which gave rise to its First Report of the Eleventh Parliament.

This report highlights the issues and recommendations made by the Committee in an attempt to assist the Auditor General's Department in better performing its duties while also commending its initiatives. During this discussion, the following issues arose:

- the Role of the Auditor General's Department in the auditing of public financial expenditure;
- the process for generating the Report;
- the challenges faced by the Auditor General's Department in auditing the public expenditure; and
- general issues relating to the audit of the Public Accounts.

Based on the Committee's examination the following recommendations were proposed:

- In accordance with section 159 of the Companies Act should appoint the Auditor General as an auditor of companies, which would allow him to oversee the audit of State Enterprises.
- An external auditor should be hired to audit the AGD to eliminate the conflict of interest between the Comptroller of Accounts and the Auditor General's Office.
    a. the Comptroller of Accounts should request the assistance of the Attorney General for her initiative to adopt Public Sector Accounting Standards;
    b. Ministries and Departments with the assistance of the Treasury and the AGD, should strengthen Internal Audit function;
    c. an Integrated Financial System to be introduced by the Comptroller of Accounts must be expedited. This is a matter of urgency;
    d. the Chief Personnel Officer can help speed up the process for the acquisition of adequate accounting staff and training throughout the Public Service;

e. the Chief Personnel Officer can also assist in the introduction of performance indicators;

f. the Auditor General should formally write to the Attorney General in relation to the amendment of Section 4 of the Income Tax Act so that the issue can be rectified before the beginning of the 2016 audit;

g. Additional Staff for the AGD should be provided before March 30, 2017.

h. The Financial Regulations should be amended to facilitate the electronic storage of data;

i. The Internal Auditing Function across the Public Service must be strengthened and compliance must be enforced;

j. Steps must be immediately taken to strengthen the autonomy of the Auditor General's Department by amending the financial regulations to support financial and human resource independence of the AGD;

k. Action must be taken to move from cash to accrual basis accounting by the end of 2016; and

l. The AGD needs to be empowered to enforce compliance by Government institutions under its jurisdiction rather than simply report recruiting issues year after year.

INTRODUCTION

The PAC of the Eleventh Republican Parliament was established by resolution of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House report to the House on appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.
In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives also empower the Committee (but is not limited) to:

a) send for persons, papers and records;
b) have meetings whether or not the House is sitting;
c) meet in various locations;
d) report from time to time; and
e) communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr. Bhoendradatt Tewarie was elected Chairman of the Committee. At the said meeting, Mr. Wade Mark was elected Vice Chairman of the Committee.

Changes in Membership

- By resolution of the Senate made on December 8, 2015, Mr. Rodger Samuel replaced Mr. Wade Mark as a Member of this Committee.

  Mr. Rodger Samuel was elected Vice-Chairman of the Committee in lieu of Mr. Wade Mark on Wednesday December 16, 2016.

- By resolution of the Senate made on December 19, 2016, Ms. Jennifer Raffoul replace Dr. Dhanayshar Mahabir as a Member of this Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

METHODOLOGY

Determination of the Committee's Work Programme

The Committee agreed to a fifteen (15) entity work programme during its second meeting on Wednesday December 16, 2016. These entities included:

1. Judiciary of Trinidad and Tobago
2. Ministry of Agriculture, Land and Fisheries
3. Ministry of Education
4. Ministry of Energy and Energy Industries
5. Ministry of Finance
6. Ministry of Health
7. Ministry of Public Administration
8. Ministry of Public Utilities
9. Ministry of National Security
10. Ministry of Tourism
11. Ministry of Trade and Industry
12. Tobago House of Assembly
13. Land Settlement Agency
14. National Lotteries Control Board
15. Regional Corporations

The Committee agreed that before the commencement of its work programme there should be a discussion with Auditor General's Department to allow the AGD to educate the Committee and the public about its role in the process of financial scrutiny and also to provide an explanation for specific issues highlighted within the Report of the Auditor

General on the Public Accounts of the Republic of Trinidad and Tobago for the financial years 2014 and 2015.

- In preparation for this public hearing, the Committee had an Issues Paper produced with questions based on issues highlighted in the Auditor General's Report.
- The Committee held three public hearings to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial years 2014 and 2015 as follows:

Wednesday February 24, 2016	-	*in public*
Wednesday March 9, 2016	-	*in public*
Wednesday June 8, 2016	-	*in public*

- At those hearings representatives from the Auditor General's Department appeared as the main witness and were afforded the opportunity to educate the Committee and the public about the mandate of the Office of the Auditor General and its importance as the Supreme Audit Institution of the State.

The Inquiry Process

The Inquiry Process outlines steps to be taken by the Committee when conducting an inquiry into an entity or issue. The following steps outlines the Inquiry process followed by the PAC:

I. Identification of entities to be examined;

II. Preparation of Inquiry Proposals for the selected entities. The Inquiry Proposal outlines:

   a. Background;

   b. Objective of Inquiry; and

   c. Proposed Questions.

III. Consideration and approval of Inquiry Proposals by the Committee and when approved, questions are forwarded to the entity for written responses;

IV. Issue of requests for written comment from the public are made via Parliament's website, social media accounts, newspaper and advertisements (optional);

V. Preparation of an Issues Paper by the Secretariat for the Committee's consideration, based on written responses received from the entities. The Issues Paper identifies and summarizes any matters of concern in the responses provided by the entity or received from stakeholders and the general public;

VI. Review of the responses provided and the Issues Paper by the Committee;

VII. Conduct of a site visit to obtain a first-hand perspective of the implementation of a project (optional);

VIII. Determination of the need for a Public Hearing based on the analysis of written submissions and the site visit (if required). If there is need for a public hearing, the relevant witnesses will be invited to attend and provide evidence. There is usually no need to examine the entity in public if:

   a. the Committee believes the issues have little public interest; or

   b. the Committee believes that the written responses provided are sufficient and no further explanation is necessary.

IX. Issue of written request to the entity for further details should the Committee require any additional information after the public hearing.

X. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

<u>ISSUES AND RECOMMENDATIONS</u>

During the examination of the Reports of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial years ended September 30, 2014 and September 30, 2015, the following issues were identified and recommendations proposed:

i. **The AGD's Backlog of Reports**

In 2004 and 2009 the Auditor General submitted Non-submission Reports to the Parliament, which highlighted all the entities that had failed to meet their statutory requirements of producing annual financial statements. This resulted in an influx of financial statements for several years. The already understaffed Department was further burdened with the audit of the backlog of financial statements.

The solution to this problem requires the intervention of the Public Service Commission and the Chief Personnel Officer (CPO) to hire staff with adequate qualifications and provide appropriate compensation packages to the professionals working in the Department. This will serve to boost the staff compliment and increase the productivity of the AGD. Adequate staff is imperative to ensure accountability and transparency when performing such important duties. The Public Service Commission and the Chief Personnel Officer should make the outfitting of the AGD with proper staffing a priority because the AGD's function is a critical part in ensuring accountability and transparency

Recommendation:

- **T*he Auditor General should consult with the Public Service Commission, in accordance with section 121(1) and (8) of the Constitution of Trinidad and Tobago, to make appointments and transfers if necessary to ensure the additional staff for the AGD are obtained March 30, 2017.***
- **A letter should be sent to the Public Service Commission to reinforce this position.**

ii. **The Late Submission of Financial Information**

Audited reports are replete with incidents of financial records being submitted to the AGD after the statutory deadline. Entities were reminded of this deadline stated within the financial regulations which is January 31st of every year The Accounting Officer is ultimately responsible for ensuring the completion and timely submission of the financial report. Emphasis must be placed by the Permanent Secretaries to ensure that they make it a priority to have financial statements ready by the deadline.

Recommendations:

- ***The penalty for breaching the financial regulations should be increased to boost compliance with the regulations. For e.g. once a submission is more than 2 months late, the Accounting Officer could be fined $1000 for each month thereafter.***
- ***The Auditor General should liaise with the Office of the Attorney General to pursue legislative options in this regard.***

iii. Audit of State Enterprises

State Enterprises are not by practice audited by the AGD. The Companies Act Chap. 81.01 governs the audit of State Enterprises whereas the Exchequer and Audit Act which outlines the duties of the Auditor General including his duties of conducting the audit of Ministries and Departments.

Recommendation:

- ***The Minister of Finance in accordance with section 159 of the Companies Act, should appoint the Auditor General as an auditor of companies which would allow him to oversee the audit of State Enterprises. Through this, the Government will have greater oversight over operations of State Enterprises with regard to the allocation of state funds distributed to them.***

iv. Common infractions observed, pertaining to the procurement of goods and services in Ministries and Departments

The breach of regulations in the procurement of goods and services was identified as a pervasive issue in the Ministries and fifty-eight (58) Statutory Bodies under the purview of the AGD. This stemmed largely from weak internal controls.

Recommendations:

- ***The Auditor General, should enlist the assistance of the Public Service Academy and the Comptroller of Accounts in providing training for the relevant officers in the public service to ensure that the proper procedure is followed when procuring goods and services.***
- ***Improvements need to be made to the Ministry of Finance's Standard Procurement Procedures. It should be updated to ensure that value for money is observed during the procurement process and tailored to be***

responsive to evolving and expanding markets, and higher stakeholder expectation.

- ***To improve the procurement process serious consideration must be given to the implementation of the Public Procurement and Disposal of Public Property Act, No. 1 of 2015, as amended in 2016. A procurement regulator stands to be appointed. The AGD should ensure that the implementation of the amendments proposed for the Act operate optimally, and as intended by the legislation. With this update, the Treasury should ensure that all Accounting Officers and Procurement Units are briefed and aware of steps to be taken during the procurement process to eliminate any instances of error.***
- ***Proper and effective training in alignment with the Procurement Legislation of 2015/2016 is essential.***

v. Access to relevant information required for audit

Limited access to relevant data, hampers the effectiveness of the Auditor General. One example highlighted to the Committee was that of the secrecy provisions of the Income Tax Act. Section 4 of the Act makes it an offence for employees at the Board of Inland Revenue to reveal information to persons not involved in the administration of the Act. This secrecy provision limits the access of the AGD to specific data which may be crucial to its investigation.

Both the AGD and Board of Inland Revenue have sought legal advice on this matter, but to date there has been no positive resolution. Nonetheless it is clear an amendment to the Income Tax Act is required to allow the Auditor General to access critical information on the collection of revenue.

Recommendation:

- ***The Auditor General should formally write to the Attorney General in relation to the amendment of Section 4 of the Income Tax Act so that the issue can be rectified before the beginning of the 2016 audit.***
- ***In the short term, however, the AGD can continue with the alternative methods currently being utilized to produce the report on revenue production.***
- ***The Issue of citizen privacy v. public interest needs to be carefully balanced here.***

vi. Storage of documents

Appropriate storage of documents has become a challenge within the Public Service given the physical restrictions to store all documents belonging to the entity. The Ministries and Departments currently follow the Exchequer and Audit Act which does not provide for updated amenities and different or more efficient ways of storage. Even though computer technology now provides more efficient ways to maintain records and documents in electronic form, the financial regulations were crafted on a paper–based system. This requires the maintenance of records in hard copy for significant periods of time and thus adequate physical storage space.

Recommendation:

- ***The Auditor General should liaise with the Minister of Finance on the matter of amendment of clauses 135 – 137 of the Financial Regulations Act to include the ability to store data electronically. This will greatly assist with the current issue of storage. This is a simple amendment which can be actively pursued within the next 12 months by eliminating the paper clutter while also facilitating easy access to relevant information.***

vii. The role of the AG in strengthening internal audit

The effective conduct of the internal audit function within Ministries and Departments has been identified as a recurrent challenge throughout the Public Service. The role of internal audit is to provide independent assurance that an organization's risk management, governance and internal control processes are operating effectively. The public service has been found to possess weak internal audit divisions which require training and a reevaluation of duties. With the assistance of the Treasury, proper training can be provided and adequate personnel placed in the respective positions. The Auditor General's report clearly outlined steps to combatting the issue of Internal Audit controls. Emphasis should be placed on these steps along with more present day suggestions which will be better applicable to other facets of the issue.

Recommendations:

- ***In the short term, training must be provided for the existing staff to ensure that duties can be fulfilled effectively. Internal Audit Units must expand their portfolios and audit all areas of the entity's operations, and programmes at regular intervals.***
- ***In the longer term, The Minister of Finance in conjunction with the Public Service Commission should seek to establish a Central Internal Audit Authority to ensure the compliance of Internal Audit Divisions within the Public Service and to support the strengthening of internal audit units across the system.***

viii. **Identification of issues for Special Audit**

The Auditor General's Department (AGD) has a separate division whose sole purpose is to conduct Special Audits. The AGD will usually identify issues within entities which require further research and through this, they determine whether a special audit is needed. An analysis is performed on the issues highlighted, and based on the outcome of that analysis, a priority list is formulated. The availability of the requisite staff (numbers and capacity) can influence the decision of the AGD, to embark upon certain special audits. .

Recommendation:

- ***By strengthening its staff compliment, the AGD will be able to execute more special audits. This will allow for detailed scrutiny of public expenditure in areas that may remain unexamined in a general audit of the Public Accounts. The AGD is encouraged to pursue proposals with the Public Service Commission to increase its staff compliment to 20 qualified persons by March 2017.***
- ***The Committee will write to the Public Service Commission to reinforce this position.***

ix. **The relationship with the PAC and AGD in the scrutiny of accounts**

The PAC and AGD together perform a critical role in the financial scrutiny of the Executive. In order to strengthen financial oversight, a close relationship must be maintained between both parties. The AGD adds the technical expertise to the process and flag and highlight pertinent issues in public finances, while the PAC has the parliamentary authority and influence to pursue the implementation of recommendations to improve financial management within state entities.

Recommendation:

- ***Through a proper communication strategy, both entities will be able to achieve greater goals through the financial scrutiny of the Executive branch and the Public Service. The Minister of Finance can provide the AGD with much needed funding to complete and execute their proposed communication plan. This communication plan should include the improvement of communication between the PAC and the AGD e.g. having weekly/monthly meetings to update each other on issues that are being dealt with or those issues where another party can assist. The communication between PAC and the AGD may not necessarily be a cost item but the AGD also needs to communicate with the Public about its work.***

x. **Issues based vs Entities based**

The AGD's scrutiny of the Executive has become more entity based instead of being issues based. Like the UK Parliament, issues based reports can give the decision makers a better idea of each entity's standpoint with regard to a specific issue instead of producing a report trying to highlight different issues within every entity. The need for expansion in the area of Value for Money was expressed in order to regularize an issues based strategy but the 1959 public financial framework does not allow for issues based reporting. The Comptroller of Accounts has started a project to replace the archaic regulations with public sector accounting standards.

Recommendation:

- ***The Comptroller of Accounts should request the assistance of the Attorney General for the initiative to adopt Public Sector Accounting Standards. With the adoption of the Accounting Standards, entity based reporting will eventually be transformed into issues based reporting. Updated regulations will allow the work produced by the Government of Trinidad and Tobago to be in line with the international standard. This is important to ensure that the image of Trinidad and Tobago is one of an enlightened, progressive State adopting modern approaches and practice.***

xi. **Responsiveness of Ministries to recommendations**

Within each report of the AGD, recommendations are outlined to help rectify specific recurring issues in each entity. It is the responsibility of each respective entity to ensure that they adhere to each recommendation suggested and also find ways to fix each issue highlighted throughout the report. The members of the AGD, however have stated that changes are beginning to be seen and some issues are being dealt with. The constant change of Accounting Officers has caused difficulties throughout the Public Service including the hindrance of the progress of mechanisms introduced. Stability should be fostered in this area to lessen the frequent movement but when there is a change, there should be a smooth handover process where the upcoming Accounting Officer is made aware of the measures in place and will ensure that it is continued.

Recommendation:

- ***A handover period should be introduced to train the succeeding Accounting Officer and also inform them of issues being addressed so that the work started can be continued. Aggressive monitoring and follow***

up should be done by the Treasury to measure the Ministry or Department's progress.

- ***The Public Service Commission and the CPO should also look at the frequent changes of the Accounting Officers and put measures in place to ensure that this becomes a more stable position with rotations/promotions in 3 year cycles. This can be made attractive by incentives for such post holders.***
- ***Ministers should also take into consideration the problems shifts within Ministries and Departments cause with regard to the records and take this into account in the management of Ministries in collaboration with Permanent Secretaries.***

xii. Types of audits

Definitions were provided for Financial Auditing, Compliance Auditing; Value for Money Auditing; Special Auditing; and Forensic Auditing. Compliance and Forensic auditing was not done by the AGD due to the lack of training and qualified personnel. A reason for this was the lack of incentive for persons to apply to the AGD. Payment plans should be negotiated so that properly trained persons can be properly compensated. The acquisition of trained personnel will in turn widen their scope and allow the AGD to provide more in-depth information to the decision makers of the country so they can make well-informed decisions.

Recommendations:

- ***The Minister of Finance, the Public Service Commission and the CPO should revisit the payment plans for more skilled auditors including more competitive wages to attract them to the AGD.***
- ***The Public Service Commission can also make it a priority to fill the vacancies within the AGD with qualified persons for each position.***
- ***The PAC will write to the Public Service Commission to reinforce this position.***

xiii. The auditing of the Auditor General's Department

In accordance with the Exchequer and Audit Act, the auditing of the AGD's accounts should be done by the Comptroller of Accounts of the Treasury. This causes a conflict of interest because the Treasury is audited by the AGD. The regulations should be amended in an effort to rectify this issue, allowing an external auditor to audit the accounts of the AGD as a way of eliminating all bias when performing the audit.

Recommendation:

- ***Through the amendment of the regulations by the Attorney General, the appointment of an external auditor who is not influenced by any local entities can be facilitated. It has been noted that the AGD is audited by the Treasury and based on the IAS 10 there should be a separation of powers to ensure not just accuracy of the audits but perception of the possibility of compromise. An update of the legislation must be done and changes made to ensure general autonomy. An external auditor should be hired to audit the AGD to eliminate any conflict of interest or any perception of political interference.***

xiv. Identifying and Correcting Issues raised by the Public and the Whistleblower Protection Bill (Whistleblowers)

The Whistleblower Protection Bill is an act to combat corruption and other wrongdoings by encouraging and facilitating disclosures of improper conduct in the public and private sector, to protect persons making those disclosures from detrimental action, to regulate the receiving, investigating or otherwise dealing with disclosures of improper conduct and to provide for other matters connected therewith.[3] It is important to encourage public participation in different areas of the Public Service. Some persons of the Public may be able to alert the AGD to issues that they may have missed during the investigations of the AGD or they may be privy to information that the AGD auditors may not. Although their submissions are welcomed, persons should also have the comfort of knowing that they can do so privately maintaining their confidentiality.

Recommendations:

- ***Firstly, the Attorney General should ensure that the Whistleblower Protection Bill, 2015 becomes law by years' end.***
- ***Secondly, the AGD should advertise opportunities for the Public to submit issues to the AGD which will in turn help them identify problems that they may need further investigation e.g. Special Audits. The Whistleblower Protection Bill gives persons the opportunity to produce information that may potentially help improve the functioning of the Public Service and they will be able to do so safely.***

xv. Circumstances that infringe the independence of the AGD

[3] http://www.ttparliament.org/publications.php?mid=28&id=732

The AGD is currently attached to the Ministry of Finance who governs their activities and the Public Service Commission provides the department with staff. The AGD should be allowed to function as an entity totally separated from the State. The AGD should operate as a single, independent entity so that they can be free to perform their duties without political interference. This will allow for completely unbiased investigations and also only the AGD will fully understand their needs and they will be able to deal with them as they see fit giving them more flexibility in turn improving their productivity.

Recommendation:

- ***The financial regulations should be amended to include the financial and human resource independence of the AGD. The Attorney General can ensure that these amendments are done so that the AGD will be able to improve their performance and also perform on the level of other Supreme Audit Institutions internationally. The amendment of these regulations will allow the AGD to stand on its own without any conflict of interest or perception of political interference.***

xvi. Staffing at the AGD and how it can be ameliorated

Staffing has been highlighted as an issue within the AGD which currently operates with less than the required staff compliment. It currently seeks to fill 45 entry level positions and are also dealing with the issue of outstanding promotions. Based on the current workload of the AGD, they are severely understaffed and help has been sought from the Public Service Commission to rectify the issue. There has also been instances where there was a lack of competency of the current staff and in these areas training must be provided and qualified staff acquired eventually.

Recommendation:

- ***The Public Service Commission should have the additional, qualified staff provided to the AGD appointed by March 31, 2017. Areas where the staff lack in competency, the AGD and the Treasury can provide the required training to strengthen the staff in weak areas as well as expand the scope of the AGD.***

xvii. Ideal framework envisioned by the AGD to assist with the improvement of its operations

The members of the AGD outlined the ideal framework by which they will be able to enhance their current operations. One of their main points was the need for financial and human resource autonomy which will greatly assist with the performance of their duties giving them the flexibility they need to properly outfit the Department. The need for experts to assist with various topics that the AGD may not be versed in, also the need for oversight, the Public Accounts Committee will act as the person to oversee the AGD and ensure that money is being spent wisely and accountability and transparency is observed.

Recommendation:

- ***The Attorney General, in consultation with the Public Service Commission and the Minister of Finance, should take steps to amend the regulations to make provisions for the introduction of financial and human resource autonomy. This type of autonomy will give the AGD total control over its operations allowing them to ensure they are performing at the highest capacity.***
- ***In the short term, the acquisition of additional staff and better facilities would greatly improve the operations of the AGD. Arrangements should be made with the Public Service Commission to ensure this is done by March 31, 2017.***

xviii. Overdraft of the Exchequer Account

In accordance with Section18 the Exchequer and Audit Act, no limit suggested but an overdraft can be done through the advice of the Treasury. A $31 billion overdraft was reported by the AGD which the Central Bank clarified to be a net overdraft of $9 billion at the end of the financial year 2015. This, notwithstanding the Ministry of Finance initiative within the proposed revised legislation to prevent the country from sinking into deeper debt and future problems. Provisions should be made within the updated regulations to curb this habit and the Ministry of Finance should form ways of producing revenue to replace the money in the Exchequer account. The Central Bank provided information which indicated the amount Central Bank overdrafts each year dating back to 2006 until 2015.

Recommendation:

- ***According to a response received from the Central Bank, authorization for these overdrafts is given by the Minister of Finance through the Treasury. More transparency should be integrated into decisions made to curb the instances of such large overdrafts. Within the updated regulations which will be introduced by the COA and soon to be adopted, limitations must be set on the amount of overdraft that should be permitted in instances which require an overdraft of the Exchequer Account.***

xix. Cash Audit vs Accrual Basis Accounting

Throughout the region, majority of the Auditors General or departments of audits, directors of audits, the type of account that is prepared is called a Treasury Single Account, which is prepared on a cash basis. Only two countries within the region practices accrual accounting thus far which are the Cayman Islands and Barbados. Cash basis accounting has been used by the Public Service since the adoption of the financial accounting principles in 1959 which has been noted to have many shortfalls but the switch to accrual accounting is currently being looked at and in due course should be adopted. If the move to accrual accounting is made assets will have to be properly valued and an asset base would need to be determined. The Ministry of Finance, especially including the Treasury, should do their part to speed up the process to ensure that Trinidad and Tobago performs at an internationally acceptable level and ensure a smooth transition into accrual basis accounting.

Recommendation:

- ***Through the assistance of the Attorney General, Ministry of Finance and the Treasury, the AGD can make its request known about the immense need for updated financial regulations to include a change from cash to accrual basis accounting. With this update we would be able to catch up to the Cayman Islands and Barbados who are currently using accrual basis accounting. This change can be factored in by December 2016 also giving time for Ministries and Departments to train Accounting Officers and others involved to ensure that records are properly maintained.***

xx. Contracts not being Produced

For many years, contracts have not been produced for audit posing a serious issue throughout the Public Service and has been listed as a pervasive issue, has. Proper maintenance of Contract Registers need to become a priority in Ministries and Departments to ensure that proper records are being kept of contracts executed and with whom. When registers are properly maintained this will in turn make it easier for entities to provide their information on time.

Recommendations:

- ***Accounting Officers need to put more emphasis on keeping record of executed contracts. Regular checks should be made to ensure that every contract entered into, was properly stored and accounted for within their contract registers.***
- ***Proper training should also be provided by the Treasury, for persons responsible for maintaining these registers also. In the amended regulations being processed by the Attorney General, provisions will be made for the usage of electronic data instead of hard copy.***

- ***The electronic storage will also make it easier to be accessed, tracked and updated which will in turn prove to be a major advantage to both the entity and the AGD because information will be presented in a timely manner.***

xxi. Challenges faced with Changes to Ministerial Portfolios

During previous years many Ministries or Accounting Officers have shifted. Through changes in the Government it required Ministers and Permanent Secretaries to change and along with their objectives. This also posed difficulties on the auditors when they request information. The COA, acknowledging the issues being faced through the changes of Ministerial Portfolios tried to make things easier for the 2015 investigation. Progress can be continued to be made involving the cooperation of the Accounting Officers, Ministers and the COA.

Recommendation:

- ***With changes experienced within the Public Service, persons in each Ministry or Department must ensure that proper records are maintained so that even with the constant shifts in ministerial portfolios, information and records are still easily accessible and ready for audit. Accounting Officers and Ministers, should liaise with each other to ensure that everyone is fully aware and able to achieve the mandate of each Ministry.***

xxii. Documents not Produced by the Statutory Deadline

A statutory deadline of January 31, 2015 for the submission of financial reports has been set by the Comptroller of Accounts which was stated in the Auditor General's Circular, Memorandum No. 4.

Recommendation:

- ***The Minister of Finance should make it possible for accounting officers to be penalized for failure to adhere to the Statutory Deadline for the submission of financial statements. Accounting Officers should be made to pay a specific fine. Legislation needs to be prepared to bring this into effect.***

xxiii. Non-Compliance with Financial Instructions/Regulations

Some Accounting Officers that were not carrying out their duties in accordance with the financial regulations were identified. The Exchequer and Audit Act should be observed throughout carrying out all financial obligation within the Public Service and these standards were not met. Transactions were made/approved that were not in accordance with the Financial Regulations. Accounting Officers (AO) should be properly trained with the execution of their duties in accordance to the Financial Instructions/Regulations.

Recommendations:

- ***The AGD or the Treasury should lend assistance to officers to ensure that all regulations are adhered to and understood in an attempt to minimize any mistakes. Purposeful non-adherence to the regulations should be punishable by law, making each AO legally responsible for any discrepancy observed.***
- ***Training sessions should be organized by March 2017 for all Accounting Officers to assist with any areas of concern and to ensure that issues that may be recurring thus far are not repeated in the future.***

xxiv. Lease Agreements not produced

Lease agreements were not produced for properties being leased and the non-occupation of specific buildings.

Recommendations:

- ***Since it has been indicated that the issue originated with the Property and Real Estate Division, proper communication should be maintained between the Property and Real Estate Division and the respective Ministries.***
- ***In cases where there is a shortage of funding this should be indicated to the Ministry of Finance so that additional funding will be given and the appropriate approval received before proceeding with the lease agreement.***

xxv. Contract Employment

Contract Employment was originally introduced in an effort to rectify a vacancy issue which was rampant in the year 2000. Throughout the years a steady increase has been observed throughout the Public Service. Although it was initially intended to be a temporary solution to a prevalent problem, some persons are being left on contract for as long as 15 years.

Recommendation:

- ***The Public Service architecture and structure has to be rethought and redesigned. Trinidad and Tobago needs a Public Service system and structure that can support creativity, competitiveness and sustainable development in an ever changing 21st century would. Within such a framework the issue of public service appointees and contract workers can be rationalized differently.***

xxvi. Errors and Omissions within the Appropriation Accounts

Errors and omissions were noted within the appropriation accounts by the AGD was asked to explain the difference between an error and fraud.

Recommendation:

- ***Adequate training must be provided by the Treasury to the responsible Accounting Officers to ensure instances of errors or omissions are drastically reduced. Accounting Officers should be instructed that Appropriation Accounts be prepared without mistakes and given the training, tools and staff to allow them to comply.***

xxvii. Unresolved Issues

Through the Report of the Public Accounts particular issues are highlighted within each entity. There have been cases where the issues highlighted return under the same entity indicating that the issues may not have been resolved. Instances where issues outlined by the AGD are not addressed by the respective entity. Monitoring and evaluation should take place to keep abreast of the progress of particular entities and their attempts to rectify issues. Accounting Officers should make it a priority to ensure that issues highlighted are dealt with and progress should be seen in every following report.

Recommendation:

- ***The responsibility would be on the Ministers and the relevant Accounting Officers to ensure that each issue outlined is dealt with as soon as possible once the resources available permit. The Treasury's Monitoring and Evaluation Unit can keep a close check on Ministries and Departments with recurring issues and proper action should be taken. Management Letters can be issued or penalties can be introduced so that if an entity has an issue recurring within more than two (2) reports, they will be required to pay a fine.***

xxviii. Powers of the Auditor General

The duties and powers of the Auditor General are outlined in Part III of the Exchequer and Audit Act which is currently used as a guideline for the performance of his duties. The Auditor General is only able to report on his findings but cannot force entities to adhere to his advice or comply with terms that may be set out.

Recommendation:

- ***Greater influence should be afforded to the AGD to make the work done more effective throughout the Public Service. The work of the AGD should have a legal aspect to it which will force entities to implement their recommendations and comply with their requests during audits. Entities need to understand that there can be repercussions for their failure to cooperate. Even though they are currently able to exercise their powers indicated within the Exchequer and Audit Act, with the amendments to be made by the Attorney General this can also be factored into the updated regulations. The Auditor General needs to be able to enforce compliance by Government institutions under its jurisdiction rather than report recurring issues in its reports year after year.***

xxix. Audit of Overseas Missions

The audits of Overseas Missions are conducted on a rotational basis, which results in audits being conducted at each mission approximately every three years. The Auditor General reported a delay in the Cabinet approval for the Official Overseas Travel required for the audit of Overseas Missions.

Recommendation:

- ***The Public Service Commission can provide the AGD with staff to create a unit dedicated to overseas missions solely to the audit of overseas departments. Annual checks should be made to ensure there is transparency and accountability where the money allocated to these departments from the Government is concerned. Provision should also be made to ensure adequate resources can be afforded to the AGD to facilitate these travels.***

xxx. Overpayments

Overpayments pertaining to salaries has been a problem identified and investigated within entities under the AGD's purview.

Recommendations:

- ***Ministries and Departments need to have stringent checks which will closely monitor overpayments. Monthly checks should be performed by***

the entity's accounting department so that there can be early detection of overpayments and it can be dealt with immediately.

- ***Steps can be implemented to ensure that repayments can be collected within two (2) months after the overpayment has been discovered. The amount and the date of the overpayment should be available and the person involved should be notified and arrangements made for the recovery of the funds.***
- ***An effective automated system with effective Human Resource disclosure will minimize the opportunities for errors.***

xxxi. Cases of Theft or Lost Items

Theft and the loss of items has been an issue within the Ministries and Departments but solutions are being sought to help formulate an efficient plan for the retrieval of these items.

Recommendation:

- ***The Administration Unit can make proper checks throughout Ministries and also keep an updated log of the items in the Ministry. Proper surveillance throughout Ministries and Departments will also assist with the recovery of stolen items.***

xxxii. Breaches of the Financial Regulations

The financial regulations form the basis by which institutions operate efficiently and effectively and it has been found that many entities have not be operating in accordance with the set financial regulations.

Recommendation:

- ***A letter notifying the individual about each mishap should be issued, but depending on how many regulations breached, a penalty can be introduced for each breach.***

xxxiii. Problems within Revenue Generating Divisions

Revenue generating divisions should be placed as pinnacle importance they monitor the finances accumulated by the country but proper records are not being maintained within these departments.

Recommendation:

- ***Training must be provided by the Public Service Academy for the Immigration Division and the Customs and Exercise Division in each***

division's weak points. This training should be provided by March 2017 to ensure that the country's revenue is properly maintained and every dollar is accurately managed.

xxxiv. Infrastructure Development Fund Projects

Money allocated under Infrastructure Development Fund should be monitored and the process by which this is done by the AGD was under question and the entities' accountability for money spent for each project.

Recommendation:

- ***Monitoring and Evaluation Units need to closely monitor every project under the Infrastructure Development Fund. Value for money should be ensured in every decision and every project which is chosen to be done. When this is done projects will finish within the given time and also it will decrease the funds and time wasted.***
- ***Ministries and Departments should perform a SWOT analysis before proposing certain projects keeping their objectives in mind and only those that will enhance the performance of their duties will remain a focus.***
- ***The PSIP Unit of the Ministry of Planning and Development needs to rationalize and enforce a policy of development projects only which can be properly monitored and evaluated for results.***

xxxv. Authorization of Officers

Each officer on different levels are given specific guidelines governing the extent of their influence and decisions they are able to influence. The authorization of payments beyond the level of the specific officer is prohibited. Officers should be informed of their duties to prevent any situations being reported again.

Recommendation:

- ***Each officer needs to be informed of the terms and conditions of their employment in specific positions. This should be done to ensure that there is no misunderstanding with the performance of roles. When any officer operates out of his/her jurisdiction, the person will be penalized accordingly.***

xxxvi. Internal Audit

Internal Audit has been identified as an ongoing problem of major concern within the Public Service and many solutions are being sought to rectify the issue.

Recommendation:

- ***Training sessions should be held by the Treasury and also adequately qualified persons should be hired by the Public Service Commission to perform the duties of the Internal Audit Unit appropriately. The Public Service Commission should carefully screen persons who will be hired for the specific jobs to eliminate the possibility of inadequate persons being hired for these positions.***

xxxvii. Non-Profit Organizations

Non-profit organizations are set up to mostly to perform duties that are mostly focused on the welfare of a specific group without expecting a profit. These organizations are sometimes funded by the Government which means they should be able to be accountable for the funds expended.

Recommendation:

- ***A closer relationship should be maintained between the Head Ministry and the Non-Profit Organizations under its purview. Checks should be done to ensure that their expenditure is in line with the purpose of the organization and also the funds are allocated appropriately.***

xxxviii. Pension and Gratuities

Pension and gratuity is usually afforded to public servants after their years of service. Problems have been identified based on the relevant Ministries and Departments' inability to pay former employees their pension or gratuity in a timely manner.

Recommendation:

- ***Proper records should be maintained by the respective Ministries and Departments to ensure timely submission to shorten the time persons wait for their payment. Ideally, pensions and gratuity should be available to persons within a maximum of six (6) months.***
- ***Operationalization of an effective automated system can resolve a lot of these issues.***

xxxix. Recommendations to improve the efficiency of the AGD

It is acknowledge that the AGD is consistent in its effort to fulfill its constitutional mandate. However, there are areas where improvements can be made with the assistance of other state agencies. The following were identified by the AGD as the areas of support required in improving the efficiency of the Department:

Recommendations:

a. ***the Comptroller of Accounts should request the assistance of the Attorney General for her initiative to adopt Public Sector Accounting Standards;***
b. ***Ministries and Departments with the assistance of the Treasury and the AGD, should strengthen Internal Audit function;***
c. ***an Integrated Financial System to be introduced by the Comptroller of Accounts;***
d. ***the Chief Personnel Officer can help speed up the process for the acquisition of adequate accounting staff and training throughout the Public Service; and***
e. ***the Chief Personnel Officer can also assist in the introduction of performance indicators and implement ways to monitor and report on these performance indicators, which would better assist with the production of value for money type special audits. This will be done to show whether Ministries and Departments are achieving what they set out to achieve with the funds that they have received from Parliament.***
f. ***The Public Service Commission need to respond in a more proactive way to the Human Resource needs of a modern Auditor General's Department in the current context.***
g. ***The Auditor General's Department needs to be given autonomy and authority through appropriate arrangements to guarantee financial independence and independent recruitment of technically competent personnel. The Auditor General must be given the legislative basis not only for financial and human resource independence but also for enforcement of compliance by offending Government entities.***

PAC

The Public Accounts Committee has written to all entities under the jurisdiction of the Auditor General's Department who have outstanding accounts to be submitted to the Auditor General Department to immediately comply with their obligations to the AGD by submitting all outstanding accounts and bringing them up to date.

Auditor General Report 2014/2015 – Concluding Remarks

Based on issues reported by the Auditor General having to do with tardiness of reporting. Non-compliance, failure to follow rules, lack of security of documents, errors and unprofessional standards, the Public Accounts Committee have made a number of recommendations which are contained in the report as the issues are identified during the course of the report.

However, the Public Accounts Committee wishes to highlight the following recommendations which are aimed at strengthening the independence and autonomy of the Auditor General's Office, strengthening the AGD's ability to ensure compliance, strengthening the role of Internal Auditing Units in all Government entities.

The Auditor General's Department (AGD) is meant to be a watchdog institution that supports transparency, accountability and good governance; flags issues of concern in their reports; and establishes the standards for financial compliances, that would minimize any opportunities for corruption or malpractice in the performance of public duties by officials who lead, manage and operate government entities and institutions. Accordingly, in addition to the other recommendations made, the Public Accounts Committee highlights and reinforces the following:

- The Auditor General's Office must be autonomous in its function. For this to take place it must be reestablished as financially independent ad must be able to independently recruit technically competent personnel. The legislation required for these needs to be brought to Parliament.
- The Auditor General's Department must be given the legislative basis not only for financial and human resource independence but also for the enforcement of compliance by offending government officials, entities and institutions.
- An Integrated Financial system must be expeditiously introduced by the Comptroller of Accounts. Not doing this keeps the financial system at a level of dysfunctionality and facilitates inefficiency and ineffectiveness on an ongoing basis. Work on IFMIS need to be expedited.

- A concerted attempt must be made by the Government to strengthen the internal audit function in every entity across the system.
- The PSIP unit of the Ministry of Planning needs to rationalize and enforce a policy of genuine development projects only, which can be properly monitored and evaluated for results and impact.
- The Public Service architecture and structure have to be rethought and redesigned. Trinidad and Tobago needs a Public Service system that support creativity, competitiveness, innovation and sustainable development, in an ever changing dynamic and unpredictable 21st century world. Within such a framework, the issue of public service appointees and contract workers can be rationalized differently.
- Currently the AGD audits entities under the jurisdiction of the Comptroller of Accounts while the AGD, in turn, is audited by the Comptroller of Accounts. This is an untidy situation. Based on IAS 10 accounting standards there is need for separation of powers not just to give the assurance of accuracy of audits but the perception of the possibility of compromise. Legislation must be brought to Parliament to strengthen the autonomy of the AGD. In such legislation, provision must be made for independent external auditors to audit the AGD to eliminate any conflict of interest, perception of conflict of interest that may now exist between the AGD and the Comptroller of Accounts.
- The proclamation of the procurement legislation, the establishment of a watchdog institution to monitor campaign financing together with the strengthening of the autonomy and independence of the AGD will go a long way in establishing the basis for greater transparency, accountability and value for money and responsibility in Government and will make it more difficult for allegations of corruption to persist even when there is little tangible evidence of corruption having taken place. This is important for the image and integrity of the institutions and institutional systems of governance in Trinidad and Tobago and for our reputation as a country in the world system.

This Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Rodger Samuel
Vice-Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Ms. Marlene McDonald
Member

Sgd.
Ms. Jennifer Raffoul
Member

Appendix I

Attendance

At the meeting held on Wednesday February 24, 2016, the witnesses attending on behalf of AGD were:

Ms. Lorelly Pujadas	-	Deputy Auditor General (Ag.)
Ms. Gaitrie Maharaj	-	Assistant Auditor General
Ms. Gale Serville	-	Audit Executive II
Ms. Nicole Cockburn	-	Legal Officer

At the meeting held on Wednesday March 9, 2016, the witnesses attending on behalf of AGD were:

Mr. Majeed Ali	–	Auditor General
Ms. Lorelly Pujadas	-	Deputy Auditor General (Ag.)
Ms. Gaitrie Maharaj	-	Assistant Auditor General
Mr. Kenneth Barton	-	Audit Executive II
Ms. Kumari Rampaul	-	Audit Executive I
Mr. Brian Caesar	-	Audit Assistant I
Ms. Nicole Cockburn	-	Legal Officer

At the meeting held on Wednesday June 8, 2016, the witnesses attending on behalf of AGD were:

Mr. Majeed Ali	–	Auditor General
Ms. Gaitrie Maharaj	-	Assistant Auditor General
Ms. Kumari Rampaul	-	Audit Executive I
Mr. Brian Caesar	-	Audit Assistant I
Ms. Nicole Cockburn	-	Legal Officer

Appendix II

Minutes of Meetings

THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, ELVENTH PARLIAMENT

MINUTES OF THE FOURTH MEETING HELD ON WEDNESDAY, FEBRUARY 24, 2016 AT 10:05 A.M.
IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Rodger Samuel	-	Vice- Chairman
Mr. Randall Mitchell	-	Member
Dr. Lester Henry	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Dr. Dhanayshar Mahabir	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Samantha Snaggs	-	Parliamentary Intern
Mr. Desell Austin	-	Parliamentary Intern

Excused was:

Ms. Marlene McDonald	-	Member

Also present were:

OFFICIALS FROM THE AUDITOR GENERAL'S DEPARTMENT

Ms. Lorelly Pujadas	-	Deputy Auditor General (Ag.)
Ms. Gaitrie Maharaj	-	Assistant Auditor General
Ms. Gale Serville	-	Audit Executive II
Ms. Nicole Cockburn	-	Legal Officer

COMMENCEMENT

1.1 At 10:05 am the Chairman called the meeting to order and welcomed those present.

THE EXAMINATION OF THE MINUTES OF THE THIRD MEETING

2.1 The Committee examined the Minutes of the Third (3^{rd}) Meeting held on Wednesday January 27, 2016.

2.2 The following corrections were made:

Item 4.1, page 2: Delete the words, "explained the need for an examination into the activities of the Water and Sewerage Authority (WASA)" and replace it with "was uncertain whether the examination of the activities of Water and Sewerage Authority (WASA) should proceed by the PAC".

2.3 There being no further omissions or corrections, the Minutes were confirmed on a motion moved by Dr. Dhanayshar Mahabir and seconded by Mr. Rodger Samuel.

MATTERS ARISING FROM THE MINUTES OF THE THIRD MEETING

3.1 The Committee discussed the way forward with WASA and agreed to keep the examination of WASA on the agenda.

PRE-HEARING DISCUSSION RE: DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT

4.1 The Committee agreed that the focus of the meeting will be the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2014 and how they prepare those reports.

4.2 The Chairman invited Members to review an Issues Paper on the Role of the Auditor General.

4.3 The Chairman informed Members that the Public Hearing should be viewed as an information session to educate stakeholders on the role and powers of the Auditor General.

4.4 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:25 a.m.

DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT (AGD)

5.1 The Chairman called the public meeting to order at 10:32 a.m.

5.2 The Chairman welcomed the representatives from the AGD and thanked them for attending the first public hearing with the PAC.

5.3 The Chairman asked the Members of the Committee to introduce themselves and similarly so the officials from the AGD.

5.4 The following matters arose from the discussions held with the officials from the AGD:

xl. The effectiveness of the AGD when exercising constitutional authority

The Committee questioned the AGD about its constitutional authority and was informed that in accordance with section 116 of the Constitution, the AGD was required to audit the Public Accounts of Trinidad and Tobago, courts and offices and certain other statutory bodies. The Members were also informed that over the years this mandate has been fulfilled and the AGD has been able to exercise their constitutional authority and do so efficiently.

xli. The AGD's Backlog of Reports

The Committee requested an explanation for the backlog of reports and the difficulty to get entities to comply with their requirements to supply the AGD with required information to ensure timely audits. The AGD informed Members that in 2004 and 2009, the then Auditor General produced non-submission reports which resulted in the submission of a myriad of reports and this has posed challenges on the AGD to complete these audits. It was also stated that even with the backlog, the AGD still maintains audits on the Public Accounts, the Heritage and Stabilisation Fund, Statutory Bodies and the Central Bank in a timely manner.

xlii. Late submission of financial information and officers responsible

The AGD informed Members that the responsibility for submissions of financial information was the fault of the Department to which the funds were released and the officer responsible is the Accounting Officer.

xliii. Audit of State Enterprises and common infractions observed, pertaining to the procurement of goods and services within state enterprises, Ministries and Departments

The Officials from the AGD informed Members that they do not audit all state sectors. At present Ministries, Departments and fifty-eight (58) Statutory Bodies were audited by the AGD. The AGD indicated that state enterprises were registered under the Companies Act and were audited by private auditors appointed by the Board. With regard to the issue of procurement of goods and services, the AGD stated that they prefer not to provide detailed information on this matter. However, there is generally a lack of documentation that relates to internal controls which has an impact on the procurement exercise. Another issue highlighted was the lack of documentation produced for audit.

xliv. Access to relevant information required for audit

The AGD stated that during their audits, the Board of Inland Revenue was reluctant to provide specific information due to a secrecy provision in Section 4 of the Income Tax Act which makes it an offence for employees at the Board of Inland Revenue to reveal information to persons not involved in the administration of the Act or persons not approved by an Order of the President. This information was deemed necessary to perform a proper assessment of the Board of Inland Revenue collection of revenue.

xlv. Recommendations for storage of documents

The Committee was advised that the outdated financial regulations required documents to be in manual form. The AGD officials informed Members that legislation must first be revised and improved to include the electronic storage of information.

xlvi. The role of the AG in strengthening internal audit

The Committee questioned the AGD about its role in the strengthening of internal controls in Ministries and Departments. The AGD officials indicated that although it is the role of the Treasury Department to conduct training sessions, they also provide support by inviting Ministries and Departments to training sessions held by the Department when there was space available. It was also noted that a 1987 report identified the same recommendation but it was more an issue of staff than a real internal audit.

xlvii. Identification of issues for Special Audit?

The AGD mentioned that they would liaise with various stakeholders with the responsibility of statutory bodies to identify a list of red flags and issues to be queried. Issues deemed to be in the public's interest were also taken into consideration.

xlviii. The relationship with the PAC and AGD in the scrutiny of accounts

The AGD acknowledged that the need to improve its oversight role and maintain a close relationship and proper communication with the PAC.

xlix. Recommendations to improve the efficiency of the AGD

The AGD indicated that in being efficient they must first strengthen their human resource capacity. The AGD also outlined certain underlying areas of weakness within the Department and solutions for each weakness. The following five (5) points were listed:

a. assist the Comptroller of Accounts' initiative to adopt Public Sector Accounting Standards;
b. strengthen Internal Audit within the Ministries and Departments;
c. an Integrated Financial System;
d. adequate accounting staff and training throughout the Public Service; and
e. introduction of performance indicators.

l. Issues based vs Entities based

The AGD expressed the need for expansion in the area of Value for Money to regularise an issues based strategy but the 1959 public financial framework does not allow for issues based reporting. Issues were only reported once they have been identified as pervasive. They also mentioned the need to look at the accounting framework in a holistic manner. The Committee was informed that the Comptroller of Accounts started a project to replace the archaic regulations with public sector accounting standards.

li. **Responsiveness of Ministries to recommendations**

AGD officials stated that there was no unit within the Department to monitor the implementation of recommendations however, issue management letters were issued to all Accounting Officers. The AGD explained that the role of the Treasury was to ensure that corrective measures were taken based on the recommendations made by the AGD. The Committee was informed that the constant changes in Accounting Officers hampered the implementation of recommendations, some have been very responsive.

lii. **Types of audits**

The Chairman requested an explanation/definition for the following audits to assist the Committee and the Public to understand the different types of audit that can be done:

a. Financial Auditing;
b. Compliance Auditing;
c. Value for Money Auditing;
d. Special Auditing; and
e. Forensic Auditing.

The AGD officials briefly explained each and informed the Committee that Compliance and Forensic Audits were not usually done by the AGD due to the lack of personnel/expertise to perform this duty.

liii. **The Autonomy of the AGD**

Members were informed that in January 2015, the UN passed a resolution on the independence of Supreme Audit Institutions. The AGD further explained that both the Lima Convention and the Mexico Declaration highlighted the need for Constitutional Independence as well as the ability of the AGD to control and manage human and financial resources.

liv. **The auditing of the Auditor General's Department**

The AGD officials explained that audits on the accounts of the AGD were done annually by the Treasury Department and like some other Ministries and Departments, a similar problem of the provision of lease agreements was identified.

lv. **Identifying and Correcting Issues raised by the Public and the Whistleblower Protection available (Whistleblowers)**

The AGD indicated that the Department had no official whistleblower policy however, there were overall provisions made within the Whistleblower Protection Bill 2015. The AGD stated that they would review issues raised by the public to determine if those issues required further inquiry. If that was the case, the issue would be identified for a special audit.

lvi. **Ministers' role in the audit process**

The Members were informed that the authority of the Minister was stated in the Exchequer and Audit Act. The AGD further pointed out that the Minister of Finance as mandated by the Exchequer and Audit Act and the Constitution was the only Minister involved in the Audit process. The Auditor General is required to submit reports on the public accounts annually to the Speaker, the President and to the Minister of Finance. The Minister is responsible for ensuring that reported matters by the Auditor General are brought to Parliament to be addressed by the relevant committees. The Minister is also involved in making decisions regarding expenditure of public money because they set policy and emanating out of that policy would be implementation matters to be rolled out and there would always be costs involved. The responsibilities thereafter rest on the Accounting Officer/Permanent Secretary as he/she will be responsible for the allocation of funds expenditure.

lvii. Role of the Accounting Officer

The AGD informed Members that the Exchequer and Audit Act explicitly explained the duties of the Accounting Officer. The AGD further explained that an Accounting Officer is a person appointed by the Treasury and charged with the duty of accounting for any service for which moneys have been appropriated by the Constitution or by Parliament or any person to whom issues are made from the Exchequer Account.

lviii. Difference between a Private and Public Auditor

The AGD explained that the main difference between the two was that the Private Auditor operates based on the profit motive and revenue whereas Public Auditors ensure that oversight is maintained and transparency accountability is achieved.

lix. Circumstances that infringe the independence of the AGD

The AGD mentioned that the use of the Exchequer and Audit Act infringed upon the independence of the AGD because the Department had no authority to make amendments. The Members were advised that through the implementation of Public Sector Accounting Standards, independence would be maintained and the Department would be able to conduct audits in a way that would best suit Trinidad and Tobago.

lx. Staffing at the AGD and how it can be ameliorated

The AGD officials explained that the staffing issue was not only based on a numerical shortage standpoint, but competence standpoint also.

lxi. Ideal framework envisioned by the AGD to assist with the improvement of its operations

The AGD suggested that strengthening the financial and human resource autonomy would be a good step towards improving the operations of the AGD.

<u>SUSPENSION</u>

6.1 At 12:28 p.m., the Chairman suspended the *in public* meeting to resume a post-hearing meeting *in camera* with Members only.

RESUMPTION

7.1 At 12:33 p.m. the Chairman resumed the Post-hearing meeting *in camera*.

POST-MORTUM DISUCUSSION

8.1 The Members held a port-mortem discussion to share their thoughts on the public hearing.
8.2 Mr. Mitchell suggested in the following hearings the witness appearing before the Committee should be allowed to make an opening statement.

ADJOURNMENT

9.1 The Chairman thanked Members for their attendance and adjourned the meeting to **Wednesday March 9, 2016 at 10.00 a.m.**

9.2 The adjournment was taken at 12:40 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

March 8, 2016

THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, ELVENTH PARLIAMENT

MINUTES OF THE FIFTH MEETING HELD ON WEDNESDAY, MARCH 9, 2016 AT 10:09 A.M.
IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Rodger Samuel	-	Vice- Chairman
Mr. Randall Mitchell	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Dr. Dhanayshar Mahabir	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Samantha Snaggs	-	Parliamentary Intern
Mr. Desell Austin	-	Parliamentary Intern

Excused was:

Dr. Lester Henry	-	Member

Absent was:

Ms. Marlene McDonald	-	Member

Also present were:

OFFICIALS FROM THE AUDITOR GENERAL'S DEPARTMENT

Mr. Majeed Ali	–	Auditor General
Ms. Lorelly Pujadas	-	Deputy Auditor General (Ag.)
Ms. Gaitrie Maharaj	-	Assistant Auditor General
Mr. Kenneth Barton	-	Audit Executive II
Ms. Kumari Rampaul	-	Audit Executive I
Mr. Brian Caesar	-	Audit Assistant I
Ms. Nicole Cockburn	-	Legal Officer

COMMENCEMENT

1.2 At 10:09 am the Chairman called the meeting to order and welcomed those present.

1.3 The Chairman informed Members that Dr. Lester Henry asked to be excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE FOURTH MEETING

2.1 The Committee examined the Minutes of the Fourth (4th) Meeting held on Wednesday February 24, 2016.

2.2 The Committee indicated that the following item was omitted:

Insert new item 5.4 (xxiii) after (xxii): "**Possible amendments to the Legislation**

The Committee requested a list of possible amendments to the legal framework to strengthen public auditing in Trinidad and Tobago. The AGD agreed to forward the list to the Committee."

2.3 There being no further omissions or corrections, the Minutes were confirmed on a motion moved by Dr. Dhanayshar Mahabir and seconded by Mrs. Ayanna Webster-Roy.

PRE-HEARING DISCUSSION RE: DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT

3.1 The Committee agreed that the focus of the meeting will be the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2014.

3.2 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:25 a.m.

DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT (AGD)

5.1 The Committee had a brief in camera discussion with the Auditor General at 10.30 a.m.

5.2 The Chairman called the public meeting to order at 10:32 a.m.

5.2 The Chairman welcomed the officials from the AGD to the second public hearing with the PAC and introductions were exchanged.

5.3 The Chairman gave a brief summary of the previous Public Hearing with the AGD and commended the Department on the responses to the questions.

5.4 The Auditor General (AG) made a brief opening statement and outlined suggested ways in which the PAC can collaborate with the AGD.

5.5 The following issues arose from the discussions held with the officials from the AGD:

i. **Conflict of Interest in Auditing the AGD.**

The Committee inquired about the possibility of a conflict of interest in the auditing of the AGD. The AGD confirmed that it was a conflict of interest to be audited by the COA. This further clarified the view that the AGD was not independent.

ii. **The Most Positive and the Most Troubling Findings**

The Committee asked the AG to identify the most troubling and positive findings for the financial year 2014. The AG indicated that the most troubling issue was Internal Audit because without internal auditing the entity would not function efficiently and the most positive was the fact that entities were more responsive to changes.

iii. **Positive Changes from the Entities and its reflection in the 2015 Report**

The Committee asked the AGD officials whether the recommendations from the 2014 report were being positively noted in the 2015 report. The AG indicated that a meeting held with the Permanent Secretaries, highlighted the issues and improvement were made to the report. These improvements may not be reflected in the 2015 report but progress will be made, moving forward with the 2016 report. AGD also advised the Committee that the 2015 report will be available to the Parliament before April 30, 2016.

iv. **Overdraft of the Exchequer Account**

The Committee questioned the 31 billion overdraft of the Exchequer Account and requested an explanation, who was responsible, whether laws were broken by sanctioning such an overdraft and what could have been done to amend the issue. The AGD officials informed Members that no laws were broken according to the Exchequer and Audit Act and there was no limit on the permitted overdraft. They also advised that this question be transferred to the Ministry of Finance for further clarification.

v. **Cash Audit vs Accrual Basis Accounting**

The Committee stated that the public sector uses the Cash basis of accounting and questioned the appropriateness of such accounting to manage the funds of the Government. The AGD indicated that the cash basis was always used as the form of accounting and the Exchequer and Audit Act has provisions which seek to provide for the deficiencies of the cash basis accounting, but many changes would need to be made before moving toward Accrual Accounting. The Cayman Islands and Barbados were the only two (2) islands using the accrual basis of accounting.

vi. **Contracts not being Produced**

The Members noticed that in different sections, many entities do not produce contracts for various amounts of expenditure and sought clarification on what was being done to rectify the issue. The AGD indicated that this was listed as a pervasive issue and ministries were encouraged to monitor projects and instances where this was not done, it was recorded in the report because it required further investigation.

vii. **The Accuracy of the AG Report As A Representation Of The Government's Status**

The Committee questioned the AGD about the use of the AG Report as a representation of the status of the Government's finances given the many instances of the non-production of documents throughout Ministries and Departments. AGD officials notified the Committee that these Reports were a true representation of the data collected on the Cash basis of Accounting. The AGD also indicated that surveys were done by the AGD in order to acquire specific requested information in order to build their analysis on the entities.

viii. **Inland Revenue Division**

The Committee sought clarification on the issue of restricted access to information by the Inland Revenue Division and the possible effects on the audits by the AGD. The AG stated that this issue was rectified by the Attorney General who was preparing his proposal for the Parliament.

ix. **Challenges faced with Changes to Ministerial Portfolios**

The Committee identified the changes in Ministerial portfolios and posts and asked the AGD how this affected the audit process. The AGD indicated that there were some challenges faced in the 2014 and 2015 report because records and explanations were not accessed. The AGD informed the Members that the report was a true representation of what was found. The COA made arrangements with the Accounting Officers for information to be available for the upcoming audit for 2016.

x. **Documents not Produced by the Statutory Deadline**

The Committee noted that the report stated that many entities were reported as entities submitting after the statutory deadline and asked what can be done by the AGD to address these late submissions. The AG indicated that even though the submissions were late, the AGD still attempted to perform the audit on those accounts.

xi. **Non-Compliance with Financial Instructions/Regulations**

The Committee questioned the non-compliance with financial instructions/regulations, who were the non-compliant officers and where were these particular regulations sourced. The AGD indicated that Exchequer and Audit Act was the main source of the financial regulations utilized by Trinidad and Tobago. AGD also informed Members that the material breaches were raised in the report which would highlighted the non-compliant offices.

xii. **Lease Agreements not produced**

The Committee asked for recommendations for the entities that were not able to produce lease agreements for properties being leased and the non-occupation of specific buildings. The Members also inquired whether there were lease agreements. The AGD informed the Committee that the Permanent Secretaries indicated that the issue originated with the Property and Real Estate Division. With regard to the issue of non-occupation, the entities did not receive adequate funds for the outfitting of the building and thus was not able to occupy the building which was being leased. Once there was Cabinet approval, the Ministries or Departments proceeded with the lease agreement.

xiii. **Contract Employment**

The Committee asked for recommendations from the AGD for the improvement of contract employment. The AGD officials noted the increase of contract employment throughout the Public Service. They also informed the Members that this information was included in the report to assist with the Ministers with their decision making. The Committee were advised that Human Resource Auditing was the function of the Chief Personnel Officer.

xiv. **Errors and Omissions within the Appropriation Accounts**

The Members asked the AGD to differentiate between error and fraud. The AGD explained that many times errors were observed because there was no attention on accuracy when preparing the appropriation accounts. An audit test was performed to detect any instances of fraud within the accounts. AGD also informed Members that when there were errors the entity was given extra time to submit amended statements or they were contacted to ensure that there was no recurrence of errors in the next submission.

xv. Unresolved Issues

The Members asked for recommendations that will be given to entities that have been detected as having recurring issues annually. The AGD indicated that their role was to examine and report on the issues and as they arise, they will be included in the report to provide information for the decision makers to solve the issue.

xvi. Powers of the Auditor General

The Members questioned the powers of the AGD under the Exchequer and Audit Act pertaining to the Auditor General exercising power when requesting documents for audit. The AGD indicated that they do exercise this power but only after audit they can report their findings.

xvii. Overseas Missions

The Committee questioned the AGD about the unaudited entities under Overseas Missions and the regularity of audits done on Overseas Missions. The AGD officials informed members that a risk analysis was done every 3-5 years to choose specific entities which should be audited and this was done on a rotational basis. The next audit will commence by July 2016.

xviii. Overpayments

The Committee noticed that the AGD identified overpayments as a major concern and requested an explanation for the occurrence of overpayments. Members also asked about the rate of recovery of overpayments. The AG informed the Members that overpayments in this instance referred to overpayments of salaries. The Ministries themselves were responsible for the recovery of moneys expended under overpayments.

xix. Cases of Theft or Lost Items

The Members asked if the proper procedure was followed when there were cases of theft. The AGD officials stated that in instances where this was found, the AGD identified and reported the issue but it was left up to the Ministry to employ proper procedures. The Committee asked the AGD for recommendations to ensure that fraud never occurs within the Public Service. The AGD informed Members that thus far they never identified any cases of fraud within the Public Service.

xx. Breaches of the Financial Regulations

The Committee noted that specific entities have not been complying with the regulation in the Exchequer and Audit Act and sought clarification on how these situation were dealt with by the AGD. The AGD officials informed the Members that they can only report the findings but the Committee would usually have to call the entities for explanations.

xxi. Problems within Revenue Divisions

The Immigration Division and the Customs and Excise Division were identified as weak with the maintenance of their records and numerous deficiencies were also identified. The Committee was of the view that an assessment was needed because revenue should be placed as a top priority for the Government.

xxii. Infrastructure Development Fund (IDF) Projects

The Committee questioned whether the AGD audited projects under the IDF. The AGD explained that all administering Officers were required to submit financial statements on fund and thereafter the AGD performed a risk assessment for discrepancies and material errors. The audits were included in the public accounts.

The Committee further enquired on the Whitehall restoration special project where antique furniture and fittings were not adequately secured and protected. The AGD further stated that with respect to the Whitehall Restoration project the AGD checked whether the recommendations were implemented. AGD further stated that they can only raise the issue identified but action lies with the decision makers.

xxiii. Authorization of Officers

The Members requested an explanation for an Officer who was authorised to spend up to $50,000 but spent a total of $1.5 million. The AGD informed members that this responsibility lies with Accounting Officer to monitor expenditure as well as the Minister of Finance.

xxiv. Internal Audit

Members noted that on pg. 79 of the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2014 Internal Audit seemed to be a recurring issue and nothing was being done to rectify the issue. The AG explained that the Ministry of Finance recently hired a consultant to help solve the issue of Internal Audit and were awaiting the results of the exercise. The AGD informed Members that the internal audit function was not properly identified within the Exchequer and Audit Act and most Internal Audit Units lack professionalism, were understaffed and perform many administrative tasks.

xxv. The Relationship between the AG and the Department and the Review of the Economy

The Members inquired about the process for the generation of the report on public accounts and the review of the economy and whether the departments rely on each other for information to be published in each report. The AG informed the Members that each investigation is done independently.

xxvi. Non-Profit Institutions

The Members noticed the over payments to Non-Profit Institutions and asked the AGD to give an estimation of the amount of these overpayments. The AGD indicated that the issue raised was the control issue within the Ministries monitoring these Institutions. Through the sample chosen AGD noticed that appropriate mechanisms were not in place and included this issue in the report.

xxvii. Pension and Gratuities

The Members asked for recommendations to improve the process for pension and gratuity payment. The AGD stated that the process begins with the Ministry and proper maintenance of the documents were needed. AGD further stated that to solve this problem, required the full utilization of the Integrated Human Resource Information System so that all records of information would be integrated.

xxviii. Discrepancies by Accounting Officers

When the AG identified discrepancies, the Accounting Officers were informed via management letter and in certain instances the Minister of Finance or the Comptroller of Accounts was also informed.

SUSPENSION

6.1 At 12:27 p.m., the Chairman suspended the *in public* meeting to resume a post-hearing meeting *in camera* with Members only.

RESUMPTION

7.1 At 12:31 p.m. the Chairman resumed the Post-hearing meeting *in camera*.

POST-MORTUM DISUCUSSION

8.1 The Members held a post-mortem discussion to the way forward, following the public hearing.
8.2 After some discussion the Committee agreed to examine the Ministry of Tourism.

ADJOURNMENT

9.1 The Chairman thanked Members for their attendance and adjourned the meeting to **Wednesday March 23, 2016 at 10:00 a.m.**
9.2 The adjournment was taken at 12:36 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

March 9, 2016

THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, ELEVENTH PARLIAMENT

MINUTES OF THE TENTH MEETING HELD ON WEDNESDAY, JUNE 08, 2016 AT 10:11 A.M.
IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Rodger Samuel	-	Vice- Chairman
Dr. Dhanayshar Mahabir	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mr. Randall Mitchell	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Ms. Marlene McDonald	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary

Excused was:

Dr. Lester Henry	-	Member

COMMENCEMENT

1.4 At 10:11 a.m. the Chairman called the meeting to order and welcomed those present. Dr. Lester Henry was excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE NINTH MEETING

2.1 The Committee examined the Minutes of the Ninth (9th) Meeting held on Wednesday May 25, 2016.

2.2 There being no further omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Rodger Samuel and seconded by Dr. Dhanayshar Mahabir.

PRE-HEARING DISCUSSION RE: DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT (AGD)

3.1 The Committee agreed that the focus of the meeting will be the concerns raised in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2015.

3.2 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:27 a.m.

DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT (AGD)

4.1 The Chairman called the public meeting to order at 10:33 a.m.

4.2 The Chairman welcomed officials from the AGD, members of the media and the public to the Tenth (10^{th}) public hearing with the PAC and introductions were exchanged.

4.3 The following officials joined the meeting:

OFFICIALS FROM AUDITOR GENERAL'S DEPARTMENT

- Mr. Majeed Ali - Auditor General
- Ms. Gaitrie Maharaj - Assistant Auditor General
- Ms. Gale Serville - Audit Executive II
- Ms. Kumari Rampaul - Audit Senior (Ag.)
- Ms. Nicole Cockburn - Legal Officer
- Mr. Brian Caesar - Audit Executive II (Ag.)

4.4 The following issues arose from the discussion with the officials from the AGD:

xxix. The recommendations to alleviate the pervasive issue of non- submission of documents to the AGD and the Office of the Parliament;

xxx. The initiatives to strengthen the internal audit function across Ministries and Department;

xxxi. The AGD being prohibited from accessing revenue documents from the Inland Revenue Division and the amendment of Section 4 of the Income Tax Act;

xxxii. The recommendations put forward by the AGD with regard to the access to revenue documents from the Inland Revenue Division;

xxxiii. The penalties for the non-submission of documents and the recommendations to ensure compliance with the Exchequer and Audit Act;

xxxiv. The training of staff at Ministries and Departments in financial regulations, succession planning and accounting;

xxxv. The lack of staff within the AGD;

xxxvi. The recommendations for the Public Accounts Committee to assist the AGD in performing its duties and functions.

xxxvii. The status of the Integrated Financial Management Information System (IFMIS).

xxxviii. The Status of the overdraft on the Exchequer Account.

xxxix. The explanation of the term "incorrect classification of expenditure";

xl. The non-adherence to management letters sent by the AGD;

xli. The recommendations for the non-submission of lease agreements;

xlii. The status of the arrears for taxes on income and profit;

xliii. The status of overpayments at Ministries and Departments and the mechanisms in place for the recovery of overpayments;

xliv. The recommendations for the submission of pension and leave records for auditing in a timely manner;

xlv. The process for the auditing of Overseas Missions;

Please see the attached verbatim notes for the detailed oral submission by the witnesses.

SUSPENSION

5.1 At 12:09 p.m., the Chairman suspended the *public* meeting.

ADJOURNMENT

6.1 The Committee agreed that at the next meeting the concerns raised in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2014 and 2015 related to the Ministry of Finance will be examined.

6.2 The Chairman thanked Members for their attendance and the meeting was adjourned to **Wednesday June 22, 2016 at 10:00 a.m.**

6.3 The adjournment was taken at 12:09 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

June 08, 2016

Appendix III

Notes of Evidence

VERBATIM NOTES OF THE FOURTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE JOHN HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, FEBRUARY 24, 2016, AT 10.32 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Wade Mark	Vice-Chairman
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Dr. Dhanayshar Mahabir	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Asst. Secretary
Miss Samantha Snaggs	Parliamentary Intern
Mr. Desell Austin	Parliamentary Intern

AUDITOR GENERAL'S DEPARTMENT

Ms. Lorelly Pujadas	Ag. Dep. Aud. General
Ms. Gaitrie Maharaj	Asst. Aud. General
Ms. Gale Serville	Audit Executive II
Ms. Nicole Cockburn	Legal Officer

Mr. Chairman: Good morning everybody, I want to take the opportunity to thank those members of the PAC who are present today for attending and participating. I want to also thank the members of the Auditor General's Department for attending this particular meeting.

I think it is important to indicate that as far as we are aware, and we will check with the Parliament, this is the first time that there has been a direct interface between the PAC and the Auditor General's Department in communication before the general public, to engage issues that have to do with the auditing of Government accounts. Therefore, it is a very important meeting, both for the Auditor General's Office and for the Public Accounts Committee, and for that reason I think it is something that the public should value as we go forward, because it will give a general view of how we are proceeding in the Public Accounts Committee and it should also give a view of the major role of the Auditor General's Office.

The purpose of the meeting of the Public Accounts Committee is to discuss the report of the Auditor General on the public accounts of the Republic of Trinidad and Tobago, in the financial year 2014, and this is the report that you all members have. But we will also take the position in this particular meeting today that we will engage the issues pertaining to the role and function of the Auditor General's Department in ensuring accountability and transparency in Trinidad and Tobago. Should we explore the more general issues here today, without getting into the details of the 2014 report, we will have a second meeting with your office in order to engage just the elements of the report of the 2014 document itself.

This meeting is being held in public and is being broadcast live on the Parliament Channel 11 and on radio 105.5 FM, and generally these things are rebroadcast as well so that the public could engage the issues and view the proceedings at different times.

What I will do now is first of all ask members of the PAC here present to introduce themselves, so that the public will know who are the members of the committee, and I will then ask the members of the Auditor General's Office to introduce themselves so the public will be aware of who is representing the Auditor General's Office.

[*Introduction of members*]

Mr. Chairman: The members supporting the Committee I would not mind if they introduce themselves so the public is aware that they are members of the parliamentary staff.

[*Introduction of Committee Secretary and Asst. Secretary*]

Mr. Chairman: And now the members of the Auditor General's team.

Ms. Pujadas: Good morning to the members of the Public Accounts Committee. First of all I would like to say that the Auditor General, Mr. Majeed Ali is unfortunately out of the country at this time. As a result, I am representing him as the Acting Deputy Auditor General. I will like the others to introduce themselves.

[*Introduction of Officials*]

Mr. Chairman: Thank you very, very much. We will proceed now with the meeting. I will start by asking a few questions, but I must say as Chair that I am a little disappointed that the Auditor General is not here. This meeting as I indicated before, is a meeting that is a first of its kind meeting under public glare, and we did indicate well in advance what would be the date of meeting. I think it would have been preferable to have the Auditor General present or to change the date to make it possible so that we could have had a full team. Notwithstanding that, I know that you will represent the Auditor General's Office, the Auditor General and your institution well, and I thank you all of you for coming, Acting Auditor General, and I look forward to a good meeting.

I would like to start with this question: Is the Auditor General's Department able to exercise its constitutional authority and how is it able to do this effectively? Can it do it more effectively and I would like to follow that up with another question but I will ask you that one.

Ms. Pujadas: As you know the Constitution has a twofold respect. In the first place the Constitution requires us to audit the public accounts of Trinidad and Tobago, courts and offices and certain other statutory bodies. That is in section 116. I think in regard to that, I can say we have in the past and continue to strive and endeavour to do, we have always audited the public accounts of Trinidad and Tobago in a timely manner, and we have never not submitted the accounts in a timely manner. So I would say with regard to the requirements of the Constitution that we have been able to fulfil that mandate over the years and we continue to do so.

Mr. Chairman: That is commendable, but how do you explain the late submissions by entities and the backlog of submissions by entities, when you have a constitutional power and duty? How do you explain this to us?

Ms. Pujadas: I think if I am correctly understanding you, you are making reference really to those entities perhaps that come under their own statutes that are empowered by their own relevant statutes and Acts. Some of them may be tardy in submitting their financial statements. What has happened in the past, it has led to us also being tardy in submitting the reports with regard to that. It is because they were tardy, and in 2004 and 2009, I believe then Auditor General had submitted non-submission reports. Those reports had dated back for quite a number of years. I cannot give you the exact dates.

The result of having submitted those reports is that we received a myriad of reports coming in, so that added to a volume of work that we continue to struggle with and have challenges with, in trying to complete those audits and bring them to fruition.

At the same time, we continue to try and maintain the audits that are the public accounts in a timely manner as well as the audit of the Heritage and Stabilisation Fund. We always endeavour to do those statutory and Central Bank as well. So because of that onslaught, that was sort of the start of which we received a lot of audits, a lot of financial statements which we had to audit and that added to an increase in the backlog that we presently face.

Mr. Chairman: But specifically, I was not pointing any fingers at the Auditor General's office, I was talking about the difficulty that you may be having in getting other entities that are supposed to report by a certain date to report. Do you have any power, jurisdiction, authority to get them to comply with their requirements?

Ms. Pujadas: No, we do not.

Mr. Chairman: Okay. So that when something like that happens you can doing nothing except write to them?

Ms. Pujadas: We can write to them or do as what we have done in the past, submit to Parliament by way of the Speaker and by way of the Senate, what we call a non-submission report, so that we would indicate that a specific entity for the financial year has not submitted a report.

Mr. Chairman: I will ask just one more question before I go on to my colleagues. Explain so that the general public understands who is an accounting officer and what that means, and after you do that specifically, could you address it in the context of the various entities that are under your jurisdiction, for instance in a Ministry, in a Department, in an RHA, in a regional corporation, in a state enterprise, in a statutory board, and what are the implications of that for the accounting officer and for holding the accounting officer to account.

Ms. Pujadas: Firstly, I make reference to the Exchequer and Audit Act, and if I make reference to that I would say that an accounting officer is defined in the Exchequer and Audit Act. That means a person appointed by the Treasury and charged with the duty of accounting for any service in respect for which moneys have been appropriated by the Constitution or by Parliament, or any person to whom issues are made from the Exchequer Account. So to break that down, what would happen as you can see by that, this applies to an accounting officer as the term denotes, is really in keeping with Ministries and Departments.

If you are speaking of an accountable officer that would therefore make reference to those officers to whom responsibilities by way of a board are accountable for the moneys that have been entrusted to them by way of the Consolidated Fund.

Specifically, an accounting officer in the terms of the Ministries and Departments, they would receive a letter which is personally addressed to them by the Treasury, and that letter would especially tell them their duties and responsibilities which they are specifically responsible for. In a nutshell they are chiefly responsible for ensuring that the financial business of the State is properly conducted, and that the public funds entrusted to their care are properly safeguarded and applied only to the purposes intended by the Parliament. The letter also goes on to say that they are personally responsible for the performance of the financial duties of their departments.

Mr. Chairman: So in the case of the Ministry, the accounting officer would be a

Permanent Secretary.

Ms. Pujadas: It may be. In the case of Departments, it may not necessarily be a Permanent Secretary, but there may be one that has been assigned the role of accounting officer for their specific Department.

Mr. Chairman: In the case of a statutory agency or a state-owned enterprise, it would be the Chief Executive Officer?

Ms. Pujadas: Well the thing about it is, a statutory body, if they are receiving funding via the State they would receive it via a line Ministry. Therefore, the line Ministry would mean that the accounting officer in that case would be the Permanent Secretary. However, they are receiving funding via the State, and therefore they are accountable for those funded by way of their statutes.

Mr. Chairman: Thank you very much. I will create the conditions now for other members to ask you, and I would ask members if they would ask two or three questions. I would start on the left. I will start with the Member for San Fernando East and then we will go on to Dr. Mahabir.

Mr. Mitchell: Good morning. You spoke about the late submission of financial accounts. Who is ultimately responsible for the late submission of those accounts?

Ms. Pujadas: As in all things as financial statements, a financial statement the preparation of which is the responsibility of the department to which money has been released. The preparation of it is their responsibility. Our responsibility is once those submissions have been made is to audit those accounts.

Mr. Mitchell: Which office is ultimately responsible for the late submission?

Ms. Pujadas: It would be difficult to say which office is responsible.

Mr. Mitchell: Which officer?

Ms. Pujadas: Let us be clear. The public accounts which is done by the Ministries and Departments are not late. When those records that have not made the January 31 deadline would be reported in the Auditor General's report. However, I think your question is possibly directed at those accountable officers in respect of the regional authorities or maybe the statutory bodies. I think maybe that is in reference to what you are speaking of, and in that case the accountable officer, and perhaps maybe even the board, would be responsible, because those financial statements are normally supposed to be signed by the board, the chairman of the board.

Mr. Mitchell: But you are saying that the financial accounts do not come in late to the Auditor General?

Ms. Pujadas: Not in respect to the Ministries and Departments, as far as the public accounts is concerned, because what you are speaking of there as the appropriation accounts, they conform. Ms. Maharaj can add.

Ms. Maharaj: The public accounts comprise the accounts of Ministries and Departments. The accounts of the statutory bodies are separately done and submitted for audit, according to the relevant laws that set up those bodies. So those are the areas where we have the backlog. The backlog is not in the public accounts itself.

Dr. Mahabir: Thank you very much, Mr. Chairman. Good morning members and it is once again a pleasure interacting with members of the Auditor General's Office. I have a number of general questions and if the Chair will permit me I will ask two general questions. One is: you audit all entities in the state sector, and these entities in general procure goods and services. They buy goods and services.

The first question is: what are some of the common infractions you have seen in agency after agency, Ministry after Ministry, when they procure goods and services? So that I would like to get a feel on what are the some of the accounting misdemeanours that these agencies engage in that we need to keep an eye out on.

The second is, I know the Auditor General's Office also compiles figures on the public debt of Trinidad and Tobago. I really would like to ask one, whether these figures in your mind are always up-to-date and do you also have up-to-date information on contingent liabilities and the debt owed by these statutory corporations, which you audit but which are guided by their own laws? Thank you very much.

Ms. Pujadas: Thank you, Dr. Mahabir. With respect to your first comment, audit all state sectors, I wish to draw to your attention that we do not audit all state sectors. At present we audit Ministries and departments and approximately 58 statutory authorities that have required by statute that the Auditor General audit these.

State enterprises as you know it, if they are registered by way of the Companies Act we at this point in time do audit those entities.

In reference to your comments with regard to procurement and the issues and misdemeanours cited, I would not want to make a pronouncement on that at this point in time, I would prefer to go back and get detailed information. But as you know generally as a rule, there is generally a tendency for internal controls and proper internal controls, properly documented internal controls in some of statutory authorities, and again I proffer that do not speak about state enterprises because we are not in state enterprises. But there is a general lack of documentation as it relates to internal controls, vis-a-vis that will also impact on the procurement exercise.

Another issue that tends to arise sometimes when we are looking at the procurement of goods and services, is many times the audit trail, vis-a-vis, what we would require would be documentation. Many times the documentation is not provided. So that there seems to be, I do not know if it is a storage issue, but quite often we are not provided with documentation.

Another issue that sometimes comes up with regard to procurement of services, it is expected as far as the rules and regulations of Financial Regulations are concerned, that when one procures goods one is supposed to have a contract that goes along with that, and quite often when we request the contracts that too is often not produced. I cannot say if it does exist or it does not exist. All I can say is often when we request it, it is not produced. I do not know if that would suffice for now.

Dr. Mahabir: That will suffice adequately. Just as a matter of solution then, if an entity cannot provide you with the contract because of storage space, is there a recommendation coming from the Auditor General's Office that everything should be now made in an electronic format? We can simply scan everything. So if there is a storage problem, the storage problem is limited by the size of the hard drive on the computer, no longer with respect to the amount of files you can hold. Is that something the Auditor General will now recommend?

Ms. Pujadas: I think that is an excellent recommendation in terms of electronic data. Of course you know that part of the electronic use has been included in an amendment to the legislation. Am not I not correct? However, one of the limitations that we have when we deal with the Financial Regulations, the Financial Regulations are somewhat outdated and outmoded, because they go along with the Exchequer, which as you know came into being in 1959 and was reconstituted in 1962 when we became an independent country. Those regulations really speak to documents in a manual form, and they still pretty much require when we speak of Ministries and Departments, to produce those documents in a manual form. So going along with the need to scan and improve in terms of electronic, I would also say that we need to look and revisit the legislations that we have prevailing right now over the finances of the country , vis-a-vis the Exchequer and Audit Act, and the Financial Regulations. I will like to ask Ms. Maharaj though to speak on the second question that you have, because I do not feel I have addressed that as yet, and that is the question of the public debt and contingent liability.

Ms. Maharaj: There are a number of statements relating to the public debt. There is the statement of public debt which would be actual loans, and there are a couple other statements that include letters of comfort and guarantees and loans paid by the State that have been entered into maybe by state enterprises. So those statements are in the public accounts.

You would find some information on contingent liabilities there, but those also relate to loans or investments or financial matters. We have not got information on the contingent liabilities relating to any litigation matters to the State. We have requested that information from the Attorney General.

Dr. Mahabir: One other question, Mr. Chair. If I were to ask the Auditor General's Office for example their up-to-date indebtedness of say an entity like T&TEC, would you be able to supply that to me?

Ms. Maharaj: No we would not.

Dr. Henry: In looking through this document, the latest one, I saw an item that I found quite interesting and I would like to get come clarification. One on page 14, it says, "Legal opinion not received" and it talks about the interpretation—I will just skip to 1.24, the Interpretation, "An application of the Board of Inland Revenue of the secrecy provisions of section 4 of the Income Tax Act have posed a challenge to the audit of revenue at the Inland Revenue Division". Could you explain what that really is about?

Ms. Pujadas: Dr. Henry, I will let our Legal Officer address that question.

Ms. Cockburn: Dr. Henry, you would like a background on the entire issue?

Dr. Henry: Yes.

Ms. Cockburn: Section 4 of the Income Tax Act makes it an offence for employees at the Board of Inland Revenue to reveal information, documents, et cetera, any information, to persons not involved in the administration of the Act or persons not approved by an Order of the President to receive information from the Board of Inland Revenue. This has posed a challenge to the Auditor General over the years, and it basically creates a situation where there is lack of access to information which the Auditor General considers necessary to properly audit the Board's performance with regard to collection of revenue, i.e. taxes.

I do not know if Ms. Maharaj would want to clarify that point that point before I continue? That is the challenge.

Dr. Henry: So what was the legal opinion that was submitted?

Ms. Cockburn: A legal opinion was done by me. What was done is that the provisions of the Income Tax Act along with the provisions of the Constitution and the Exchequer and Audit Act which spell out the powers of the Auditor General, an opinion was done and the conclusion was that based on the sum effect of all these different pieces of legislation, the conclusion was made that the restrictions in the Income Tax Act which bar access to information could not possibly be intended to apply to the Auditor General because of his powers elsewhere listed in the law and because of his constitutional mandate.

However, what has transpired since is that when this opinion got to the attention of the current Attorney General, he is now of the view that whereas an argument can be etched out which would and should grant this access to the Auditor General. The current Attorney General took the view that ideally he would go the route of amending the Income Tax Act to more directly spell out and etch out a right on the part, not only of the Auditor General, but on persons such as the head of the Financial Intelligence Unit who are also facing challenges with regard to access to information, because of this provision in the Income Tax Act which seems to restrict access to information. So the decision has been taken by the current Attorney General to simply move directly to an amendment of the Act which will clearly spell out a right on the part of these bodies to access information, as opposed to going the route of a roundabout opinion which seems to argue strongly for such a right. Is that satisfactory?

11.00 a.m.

Mr. Henry: It seems to be, but I am just worried about the implication over all these years of not having access to that kind of information. I was not aware of that. It is quite shocking, quite actually. Yeah.

Ms. Pujadas: Just in terms of your query, I understand your query and I would say that we do implement other audit strategies to try and overcome the limitation there, but we would agree that as far as the assurance point of view goes, as far as a completeness is concerned that we may not fully meet that mandate in terms of completeness. But we do try to implement other strategies to get around that, but that is a significant limitation.

Mr. Chairman: Member for Tobago West.

Mrs. Webster-Roy: Good morning. Two questions: how does the Auditor General identify issues for a special audit; and two, what is the role of the Auditor General's Department in strengthening the internal audit function in Ministries and departments?

Ms. Pujadas: Okay. In terms of your last point, in terms of the internal audit, I would want to say that it is not the responsibility of the Auditor General to deal with the internal audit. The internal audit function is, again, vested in part with the Exchequer and Audit Act and that function primarily is the responsibility of the Treasury. However, in the past when we do our training sessions with our staff, we have always endeavoured to include, as far as space is concerned, Ministries and departments' internal audit as well. And so we do try, in the past, when we do have our training sessions, to incorporate them, but we do not take a direct responsibility for the strengthening of the internal audit function.

With regard to internal audit function, I would say that way back since 1990-something, I cannot even—because I was not even in the department then—1987, an internal audit function was done by our then value for money section which was small and continues to be small, and they had outlined recommendations then for the strengthening of the internal audit function. And we did follows-ups. I personally myself did a follow-up. The situation continues, the same recommendations were made and internal audit continues to be primarily, in my view, a check staff function rather than a true internal audit function. So the situation continues from since 1987 to be the same as far as internal audit is concerned.

With regard to special audits, generally what is done for a special audit, what we would do is the division—we have a division that is responsible for doing special audits, and they would liaise with the various other divisions which would include the public accounts divisions and the divisions responsible for the regional authorities and the statutory bodies. And they will ask them to provide them with a list of red flags, things that possibly needed to be queried. They would also, as part of their research, do research and in terms of issues that are in the public's interest. They would therefore then do an analysis, and based on that analysis a priority list would come up, and of course, based on the resources that will determine which audits we can do and cannot do. Remember, we may not have the competencies to do certain audits as well because you would need certain types of expertise which may, at present, not be rested in the department. So in terms of the special audits, this is just a brief overview as to what our approach entails.

Mrs. Webster-Roy: In areas where you do not have the competency or the capacity, what could we do to improve that or to assist the Auditor General's Department to be more effective?

Ms. Pujadas: Well, in order for us to be more effective one of the main things is the human resource capacity. And as I had indicated before, the world is becoming more difficult and more technical and therefore, our skills and competencies need to be matched with that. Now in the past we have always perceived audit to primarily a function, an accounting function, a financial function, but if we endeavour to really do special audits and value for money audits we move beyond that. We move beyond that and therefore we would require skills and competencies that are not strictly financial in nature.

Now our organization is so structured that no one with, let us say, a law degree, other than being a legal officer, would want to come in and do—assist us primarily in terms of an established position or an engineering position because there will be no scope, no room for advancement, because the advancement structure is pretty much based on your qualifications as an accountant and that is a limiting factor.

So there needs to be a real revision, I think, and we have been addressing that in terms of we have been, at present, undergoing a gap analysis, an assessment of our own organization and an identification of these skills and competencies that we need. One of the things that have definitely come up is that we need to do a proper organizational review to properly understand who we are, where we are and what we really need to be an audit office of the future and an audit office of now. So these are the initiatives that we are embarking on at present.

To assist us, well we know that there is a limitation of finances, but generally one of the processes that is included in a value for money or a special audit is that, where needs be, you can outsource for a particular expert. However, due to financing limitations it is very difficult for us to outsource to get a financial or a non-financial expert. Let us say we are doing a project, a value for money let us say on the Ministry of Works and Transport and we are trying to assess maybe the type of paving that is being done one would need to look at the quality of the paving. We would want to look at the quality of the material. So you would need to have an expert on hand because we as auditors or we as accountants would not be able to address that. And in order to hire an expert you need finances, and so you go back again to your resource limitations. So these are some of the challenges that we face as well.

Mr. Chairman: Sen. Gopee-Scoon.

Mrs. Gopee-Scoon: Thank you very much and good morning to you all. And coming out from your last responses to the question posed to you by my colleague it brings me to the way we function together in terms of the Public Accounts Committee and the Auditor General's Department, in terms of the commonality which we have in the scrutiny of financial accounts and how we can work together. Because looking at the citing by your good selves of these pervasive problems, the common problems that prevail over time, over decades, where do we go from here? And the thing is, we have to recognize that they are reoccurring.

What is your role in assisting us and/or in us working together in ensuring that we stem these common issues? Do you see yourselves as having a role and how can we work together, as I said to stem these common issues? And we talk about conflicts of interest and cases of theft and so on, so annually we get the same problems. But are you going to help us fix it and how are you going to work with the Public Accounts Committee, and how can we work with you in having proper oversight over these particular common issues?

Ms. Pujadas: Okay. Good morning again. Well I would want to start off by saying that the role of the Auditor General is integral to the oversight mechanism of which you form part and I think your role as Public Accounts Committee members is key. We are there really to facilitate that. We are there to provide assurances to you and to the general public at large, to the citizens at large, that the funds that have been entrusted to public officers are being used for the purposes for which they were intended and they are being used properly.

In particular, if we look at the Exchequer and Audit Act, section 9, it speaks about waste an extravagance. And, I think, when you speak to us, and this is what you are asking us to account for. You are asking us to go beyond the veil, to go beyond the financial figures and speak to you about whether or not Ministries and Departments, accounting officers, accountable officers are utilizing the funds. And so therefore, what you are really speaking to is an expansion of what we recognize, it is what we would call our value for money section.

At present, our value for money section has seven people. We have at present only 98 audit officers. We are supposed to have 217. We have 98 in place at present, and of that number, seven have been allocated to what we would call doing value for money audits. They are working on two at present and they submitted two recently. So this is what it is really calling for, an expansion of that. At the same time we need to continue to maintain our mandate under the Constitution of the financial audit. So we need to continue that as well.

So, I think, I recognize and we recognize as a department and the Auditor General recognizes as a department that we need to improve on our oversight and we do need to work together with the Public Accounts Committee, and I think we also need to look at our communication strategy. We have gone forward with a request and we have gotten approval for the hiring of a communication specialist, because again, we are accountants. We are not versed in the art of speaking as politicians are. [*Laughter*] So, we do need someone to help us communicate the messages and also to help us better understand how our citizenry, and by way of extension, the Public Accounts Committee, would like those messages to be delivered. Because we do recognize that we write as accountants and maybe in so writing it is not easily understood.

Another avenue that we are at present exploring is, of course, we do put our Public Accounts Committee reports and other reports, our value for money reports on our website, but I am not sure how much of the population is aware that we even have a website or even go to the website to resource the information. So, we do recognize that we need to have a defined communication strategy and that we need to really be out there and that we need to liaise with the Public Accounts Committee which is a non-partisan Committee in a more effective manner. And I think that is all I can speak to at this point in time. Ms. Serville would like to comment as well.

Ms. Serville: Yes. Good morning, Member of Parliament Gopee-Scoon. Yes. You asked about the pervasive issues as well. Some of the pervasive issues that keep occurring every year and how you can help us to address it. One such issue that comes to my mind immediately is the non-production of the lease agreements that we report on every year. And we are being told by the accounting officers that this is outside of their sphere, their control, and this function is vested really in a department, Property and Real Estate Services Division, so everything goes there, which really causes a backlog.

So, we are saying, if each Ministry/Department has a legal officer and that officer is given the mandate to prepare these—we do not know, we are looking at solutions here—that can possibly be a solution to clear up this particular backlog. That is just a suggestion coming from us because, you know, you are asking how you all can assist us, maybe that is an area that you can look at.

Mrs. Gopee-Scoon: I have a view, but before that I want to say publicly that this Government is committed to supporting and strengthening the Auditor General's Department, and I am sure that you have seen evidence of that. But going back to our discussion, my own view is that your role is more focused—it has an entity focus rather than an issues focus and therefore, this is the way that the PAC also functions to my mind. So that we take the entity and do the scrutiny, entity by entity rather than taking the issues, and then taking them issue by issue and working out how we can put the systems in place to ensure that there is correction to the issues. So that I would like to hear comments to move away—not move away, but instead of entirely being entity based, to be issues based, and that way we can see some way forward to dealing with these common and pervasive issues that are before us year after year.

Ms. Pujadas: Well, I would go first but Ms. Maharaj also has a strong view on those things. First of all, I would say in context wise, if you would look at what comes before you and you look at section 116 it speaks to the accounts which by definition really speaks to financial statements. However, section 9, we utilize section 9 of the Exchequer and Audit Act which really speaks about waste and extravagance, to cover what you are addressing which is the concept of issues.

Now if one understands the concept of value for money—value for money when it looks at things of efficiency, effectiveness and economy, in that instance one is not looking at specifically the accounts although the accounts may have a play. What we are really looking at in those cases are the issues, and what we would do is hypothesize about those issues and then seek to find evidence as to whether or not that particular hypothesis has been worked out.

Now as I explained earlier, we need to expand on that because we recognize that that is what the citizenry is calling for, but we are limited because, one, the Constitution and the Exchequer and Audit Act require us to do particular reports on the appropriation accounts, the financial statements which are very large and onerous.

Secondly, the accounting framework that we are at present under, which is again I repeat, stems from 1959 is one that really speaks about line item accounting as far as Ministries and Departments are concerned, and therefore, it does not raise up the potential for us to really report on issues, and issues come forward when we begin to see that they are pervasive and therefore, we raise it as pervasive issue when we begin to see that we are in Ministry X or in Ministry Y and it is the same issue arising. Then when we look at it holistically we see that this is a pervasive issue and that becomes a red flag which we would send to our value for money section to do further inquiry and further investigations.

But again, what it speaks to here and what your needs are, and again I repeat, we recognize what the citizens needs are, is that we need to holistically look at the accounting framework that exists at this point in time. Because as it stands, what accounting framework do we have? We do not have a stated accounting framework. We do not have a stated standard to which the accounts adhere to, especially the public accounts. We speak that we do a cash accounting, but our financial statement is not presented in a manner that is in keeping with the current international standards, IPSAS, as far as cash based accounting is concerned, nor is it required to because the legislation does not speak to that. The regulations do not speak to that.

So the issues that are arising are much greater than what the Auditor General and the office of the Auditor General can do. There needs to be a holistic look at the whole accounting framework and the delivery of the reports that are required from that, the monitoring elements. And I think, Ms. Maharaj would really want to speak on the issue of monitoring as well.

Ms. Maharaj: There are certain underlying things that cause the weakness as far as we see. One would be, of course, with the old or archaic, I like to say, regulations with respect to the accounting framework. So one of the first things that need to be tackled is the accounting framework itself. I know the Comptroller of Accounts has embarked on a project to adopt the International Public Sector Accounting Standards, and if you all can assist the Comptroller of Accounts in ensuring that that project goes on and becomes implemented successfully, that would address a lot of the issues that come up all the time.

The other thing is need for an integrated financial management system and Comptroller of Accounts has been attempting to do this for a number of years maybe 20 years or so and it has not actually happened. Right now there is a project. I think, it needs a little renewing, but if you all could support that project that would also assist in the issues that keep coming up.

A third thing would be the internal audit. The strengthening of internal audit is a critical thing to ensuring that public funds are used wisely. So, I believe, there is some action in that sphere also, but again things happen across the years, projects start and projects stop depending on who sits in the relevant decision-making chairs. But these are critical elements that need to be maintained across whatever administration is there and they need to be supported to ensure that the accounting function is done properly.

A fourth thing would be the adequate staffing and training of accounting staff across Ministries and Departments and people in the monitoring roles because that is where we see a lot of weakness. Accounting units, monitoring units are severely understaffed and under-resourced. They do not have the appropriate skills and competencies to do the job.

And the fifth thing that we would recommend would be the introduction of performance indicators. Now, when you have the performance indicators set and mechanisms to monitor and report on the performance indicators, we would be better able to do value for money type special audits to say whether Ministries and Departments are achieving what they set out to achieve with the funds that they have received from Parliament.

So these we would say are the five major areas that need action, otherwise we would find ourselves in the same situation year after year as we have been. Yeah.

Mrs. Gopee-Scoon: Right. Thank you for your responses with regard to these questions on systems and operating to international best practice and so on. And, Chair, might I say that these are issues that we should really look at the PAC and it would be very supportive to the role of the Auditor General.

Mr. Chairman: Well, that is why we are here and that is why we are having this meeting. Sen. Samuel.

Mr. Samuel: Good morning again.

Ms. Pujadas: Good morning.

Mr. Samuel: Does your Auditor General Department have a monitoring unit? And I ask that, when there are findings in previous reports, what mechanism of monitoring the implementation of these findings and the recommendations from the AG's department? What is the process of monitoring to make sure and to ensure that these recommendations are implemented?—or is it that it turns up in a report and it is just left as is?

Ms. Pujadas: I would not say that it is just left without—first, directly to answer your question, no, we do not have a monitoring unit. However, as part of our standard audit procedures, what would be required of us is that every time we go in, we review what we have issued as management lettered points. And those management lettered points that have also made the report because not all the management lettered points make the report, and we would review that with the accountable officers and the accounting officers to see what action has been taken. Where no action has been taken and it has been deemed pervasive, it ends up in the report under the pervasive issues category.

But we do not specifically have a dedicated follow-up.

I would suffice to say though that I am not sure that it is the responsibility of the Auditor General to ensure that things are implemented. I think it is the responsibility in terms of the Treasury to ensure that these issues that have been made with regard to breaches in internal controls and breaches in terms of financial matters, that these things, the recommendations are looked at by the accounting officers and steps are taken by the accounting officers. Because at the end of the day the management of a Ministry or Department is the responsibility of the Permanent Secretary and the accounting officer, and it is their role to take what we have recommended to the best of their ability and as best as possible to take it forward and to get it implemented. We are there to ensure and provide an oversight and to point out where things need to be addressed.

Mr. Samuel: But what has been the responsiveness of the Ministries and Departments to your recommendations? How responsive are they?

Ms. Maharaj: Well, again it depends on who sits in the chair, who sits in the chair at each Ministry and Department. One problem we have been having is there have been frequent changes of accounting officers. I mean, it is so difficult, by the time they get the management letter, the person who gets it is actually not the person who was there at the time of the audit or who was responsible for the transactions. So there are frequent changes and this hampers actually the implementation. Right.

Certain persons have been very, very responsive and in the last, I would say, couple years before, the Treasury has actually—well the Minister of Finance had actually called the Permanent Secretaries together on a number of occasions and insisted that they need to address the points raised by the Auditor General, and we saw a great difference in implementation of our recommendations. People actually started doing, you know, implementing them. So I think a lot rest with, as Ms. Pujadas said, the Minister of Finance, the Treasury, the Permanent Secretaries just doing what they are supposed to do with respect to the accounting.

Mr. Chairman: All right. I just want to thank you for your responses so far. I think they have been very full and very straightforward and pointed in some instances and I am very grateful for that.

I note, based on the conversation we have been having though that you have some small problems that can be fixed with effective recommendations for the system, like the issue of lease agreements relating to property and real estate, et cetera, if these things could be addressed across Ministries by a specific function in a Ministry. The issue of compliance of other institutions that are supposed to report to you is a problem that you have identified as being outside of your control and power, so that is something that we need to find a way of fixing.

And the third issue, the issue of the Board of Inland Revenue and the differences of opinion as to who has access, et cetera, is something that you say is being addressed by the Attorney General's office at the present time. So that those things that have to do with fixing the existing system, it seems to me that there are recommendations that can actually result in progress.

But you also raised five big-ticket items and this was really outlined by Ms. Maharaj which is the accounting framework which the acting Auditor General highlighted, but you reinforced, which is that we need a modern, contemporary enlightened accounting framework. We needed to speed up the process of the integrated financial system. I know a little bit about that because I had a hand in trying to force that issue because the Ministry of Finance and the Economy and the Ministry of Planning and Sustainable Development, at the time, had to ensure that, in fact, the work took place in a collaborative fashion, so that both the general accounts, recurrent accounts and the development accounts could be brought together in a meaningful way and all the Ministries could be connected.

The internal audit function, you basically said that was a public service or a ministerial function not really yours and had to be fixed by the Ministry or the public service. I understood you to say that. And of course, the staffing and training issue raised for the Auditor General's office and the existence of performance indicators so that you could better monitor whether value was really gotten for the money expended.

Now these are very important things and we would like to be able to include those things in any recommendations we make to Parliament, so to the extent that you can give us the supporting arguments for it, I think it would be very valuable and I would like to ask you to do that.

But again, with the public in mind, a number of kinds of audits were mentioned by the acting Auditor General, Ms. Pujadas and I just want, very briefly, just so people appreciate and understand what is involved, explain to the general public what is a financial audit? What is a compliance audit? What is a value for money audit? What is a special audit and how it is triggered and what is a forensic audit and how that is triggered, and what is the role of the Auditor General in that process?

Ms. Pujadas: Okay. Many questions in one go. A financial audit basically is an audit in which an auditor is required to give an opinion on the truth and a fair representation of a financial statement, simply put. A compliance audit, again, is an opinion-generated audit. So you are giving an opinion as to whether to not the rules and regulations have been complied with—

Mr. Chairman: Followed. Yeah.

Ms. Pujadas: Right. But you are offering an opinion. As well as financial statements, you are offering an opinion. A value for money audit is basically an audit in which we look at whether value has been achieved. And in terms of where value has been achieved, you will look at three elements in the main; efficiency, whether something has been done in an efficient manner; effectively, what was the outcome and whether that particular outcome has been achieved to the desired result—has it been effective; whether there was a negative outcome because sometimes you have an outcome and you have an outcome that was not anticipated, and it may be a negative outcome. So we would look at that. And that is basically your value for money. And of course, you look at moneys spent, resources utilized, the economic issues.

A special audit really and truly can be anything. And in fact the Exchequer allows us to do a special audit. So it can be an audit on any particular issue that the Auditor General may feel that maybe we need to look at in a focus—and then we could devise a particular audit plan and a particular audit strategy in achieving that, and then we would present that report under the direction of the Exchequer to Parliament accordingly.

11.30 a.m.

In some schools of thought they would say that there is no such thing as forensic auditing. Some schools of thought say that it is forensic accounting. Forensic accounting is basically concerned with the law, and you are concerned with issues of embezzlement, fraud, these sorts of things, as it speaks to the jurisprudence of the law. So in relation to that a forensic audit might be taken into consideration as to whether or not there has been a suspicion of a fraudulent act taking place, or a corrupt act taking place, then the audit would be specific to that. But, again, as I relate to it, it is in relation to the law.

Mr. Chairman: Okay. And the Auditor General, and his or her office, has powers for all of these entities?

Ms. Pujadas: I would say no.

Mr. Chairman: You do not?

Ms. Pujadas: No. I would say that we have audit—we do not provide an opinion in terms of compliance auditing, however, as part of our fundamental activity, compliance is a key component, and where there are breaches in compliance we seek to report those breaches. In terms of value for money, as I have said, we generally try, or endeavour to produce a value-for-money report on a core issue that has been identified. In the past we have also done special audits. I believe in the past we may have done a special audit on VMCOTT, and things of that nature. Forensic audit, we at this point in time do not believe that we have a remit for forensic auditing, and I would endeavour to add, nor do we have the competency to do a forensic audit.

Mr. Chairman: Yeah, well, that was the other issue that I was going to, which is that you may have jurisdiction and you may be able to initiate but you have a resource limitation, a resource problem. But you feel you do not have the power for a forensic audit?

Ms. Pujadas: No. I think we strongly feel that we are at the present time, and based on the legislation that we have in existence, we do not have that. In fact, I would endeavour to say, as far as value for money is concerned, as well, I think in one piece of the legislation, the Regional Health Act, I believe they have specified that we do a comprehensive audit, which is a term that was used many years ago to reference to a value-for-money audit. Other than that piece of legislation, we use the Exchequer to do—which is with the issue of waste and extravagance, and we expound on that in terms of value. I just want to draw your attention to—in terms of your summation of the framework and the things that we endeavour to make, we just wanted to clarify, as far as the internal audit function is concerned, it is the responsibility of the Comptroller of Accounts. Just to draw that to your attention.

Mr. Chairman: Okay.

Ms. Pujadas: We would also want to draw attention that one of the other points we were speaking of that there needed to be, across the board, as strengthening by way of training of accounting personnel. At present accounting personnel are not dedicated, so that what you would just basically have accounting people go into the accounting units, who are maybe Clerks I and they are acting or promoted to Clerks II, and they may not have a particular desire to be in the accounting unit but that is where the promotion lies so that is where they will go. As soon as they can get an opportunity to leave the accounting unit, because that is not their desire to be in an accounting unit, they would leave. There is also not very much scope in terms of promotional ability for people to be in an accounting unit of a Ministry and Department. So we just wanted to clarify those points to you.

Mr. Chairman: Thank you. Thank you very much for the clarification. I will just ask one question before I go again to make another round of my colleagues, which is that, can you basically speak from your point of view to the issues related to autonomy of the Auditor General's Office?—and, therefore, their role and function in the system. Can you speak to that issue?—whatever you think is important.

Ms. Pujadas: I would like to say that in January of 2015, at the last UN, a resolution was passed which spoke to about the independence of supreme audit institutions. Supreme audit institutions is a term that is used to reference to public auditors, public sector auditors, so much so that we are a part of an umbrella body of International Organization of Supreme Audit Institutions, and we have a sub-umbrella, of which Mr. Ali as the Auditor General of Trinidad and Tobago is the chair, of the Caribbean Organization of Supreme Audit Institutions.

Now, in January of that year they had that mandate in which they had looked at specific declarations that have been made by the INTOSAI, more specifically the Lima Convention and the Mexico Declaration, which spoke to the independence of the audit office. And, in so doing, they had certain benchmarks, certain roles, certain models that they utilize that spoke to the independence. Independence speaks to not only a constitutional independence, which, by and large, I believe we have. We have a constitutional independence, but it also speaks to the ability to control and manage your human and financial resources, and the Mexico Declaration, in particular, spoke to that. So much so, that if you look behind me you will see some people of the different hue, and these people are actually here as part of the INTOSAI, and they are actually looking at us and peer-reviewing us in terms of the issue of independence. So we are awaiting to see where we are benchmarked against the criteria that they will be assessing us against.

So that is how I am speaking to autonomy. I would say that, constitutionally, we have the right constitutionally, independence. The Auditor General is not subject to the direction and control constitutionally, but if you look at it financially, we are, and if you look at our human resourcing, because our staffing is basically—we are all public servants, and, therefore, we are all subject to the Service Commission; therefore, even our human resources are also being controlled, and therefore we do not have that autonomy in terms of terms and conditions. Because we are public servants we are subject to the Chief Personnel, so we too, that again impacts on our ability and our autonomy.

Mr. Chairman: Yes. So there is a challenge between the constitutional provision and the mechanics of operational life, basically?

Ms. Pujadas: Well said.

Mr. Chairman: All right. Okay. Very well. We will go another round, I will start on this side this time. Sen. Samuel, go ahead. If you are not ready you can give way and we can come back to you.

Mr. Samuel: Who audits the Auditor General?

Ms. Pujadas: The Treasury.

Mr. Samuel: And if there are findings, has there ever been findings of pervasiveness?

Ms. Pujadas: That is a very difficult question to answer, but there are findings; we normally receive a management letter and in that management letter there would be certain points, but I would like to be truthful, the issue of the lease agreements, that is pervasive; it is also pervasive with us as well. [*Laughter*] I am being truthful.

Mrs. Gopee-Scoon: Thank you. At the end of the day, and you spoke about this a little earlier about your communications, and I come back to this whole question of transparency and accountability, which we see you, as the Auditor General's Department, wanting to ensure transparency and accountability in the way the public funds are expended, and so on, and this is why we are here as well. And in that regard, what we are working towards would be the public having trust and confidence in the way the Government bodies act, and how they spend money, and so on, and you spoke about you wanting to have a communication specialist to assist you in that function, in getting out your message to the public. But more than that, I think what I would like to be informed of is your entire communication strategy, what you want, and I suppose that sits within the strategy of their department, which I would like you to speak of as well. But what we want to ultimately get to is, two things, the trust and confidence of the public and, also, the second thing, their participation in the governance of the country, but bringing it down to our roles here, we want them again participating in seeing how the department evolves, how all the Ministries evolve in terms of transparency and accountability, and so on. We want public participation. We want to see that when we have these meetings that our halls are filled with the members of the public as well. So, going forward, again, I come back to your strategy, rather than a person, what is your communication strategy?—and perhaps what is our joint strategy here today, the Public Accounts Committee?—and your committee, in terms of having public participation and ensuring their trust and confidence in the work that we are doing, and the Government, and the Ministers are doing, and so on.

Ms. Pujadas: Again, that is a very difficult question to answer, because I have to be truthful, we have a draft communication plan which has not been formalized, or has been addressed by us as a whole, as a department as a whole. That plan was formulated by—at the time we had a contracted worker that was our communications specialist and due to financial limitations we did not renew the contract, and we have not moved forward as far as that strategy is concerned. So we have to look at that, and we are in the process because our last Strategic Plan ended in 2015, and we are now embarking on our new strategic initiative. We have not formalized that statistic imitative as yet. What we have done thus far with the assistance of the IDB and a consultant, in this regard, we have done a gap analysis assessment of the department against the INTOSAI's Performance Management Framework for public sector auditors. We have gotten a draft report on that. That report has not been quality assured yet by INTOSAI, so I would not want to speak on that as yet, but we have gotten a significant assessment and significant gaps. So why I was able to speak to you on the issue of communication because this is one of the areas that we are lacking, as far as the standard is concerned, as public sector auditors, but we do not have a defined strategy to expound to you at this point in time.

What we do have, as I said, is that we have a website, and we do allow—on the website we have a place, of course, where people can contact us or give opinions. More than that, I think that we have always had a reputation to the public at large as an entity that is independent. We are, and often we receive, by way of letters, about the things that are happening, perceived things that are happening. We receive letters from—even anonymous letters from people within Ministries and Departments, and so that, you know, we gather that information, we share that information; it helps us sometime in our planning. Where we are unable to pursue, by we are not having the requisite remit to pursue, we would communicate with that letter if it is not anonymous to advise them that we do not have the capacity or the remit to pursue it at this point in time. So, that is about as far as—limited as it is, that is about as much as we have done in the past to communicate with the citizenry at large. I know it is inadequate but that is as far as we have done.

Mr. Chairman: Thank you. Mrs. Webster-Roy.

Ms. Pujadas: Perplexed.

Mrs. Webster-Roy: Yeah. [*Laughter*] So what happens with public participation? So is the public able to trigger an audit or submit something for audit?

Ms. Pujadas: Well, they can. They can write to us, communicate to us, or they can leave notices for us on our web page, for which we will go through and analyse. They can do that. Oftentimes, what they have raised in the past have helped facilitate some of our special audits, you know, because certain audits that we did was triggered by a letter that we received, you know, alluded to certain breaches, and that would have triggered further enquiry, and based on whether the enquiry panned out, that would have triggered a full-scale investigation, or a special audit, as we had called it then.

Ms. Webster-Roy: Okay, thanks.

Mr. Henry: After looking through this document very carefully, and noting a lot of the noncompliance and non-submissions of leases, contracts, I am a bit worried that your entity, the Auditor General's Office is not being taken very seriously, and I would like to know, you know, what could we do to fix that, because this is a list of woes, basically, here, throughout this document, and to just have this continued does not really makes sense. So what could we try to get in terms of more teethinto this, into the functions and role of this Auditor General? You seem to have it in, as we said before, in legal status, because it is clear the powers of the Auditor General, but then based on your—

Ms. Pujadas: But the legislation does not speak to sanctions, right, and so therefore the Auditor General does not have the power to sanction. So, as a result of that, I mean, we live in a society where people seem to need to be sanctioned in order to do the right thing, and at present we do not seem to have that in our legislation to provide us with that sanction. I think there is surcharge—Ms. Cockburn, you can expand on that and then Ms. Maharaj would comment.

Ms. Cockburn: If I may, I think I recall it being suggested at some point that the bodies who are late in submitting financial statements, re: audit, all come under the influence of some Minister or Government, and it just came to mind whether the PAC may be in a position to exert some influence with regard to reminding Ministers of Government about this duty on the part of the bodies which come under their jurisdictions, and maybe to plead with them, to remind these bodies about the importance and the existence of the rules, and maybe to use their influence to exert some sort of pressure with regard to compliance regarding the statements. With regard to surcharge, I do not believe the power to surcharge—there is the power to surcharge for—I am not aware with regard to failure to submit financial statements.

Ms. Pujadas: No.

Mr. Chairman: Thank you very much, we would go to—

Ms. Pujadas: Ms. Maharaj.

Mr. Chairman: Oh, sorry, Ms. Maharaj.

Ms. Maharaj: If I may add, a lot has to be said for the tone at the top—

Mr. Chairman: For the?

Ms. Maharaj: The tone at the top. If the tone at the top, and the message that is communicated from the top is that we need to be an open, transparent, accountable public sector, we need to seek the interest of the public, and we need to have good governance procedures, and, you know, a lot has to be said for what can be done from the top, and that is one thing that Ministers could consider, you know, in meetings, whatever. Like, as I referred to the previous Minister of Finance who did this and it caused a wave of change, just by calling the PSs and saying, "Look, I do not want to see these issues coming up in the management letters anymore", and it did make a difference. So, I would like to plead to probably the people, the decision makers, the people at the top, to find some solutions to instil that sort of culture, a culture of openness, transparency, accountability in the public sector.

Mr. Chairman: Thank you.

Ms. Serville: If I may add to that same topic, in the past, Ministries and Departments never even bothered to reply or respond to our management letters. Before, as Ms. Maharaj said, the Minister of Finance speaking with them, or so, so now they actually respond to our management letters, however, when they respond they would say that they are implementing our recommendations, but when we go in, in the following year, we would see the same story, they have not been recommending. So, maybe, I do not know, it is a suggestion, maybe there needs to be some sort of penalty, or something, for the accounting officers to implement recommendations, and so, in the management letter. Simply a suggestion.

Mr. Chairman: I find it kind of crazy that they would not even respond to your letter though. Go ahead, Senator.

Dr. Mahabir: Thank you very much, Chairman, and I want to take up the last point that was raised by the Audit Executive II, Ms. Gale Serville, and that is the issue of sanctions. It has been settled, one cannot audit without documentation. You simply cannot audit without documentation, and at the very beginning we are told that some entities failed to provide the documentation. A suggestion has been raised, let all supporting invoices, contracts and documents that you need to perform and discharge your functions now be made available electronically to you, and that the accounting officer who fails to provide a soft copy, because storage may be an issue, should be disciplined. So we need to look at the disciplining mechanism for an officer who has been non-compliant with respect to supplying the information, and I think that is one recommendation that is coming out. You indicated that we may need an amendment to the law so that the information supplied to you electronically will now be legally acceptable, so that is one area that we have, I think, settled on, we can amend the law. Are there other areas, and we need to look at the sanctions, on accounting officers who failed to comply with supplying the relevant data and information, leases, agreements, contracts, and so on? But are there any other areas in the law which you think will require a minor amendment on the part of the Parliament that you could recommend now that will allow you to discharge your functions more efficiently? I know you spoke about it, we are operating with a 1959 accounting framework. In my mind, as we adjust that, there will be a time lag before we get up to date, but in the interim are there any low-hanging fruits in the area of legal legislative changes that you can recommend, apart from say, electronic data now being legally acceptable? Any other thing you would recommend so that the Public Accounts Committee can consider, and when it comes before Parliament we simply say, we accept and we approve, and move on.

Ms. Pujadas: I would want to defer this to our legal officer. We had submitted some low-hanging fruit amendments that we wished to suggest, but I think rather than speak of it here perhaps we need to give it to you and present it to you at a later date so that we would be more precise, because, as it is matters of legal matters, I would not want to speak something that is not accurate. But we did—Ms. Cockburn, you can expand on when we submitted those and to whom we submitted it to.

Ms. Cockburn: Approximately, I would say roughly a year and a half ago we started discussions with the then Minister of Finance with regard to short-term amendments to the Exchequer and Audit Act. I want to say as well, our initial challenge with regard to legislative amendments is that the current legislation which governs our operations does not even belong to us, loosely speaking. We do not have formal jurisdiction over the Exchequer and Audit Act, which is the main piece of legislation which speaks to our powers and duties as an Auditor General's Office. We have to lobby for support with the Minister of Finance to even have amendments to this piece of legislation considered, and effectively we did start a conversation on that a significant time ago.

With regard to short-term amendments, which were suggested to the Minister of Finance a while ago, a main area for us, for example, is that we have noticed as an office that the modern trend is more toward value-for-money audits. Yes, financial audits continue to be important, but value-for-money audits seem to be what citizens, and even possibly PACs throughout the world, seem to see a little more value in. As was mentioned before, because of our current resource shortcomings, we are of the view that we, in the very short term, would like to see legislative amendments which clearly spell out our right to perform value-for-money audits.

As was said before, there are provisions in the Exchequer and Audit Act which allow us on some interpretation to justify such an audit, but based on international standards those provisions are not as clear as they should be. If those changes could be made that would make it easier for our office to clearly point to the law which empowers us to expressly carry out value for money and other non-financial audits, as were mentioned, and this would give us a stronger point from which to demand resources to fulfil this need. Our view is that, both with regard to protection in the event that we attempt to expand our value for money role, and with regard to lobbying for resources, to do so it would be ideal for the law to clearly spell out such a mandate, which would give us the strongest position from which to lobby for those changes, or those resources.

Also, other amendments which were suggested were—our suggested amendments, first of all, were guided by internationally accepted standards for organizations such as ourselves. We considered, we put forward a proposal for the law to clearly spell out, for example, legal immunity of the Auditor General in the exercise of his functions. We lobbied for changes which would enforce our access to information, for example, the Board of Inland Revenue issue was the main challenge for us, and, as mentioned before, that is currently being addressed. And a bit more peripherally, along with those changes, because we are of the view currently that the law more directly speaks to committees, and committees considering financial audits, we were of the view that the need and right to consider non-financial, and, in particular, VFM audits of the Auditor General, could be more clearly spelt out in the law as well, to go hand in hand with our expressed right to conduct such audits.

Those were the areas that we attempted to address in the short term. In the longer term, as mentioned before, because of the internationally accepted need for supreme audit institutions to be independent, based on the principle that we ideally should be independent of the persons we audit, which would allow for the least conflict of interest, in the long term we propose to move for more financial independence, and more independence with regard to our own recruitment, but those are, in our view, for the longer term based on the existing realities.

Ms. Pujadas: I just want to add one more thing in putting to the context of what Ms. Cockburn is saying. These issues are being raised in particular because we have felt that we have a limitation in terms of our remit. In reality the public wants us and expects us to follow the dollar; in reality we cannot. We do not have the right of access, in many instances, to follow the dollar. More specifically, we speak about the special purposes, and I would like Ms. Serville to expound on that a little bit.

Ms. Serville: What Ms. Pujadas is saying, we feel limited that in area, in that we feel that we are unable to follow the dollar, especially to the special purpose companies, because sometimes when we make an attempt to go into those companies to audit we meet brick walls, and we are told that these companies have their own auditors and we cannot—we are not allowed in, so to speak. And if you look at the bulk of the money that is transferred to these companies, we feel that in order to improve the work that we do, and our reporting, we need a clear mandate to be able to follow the dollar into these special purpose companies.

Dr. Mahabir: Mr. Chair, a follow up to that, I was a member of the Public Accounts Committee in the last Parliament and I was not aware that you had made these recommendations, so may I suggest that you not only lobby the Minister of Finance but you lobby members of the Public Accounts Committee as well, with respect to these legislative changes, so that we can assist in strengthening the institution of public auditing in Trinidad and Tobago. Thank you.

Ms. Pujadas: I want to say thank you very much for that suggestion, Mr. Mahabir, and, actually, in terms our sort of preliminary strategic direction in which we were discussing as the executive leadership team, we were looking at having discourse, and I think we have had preliminary discourse with the chair of the PAC and the chair of the PA(E)C with regard to some of these legal issues that we are facing, so your point is valid.

The other point that we wish to clarify though is with respect to the use of electronic data. At present, while I agree with you that electronic data is a source, we would need as auditors, one always needs to see original documentation. You know, so we just want to draw that reference to you as, you know, we need to see an original contract in most instances. So, thank you very much, Sir, for your suggestion.

12.00 noon

Mr. Mitchell: I may have missed it, but the audit into the Auditor General's Department, how often are they done, and how are they made public, if they are made public?

Ms. Pujadas: Okay, they are done annually and they are done by the Treasury. So basically the Treasury is the Minister of Finance. Generally, the auditors come from the Comptroller of Accounts Department and they audit us. As far as I know, the audit opinion which they prefer on the appropriation account is given. I know that we generally, I think when they compile the audit of the public accounts they would put their opinions as to the status of our finance statements in that.

However, when we compiled it for our report, because the Minister of Finance or the Treasury has not signed off on it as yet, because of when we do a compilation date it may not be necessarily be on our website, but it would be included but unsigned on terms of the opinion.

We have recently felt that there was a gap, in terms that the appropriation side, it has been standard practice over the time for an opinion to be given but such an opinion was ever offered as far as the statement and receipts and disbursements were concerned. And so we have recently requested the Comptroller of Accounts by way of employing the Minister of Finance and the PS Finance to also consider giving an opinion on the statement of receipts and disbursement as well. So we have sort of pushed them in that direction by putting a paragraph in for them to consider if it is clean. There are no major material issues for them to consider signing off on it as well, so that when it is compiled with the others an opinion is given.

Mr. Mitchell: All right. With respect to whistle-blowers, members of the public who would write with complaints to the Auditor General's Department, can you tell us: how many do you really receive per year? And is there a test that the Auditor General would apply in actioning or taking these complaints seriously? And what protection, if there are any internal ways that you can protect the identities of these whistle-blowers?

Ms. Pujadas: Well, I cannot give you an exact number per se. I would have to really go through and see how many, in terms, of whether it is one, two, three, four, five per year, in terms of whistle-blowers. We do not have any whistle-blower policy in our legislation nor do we have a policy in terms of protection. Generally though, I think that we do by and large if somebody does take the time to write to us and indicate an issue, we take that issue, its relevance.

And so, therefore, we would look to pass it on to the relevant department to which that particular—because it might be a Statutory Authority or it may be a public entity or it may be a Ministry or Department. And so therefore we would pass that point, not necessarily the letter, but we would pass that issue on for further inquiry. Based on the results of that inquiry it could designate into a full-fledged special audit being taken or being incorporated as part of our audit plan for that particular entity or Ministry. Ms. Cockburn would also like to address that point.

Mrs. Crichlow-Cockburn: If I may just add, currently there is in existence a Whistleblower Protection Bill which fortunately seeks to, in my view, regularize precisely these types of issues. Under that Bill, the Auditor General's Department is to be a designated authority which would require us along with the other proposed designated authorities to have an internal unit which will formally address precisely things like this, for example, letters or complaints which may come anonymously or not, from the public and from persons in any entity which is funded by government money.

Based on the Bill, it is clear that a need has been recognized to regularize and formalize precisely these types of issues and the Bill actually sets up exactly how the system would work. And I believe upon the passage of the Bill and implementation, the details of how it would work and the chain of command, et cetera, would be fleshed out and would seek to address the concerns which I suspect prompted the query. I would say it is in the process of being formalized in the form of that Bill.

Mr. Mitchell: But at this stage all it would take is a letter to the Auditor General. Last question, is there some international best practice or quality standard that the Auditor General's Department would try to attain?

Ms. Pujadas: As I said to you, we are under the umbrella of the International Organization of Supreme Audit Institutions. As part of that they have produced standards, international auditing standards which we must be complied with. As part of, pre-that, independence as I said was part of that, that is Standing No. 10 and Standing No. 11. As a result of that we have a repair review team right now evaluating with us.

Prior to that, as part of our gap analysis the consultant actually used the performance framework by INTOSAI which is a performance framework for public sector auditors to assess us. So we are assessed against that benchmark, of public sector auditors and not necessarily private sector auditors. Because you will understand that private sector auditors are driven by profit and we are here for the citizens of Trinidad and Tobago.

Mr. Mitchell: How close are you to the benchmark?

Ms. Pujadas: We have not gotten the report yet, but the benchmarks would vary because there are different criteria for different such things. So I would say, because we have been retooling in terms of value for money and we have retooled our processes to be in line with the standard, as far as the performance auditing is concerned although the score of four being the highest we got a score of three.

However, in terms of our financial audit, because we are now still in the process of retooling and implementing what the national auditor office of the UK has been our mentor in this regard has said, because we have not finalized our manual in that regard and we have not rolled it out to the entire population we actually only got a score of two and that is just the basic, because there were about 23 matters that we were assessed against. So I cannot give you the entire score, but I am sure that those two are the ones that you would be most interested in.

Mr. Chairman: All right, thank you very much. Just for the general information, I wish to indicate that the representatives of the International Organization of Supreme Audit Institutions are present in the public gallery and are in fact witnessing this process as we engage the Auditor General's Department. Now, you know, in all of this we talked about the accounting officers, the accounting process, the limitations, et cetera. Where does a Minister fit in the audit process? How insulated or included is he or she from the audit process.

Ms. Pujadas: I refer back, I will always reference everything back to the Exchequer and Audit Act or the Constitution. In this regard, in the Exchequer and Audit Act the Minister is mandated to obtain the observations of the Statutory Boards on any matter which has been called at his attention by the Auditor General in his report. And such observations are to be presented to Parliament in a report.

So according to the Act if the appropriate Minister fails within a reasonable time to present the report to Parliament the Auditor General may freely do so. And I am speaking in terms of the statutory.

Concerning the audit of the public accounts I think the main player as far as the Exchequer is concerned and the Constitution would be the Minister of Finance. And under the Constitution, the Auditor General is required to submit reports on the public accounts annually to the Speaker, the President and to the Minister of Finance. So therefore I would say that Ministers have a role in terms of ensuring, I suppose that the reports of the Auditor General, because certain legislation speaks to specific, the Minister responsible, the legislation would say the Minister responsible.

So therefore the Minister is responsible for ensuring that matters reported on by the Auditor General are, in fact, reaching Parliament so that they can be addressed by the necessary committee. So in that regard, I say, yes, a Minister does have a role. I say that the Minister also has a say in making decisions regarding expenditure of public money because they are setting policy, and emanating out of that policy would be certain implementation matters that need to be rolled out and wherever something needs to be rolled out there is always a cost involved. So I guess as part of their decision-making arm and policymaking arm they have an impact in terms of expenditure.

Mr. Chairman: It is important to clarify this in the public domain though, because, I mean, this is an area of great confusion and uncertainty, which is that, the Minister in a Ministry may make policy in collaboration with his permanent or his or her Permanent Secretary and Heads of Departments, but in the execution of the expenditure function in the Ministry—

Ms. Pujadas: That is for the accounting officer—

Mr. Chairman: Basically that is the accounting officer, the Permanent Secretary and other accounting officers in the Ministry.

Ms. Pujadas: Correct.

Mr. Chairman: And they are the ones that are actually covered by the Auditor General's mandate.

Ms. Pujadas: Correct.

Mr. Chairman: Is that correct?

Ms. Pujadas: That is correct. And I will also say to that the accounting officer is required again by the Exchequer that if they feel that something is being asked of them that is in their view, not in keeping with the proper rules and regulations that they are required to commit to, then they must act on it only on the written instructions of the Minister. And therefore they must make issues to it and they must document where they differ and require that the Minister puts in writing this. So that provides them some modem of cover in terms of their accountability issues.

Mr. Chairman: So, a Minister really cannot tell a Permanent Secretary what to do or make them do anything. And if he or she does in writing the Permanent Secretary has the space in order to indicate very clearly that they are acting under instructions—

Ms. Pujadas: Agreed.

Mr. Chairman:—or why they wish not to comply.

Ms. Pujadas: Agreed. But they should also act under the instructions, I think the legislation seems to speak that they should act under instructions. However—

Mr. Chairman: They document their position.

Ms. Pujadas: They must document their position and copies of that must be sent to the Auditor General and the Treasury.

Mr. Chairman: Okay, thank you very much.

Ms. Pujadas: Thank you.

Mr. Chairman: I have two quick questions. We will complete by 12.30 p.m. and I will try to give everybody a chance to ask at least one question before we close. I just would like to ask this one question, is the Auditor General's Department alert to the context and framework within which the department and the PAC can work together for the public good? Would you identify some of these possible pathways to progress in the public interest?

Now, I do not want to put you on the spot and ask you to identify these, but I want to say as we continue with this process that we need to collaborate and identify some of these areas that can strengthen the PAC, strengthen the Auditor General's Office and strengthen public accountability for public moneys. Okay? So we need not go into the details, if you want to mention one or two I would be happy.

Ms. Pujadas: I think that basically we need to have more collaboration in terms of more meetings set up between ourselves. I think we need to have a clearer understanding of what the membership of the committee desires of us and what they would like to see being reported on.

Mr. Chairman: Okay, well that is helpful.

Ms. Pujadas: I think if we open that dialog and the dialog has begun I think that will certainly help in a long way as to how we present our reports and the sort of content on how we frame the reports. So it is better understood by the members of the Committee.

Mr. Chairman: Okay, and before I pass on to my colleagues, if you had to identify—I know you identified many, but if you had to identify three things that we could do immediately that would make a big difference to the Auditor General's Office, what would those three things be?

Ms. Pujadas: Well staffing is number one.

Mr. Chairman: "Huh"?

Ms. Pujadas: Staffing is number one. We have a severe staffing limitation as you know.

Mr. Chairman: Okay, so staffing. What else?

Mrs. Crichlow-Cockburn: If I may, coming out of our discussions I would suggest, maybe, as much as it may not seem a very big issue, maybe, possibly reminding entities which are probably, constantly late in submitting financial statements, just a gentle reminder to them of the process and the importance of their facilitating the process.

Mr. Chairman: Okay. I want to let you know that the PAC has already written to all state entities asking them to bring their audited accounts up-to-date and report to the Auditor General. Okay. So we have done that and we will see now how that process goes. Is there a third one? Is there anything else that is important, that we could do and make something happen?

Ms. Pujadas: I think in terms of when you meet with the individual Ministries and Departments, obviously to address what Dr. Lester Henry has indicated, you know, they need to understand that it is not that we are here to berate the accounting officers. But we are here instead of the public and we are here to ensure that things are done properly and that the rules that exit, limited though they may be, that they are complied with and that proper controls are in place. So that they clearly understand that we are not their adversaries, that we are there to assist them, to help them in the management of their Departments and Ministries. And I think if that could be clearly articulated to them then we may have a better relationship with accounting officers. Because I think that is the key to improving the internal control functions of Ministries and Departments.

Mr. Chairman: All right. Very well. We will start with Dr. Mahabir and go around the table. Dr. Mahabir.

Dr. Mahabir: Thank you again very much, Chair. One quick question relating to what Ms. Pujadas indicated earlier. I always had the view that the function of the Auditor were simply to ensure that the accounts of an enterprise were true, correct, fair, accurate, and reflected the state of operations of the agency. You indicated that there was a major difference between the Auditor in the private sector and the Auditor in the public sector. What are the major differences between a private sector auditor and yourself?

Ms. Pujadas: A private sector auditor is driven by a profit and by revenue. And therefore when they presume to do their work their scope may not—because of that pursuing a particular cost may have a high expenditure turnover they may not particularly follow that particular trade, whereas I believe an audit office is an independent objective audit. And we are here really not about revenue. We are here about ensuring that oversight has been properly maintained and transparency and accountabilities achieved. And so, in terms of our audit scope and the nature of our audit work, we may not be looking just at the bottom line figure. We may not just be looking at the financial system. We may lift the veil and, in fact, we do lift the veil, because again I repeat, the Exchequer tells us that we need to look at how money was spent and whether it was spent for its intended purpose. So basically I think that is really the key difference between us as a public sector audit and a private sector audit.

Dr. Mahabir: Thank you very much.

Mr. Chairman: MP you need to—

Mr. Mitchell: Are there any circumstances, any circumstances at all that infringe on the independence of the Auditor General's Department.

Ms. Pujadas: I would say definitely that we have had, again, I would speak to the issue as Ms. Cockburn has addressed which was the issue of access to information, right of access to information of the Board of Inland Revenue, and more than that also financial resources in terms that, sometimes there is insufficient funds perhaps for us to pursue at a particular audit overseas. The distance of the particular embassy or may be as such that there might be a very high expenditure and that our allocation may not permit us to even consider that even though our risk profile of that particular embassy may necessitate that we pursue that embassy. Is there anything else that you guys think that we should raise? I think basically that has been our key limitation. We have staffing limitation, of course, and because we are public sector and because we are coming under the Service Commission, we have a significant number of posts that are vacant and that of course impacts on our capacity and our ability to really do what we would like to do.

Ms. Maharaj would also tell you that many times she wants to lift the veil even further, but we just do not have the staff to be able to lift the veil and if you heard at the beginning, this year we are auditing 2015. We have 51 Heads as part of the public accounts, not including the pension Head and not including charges of them. So that is a significant portfolio for basically 38 people to audit. That does not include the limitations we have as far as the Statutory Board. We have 58 statutory boards to audit. And then if you really also look at it, you know, we would also like to look because of the significant outflows, as Ms. Serville has raised, we would like to look at the outflows going to the special purpose companies. But again, one, we do not have the right of access and two, we really do not have the human resources to follow that trail. So these are some of the limitations that impact negatively on the performance of the Auditor General.

Mr. Chairman: Thank you very much. Sen. Samuel.

Mr. Samuel: I hear you reiterating the problem that you have with staffing and I am also hearing, I may be wrong, that it is not just staffing from a numerical standpoint, but from a competence standpoint. And you may have a full capacity, numerically, but are you getting the quality to make you an effective department? How has that affected you from the standpoint that you are not responsible for the staffing, but I think it is the Public Service Commission, and have they been hearing you with regards to the quality and the calibre of the people that you demand be assigned to the Auditor General's Department. I am hearing that, but I am not too sure if I am hearing too much.

Ms. Pujadas: Yes, Mr. Samuel. Yes, I think you are hearing quite accurately. The issue is two-fold. It is numerical because we are understaffed, numerically. But the issue is also two-fold in that the job description that is presented to us is a job description that possibly came, I have not got a clue what year, probably a year before I was born. But it is that antiquated, and therefore the quality of the entry level at the technical entry level, because the professional level does require a professional designation and that is also an entry point. But at the technical level, and you do need foot soldiers, you need technical foot soldiers, but you need technical foot soldiers that are competent and trained.

At present all we require entry into our department at the lower level, at the technical level, is five O Levels. But we are auditing sometimes and people feel that Ministries and departments are not complex. Ministries and departments are complex and they do enter into some complex financial arrangements, and not only that, they enter into some, you know, activities that are complex and therefore need certain skills and competencies.

In terms of changing those things, the process to change is very time consuming. We have met and the Auditor General has met, Mr. Ali has met at least twice now with the Service Commission. I am speaking about the Director and not the actual Board themselves. And we have also met with the Chief Personnel Officer at least twice, indicating to them where we need to go and how we need to move forward. To their credit they are listening and we are trying within the bureaucratic system that we exist in, to try and see how best we can strategize to make these things achievable.

Mr. Chairman: Ms. Webster-Roy.

Mrs. Webster-Roy: If the Auditor General's Department is given the opportunity to design the ideal framework within which you operate, what would that be, what would it look like?

Ms. Pujadas: I think the ideal framework in which we would look at, of course, we are seeking autonomy and to be able to control some level of our resources so that we could actually embark upon the audits that we need to embark on. What that would really mean is to have the experts, and that we can call upon the experts when we need to call and to have the resources to call upon the experts. But autonomy does not mean accountability, and therefore we need to be able to be accounted for as well, because you need accountability.

So we need to have an oversight, I do not know if it is the Public Accounts Committee, but we need to have somebody that we need to account to. So that we account how we have spent the money and did we spend the money efficiently, effectively and for the purposes in which the money was allocated to us. So as far as the autonomy, yes, we want financial autonomy and perhaps some measure of delegated human resource autonomy as well, because right now it is very inflexible, and as I said part of our coming out of our gap analysis is one of the key things that the consultant has found is that we definitely need to do an organizational review, asap, as of today. That we need to properly look at our organization and see where forth what we need, what we lack, what are the skills we need, what are the competencies we have and take that forward to the PA(E)C, to the Service Commission, take it forward. This is who we are, this is what we need, this is the gap. And that is fundamental to any strategy that we are going to do at this point in time.

Mrs. Webster-Roy: Do you have a timeline for the review?

Ms. Pujadas: The review actually has been completed and we are expecting a report within the next week or so. We are expecting a finalized report of that review—that gap analysis, assessment.

Mr. Chairman: Dr. Henry.

Dr. Henry: Nothing further.

Mr. Chairman: Okay, just final question. To whom is the Auditor General and the Auditor General's Office accountable in your view?

Ms. Pujadas: In my view we are accountable to the Public Accounts Committee because the Office of the Auditor General is a constitutional one and we report to the Speaker, to the Parliament and we may submit our reports to the Public Accounts Committee. Therefore I feel we should held accountable as we are doing now.

Mr. Chairman: Okay, so basically it is accountability to Parliament.

Ms. Pujadas: Correct, correct.

Mr. Chairman: All right. Thank you very, very, much. I want to say that I am grateful not only for the fact that you are here, but that you acquitted yourselves so well.

Ms. Pujadas: Oh, thank you.

Mr. Chairman: I think that you answered all our questions. I think you were very straightforward in the manner in which you answered the questions. I think you were very clear on the issues and I want to thank you for that and commend you. We would like to have a follow-up meeting with the Auditor General's Office in which we will focus specifically on the 2014 accounts. As you know today we dealt with general issues having to do with how you function, how you relate, what are your challenges, what are the options for recommendations, relationship with the PAC, et cetera. But on the next occasion which will be March 9, 2016, we will focus on the 2014 accounts. We will be very grateful if the Auditor General could also be present together with this full team and we would be happy to engage you on that occasion.

Again, I want to thank you on behalf of all Members for doing your job so diligently and so well and for engaging us in a very open and constructive manner. Thank you very, very much.

Ms. Pujadas: We want to take the opportunity to thank the Public Accounts Committee for allowing us to have this forum, to express ourselves and more importantly to be accountable because I think at the end of the day we, just like everybody else, need to be accountable. So thank you very much too both the membership and to you Chair, Dr. Bhoe Tewarie.

Mr. Chairman: All right, then. Thank you very much and I want to thank the members of the Supreme Audit group who have been here observing our deliberations and I want to thank the media for attending and for covering this particular meeting. Thank you very, very, much.

Ms. Pujadas: Thank you.

12.29 p.m.: *Meeting adjourned.*

VERBATIM NOTES OF THE FIFTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE JOHN HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, MARCH 09, 2016, AT 10.30 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Rodger Samuel	Vice-Chairman
Mrs. Paula Gopee-Scoon	Member
Dr. Dhanayshar Mahabir	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Assistant Secretary

AUDITOR GENERAL'S DEPARTMENT

Mr. Majeed Ali	Auditor General
Ms. Lorelly Pujadas	Ag. Dep. Aud. General
Ms. Gaitrie Maharaj	Asst. Aud. General
Ms. Kumari Rampaul	Audit Executive I
Mr. Kenneth Barton	Audit Executive II
Mr. Brian Caesar	Audit Executive I
Ms. Nicole Cockburn	Legal Officer

Mr. Chairman: Good morning. This part of the discussion is before we go before the public so this is private, what you call it, in camera. And the reason that we wanted to do this was just to engage you a minute before, especially you, Auditor General, because we would like very much to have a presentation from you, but as you know, we had a session which extended for over two hours last time and very important issues were raised, some of which would be very much in your head and at the tip of your concerns. And what we wanted in the presentation was not to go over all the issues but to use this opportunity as Auditor General to sharpen the focus on the issues that you consider important to highlight to us formally. Is that okay?

Mr. Ali: Yes.

Mr. Chairman: All right, and that you will do in public.

Mr. Ali: Yes.

Mr. Chairman: All right. I do not know if any other member wishes to engage the Auditor General on anything before we go formally into this session. Are we okay? Yes, so we will go live now. Okay.

[*In Public*]

Mr. Chairman: Good morning, everyone. I want to especially take this opportunity to welcome the Auditor General of Trinidad and Tobago and his staff from the Auditor General's Department. I wish also to welcome those members of the media who are here present and of course, the public who might be looking on either on television or listening on radio.

The purpose of this meeting of the Public Accounts Committee is to discuss the report of the Auditor General on the public accounts of the Republic of Trinidad and Tobago for the financial year 2014, and to get an insight into how the reports are prepared and to examine particular issues that might have cropped up in our reading of the Auditor General's report of that year 2014. This meeting is being held in public and it is being broadcast live on the Parliament's Channel 11 and on Radio 105.5 FM.

I wonder if I could ask the members of the Auditor General's Department to introduce themselves. I know they did so on the last occasion but I think it is important that people know who are the custodians really of the public accounts, the senior people in it, and I would ask them if they would introduce themselves to the public.

Mr. Ali: Thank you, Mr. Chairman and good morning to you, the members of the Public Accounts Committee and the Secretariat. I am Majeed Ali, Auditor General of the Republic of Trinidad and Tobago. Please allow me to apologize for the absence of the first meeting of the Public Accounts Committee. However, I would like to place on record that I informed the Secretariat on numerous occasions that I was absent for that meeting. My staff would now introduce themselves.

[*Introduction made by Auditor General's Department*]

Mr. Chairman: Thank you very much.

[*Mr. Chairman introduces members of the Committee*]

Now, on the last occasion that we met here, your staff, Auditor General, gave us a very, very good account and raised a number of issues and I want to especially commend your staff which I did on the last occasion. Mrs. Pujadas as Acting Auditor General, Ms. Maharaj and the entire staff that were here on the last occasion. Some of the things that we discussed were the role of the Auditor General and the challenges between the constitutional provisions on the one hand and the mechanisms of operation of the Auditor General's Department; the relationship between the Auditor General and the Public Accounts Committee; how we might work collaboratively to ensure transparency and accountability in the financial management of the public accounts of the country.

Five major elements were identified as weaknesses in the system of public financial management. There may have been others but there were five big ones: the archaic regulations that govern the public accounting framework and the need to adopt public sector accounting standards, enlighten public sector accounting standards; the implementation of an integrated financial management system which is in process but not completed; the strengthening of the internal audit function in the Ministries and Departments which was felt to be pervasive—that is to say, the weaknesses were felt to be pervasive. Adequate staffing and training of staff in accounting and monitoring units across Ministries and Departments and the implementation of performance indicators to aid in the preparation of value for money audits. The role of the accounting officer was also discussed; the audit of the Auditor General's Department which is done by the Treasury Division of the Ministry of Finance; the involvement of the public and potential whistle-blowers in the identifying of issues to be investigated. These are some of the issues. It is not a comprehensive summary of what transpired on the last occasion but I do not want to spend all my time talking here when the issue is really to engage the Auditor General's Department and to examine the 2014 accounts.

So what I will do, at this point, having flagged five or six issues in summary form from the last meeting, I will ask the Auditor General to make a brief opening statement. If you would be kind enough to keep it within 10 minutes I would say, and keep it focused on issues that you consider really relevant to today's meeting, taking into account the fact that we have had about two and a half hours of dialogue prior to this particular meeting.

Mr. Ali: Thank you very much, Mr. Chairman. I was appointed Auditor General on April 07, 2015. I started acting in that position when the former Auditor General went on pre-retirement leave on December 04, 2014. At that time, my first area of concern was to address the backlog of completed fieldwork which amounted to 250 years on numerous entities. This backlog came about as a result of three submissions to Parliament on the non-receipt of financial statements for certain entities. To date, I have certified and reported to Parliament on 100 of these years and, with the assistance of my dedicated staff, will continue to work to clear this backlog.

It is of grave concern that as of December 31, 2015, 51 entities had not submitted their financial statements for a total of 181 years. Some of these statements are dated as far back as 2006. It is my intention to request that these entities submit their financial statements up to December 31, 2015 within a certain time frame. Failure to comply will result in a report to Parliament on their non-submission. I also intend to have discussions with the relevant line Ministers of these entities and the Minister of Finance on this issue should these entities fail to comply.

Staffing in my department: In order to boost staff morale, I met with the Director of Personnel Administration to discuss staffing issues with respect to outstanding promotions and the acquisition of additional staff. The meeting proved fruitful as several officers have since been promoted and the DPA is currently seeking to fill 45 entry level positions in my department. We now have a bigger problem which is getting suitable accommodation for these positions. I have written to the relevant Ministry seeking additional office space, not only for these officers but also for the training facility which we are in dire need of. Over the years, my department has had to utilize various Ministries' facilities to train our staff. I shall be grateful if this Committee could assist us in this regard.

In December of 2015, I was able to obtain Cabinet approval for the employment on contract of 11 associate professionals. Those are the scholarship winners who had fulfilled their obligation to Trinidad and Tobago and had been employed in the department under short-term employment for a number of years. In this same approval, the Ministry of Finance was instructed to review the structure of the Auditor General's Department with a view of filling the vacant positions. In looking at the terms and conditions of my staff, I met with the Chief Personnel Officer to discuss the scheduling of travelling positions. As a result of this meeting, the CPO approved the scheduling of 40 travelling positions for my department.

Legislative issues: I met with the Attorney General to discuss proposed amendments to the legal framework in which I operate and he is in full support of strengthening the Office of the Auditor General. I also met with the Minister of Finance who has expressed his willingness to support the department in terms of providing additional resources where needed.

The department also audits funded projects by lending agencies. The Inter-American Development Bank, the IDB, as part of the process, conducted a peer review of our organization and the work done on these projects. Officials from the Washington office along with members of the local office recently conducted a review and were quite impressed with the quality of work that was done by our department. However, due to staff constraints, the department is unable to conduct new IDB projects, audits. The IDB has indicated its willingness to pay an increased fee for this department to continue these audits because of the reliance that they can place on our work. I say thank you to my staff.

In closing, I wish to say thank you for taking the time to listen to my concerns and the steps that have been taken to remedy some of the challenges faced by our department. Thank you.

Mr. Chairman: Thank you very much, Auditor General, and we are grateful for the matters that you have highlighted, the proactive approach that you have taken, the work that you have done in a relatively short period of time from April 2015, you indicated, and the fact that you are proactively also seeking to address some of the critical issues including the legislative context and the resource constraints that you might have. So we are grateful for that update.

In introducing members, I did not introduce myself, not to you because I know you are aware but to the general public, my name is Bhoe Tewarie and I am Chair of this Public Accounts Committee and I already indicated to the general public what the Committee's function is.

I will start by asking a few questions and then I will ask my colleagues to proceed to do the same thing. All right? And we will not interfere with your response but we ask you to be pointed and sharply focused on the questions asked.

One of the things that struck me last time—and I asked for the verbatim notes to be able to make sure that I had heard it right—was that a question was asked by the Member for San Fernando East about who audits the Auditor General's office, and I thought I heard and then it was confirmed by the verbatim notes that you are audited by the Comptroller of Accounts. But all the accounts that you audit are under the jurisdiction of the Comptroller of Accounts and I found it kind of odd that you would be auditing all of these public accounts that are under the jurisdiction of the Comptroller of Accounts, and that you in turn, as the Auditor General, then report to Parliament and give views on the accounts that you have audited—would be audited by the Comptroller of Accounts. Would you care to comment on that?

Mr. Ali: Well, the Comptroller of Accounts does our audit but it goes to the Permanent Secretary for certification that the work had been certified correctly and that is where it stands and then it is forwarded back to us.

Mr. Chairman: Okay, but I mean I am just trying to figure out—what is the best practice internationally? Would this be best practice internationally? Would this be in conformity with the way things are done in other countries?

Ms. Pujadas: Just to reiterate, the reason why the Comptroller of Accounts of the Treasury audits us is because it is included in the Exchequer and Audit Act. The Exchequer and Audit Act specifies that the Treasury will be the ones who audit us. In speaking to terms of best practice, it comes back to the issue of independence that we were discussing the last time in terms of financial autonomy, in terms of general autonomy. Now, that would be construed under the declaration IAS 10 that we fall under, under the Mexico Declaration. That would be construed as an indication that we are not fully independent. It could also be construed as a conflict of interest.

Mr. Chairman: Well, that is how I viewed it.

Ms. Pujadas: Yes, and it is actually— I think when we get the results of the peer review that was recently done on us by the INTOSAI, that would be one of the salient points that will come forward, that it needs to be addressed; but how it has to be addressed, it would need to be addressed legislatively because, as I said, the Exchequer specifies that that is who would be the auditor of the Auditor General.

Mr. Chairman: All right. I mean, without belabouring the point, would you agree that this is one of the things that might be examined with a view to resolution in favour of an arm's-length relationship between the Auditor General's office and the public accounts entities including the Comptroller of Accounts? Would you agree that this needs to be examined with a view to resolution?

Ms. Pujadas: Yes.

Mr. Chairman: Yes, okay. That is fine. I wonder if I could ask you to do two things on the 2014 accounts because we will start with general accounts and then we will go chapter by chapter through the accounts that you have provided for 2014. What would you say—I will be asking you two questions at once because it is two sides of the same issue. What is the most important positive thing that you can say about the 2014 accounts and what is the most important troubling thing that you can say from the 2014 accounts?

Mr. Ali: Well, let me start with the second question first. The most troubling thing has to be the internal audit unit. Without a proper internal audit unit with proper controls and balances, the entity would not be functioning as it is supposed to. In terms of the most—the best thing—[*Interruption*] Yes, they are willing to change.

Mr. Chairman: Okay. You think there is a greater responsiveness?

Mr. Ali: Yeah, we are getting from the entities that they are willing to change and go forward.

Mr. Chairman: Okay, then my next question follows from that. Would you say then that your responses from the public service system, from the financial custodians of the public service system and the accounting officers, based on your recommendations on the 2014 accounts, are reflected in positive change-oriented actions and perhaps, are part of what you saw as positive in the preparation of the 2015 accounts?

Mr. Ali: Yes, well, I had a meeting with the PSs. At a PSs meeting, they invited me to listen to some of their complaints and most of those complaints were quite relevant in terms of storage of documents and leases, and they were quite concerned, because we have the same problem also. So we are looking to see how best we can improve when we are doing the accounts in 2015 in terms of providing these comments.

Mr. Chairman: Okay. So some of the matters that you have flagged in 2014 for improvement, they have expressed a willingness to work on for 2015 and you have seen that reflected in the accounts and to work further in 2016?

Mr. Ali: We did not see much change in the 2015 interim audits.

Mr. Chairman: Okay, so there is a lag time there in terms of responsiveness and actual improvement.

Mr. Ali: Yeah.

Mr. Chairman: Okay. When will the 2015 accounts be ready for laying in Parliament?

Mr. Ali: It will be ready before April 30, 2015.

Mr. Chairman: Okay, so it will be ready early this year.

Mr. Ali: Well, that is the time we lay it every year. On or before.

Mr. Chairman: Okay. Thank you very much.

I will start with my left with Sen. Mahabir to continue the discussions.

Dr. Mahabir: Thank you very much, Mr. Chairman, and in keeping with what we have agreed that we will start at the very beginning of the 2014 report. On page 4, I see a very large number. That is the Exchequer Account overdrawn by some $32 billion. What I would like to know is this: is this overdrawn amount included in the public debt of Trinidad and Tobago? One, because it is an overdraft. Second, which agency of the State authorized this overdraft which is about half the national budget? And third, if you say an account has been overdrawn, clearly some law may have been violated. What law was imperilled by this huge significant overdraft? Thank you very much.

Mr. Ali: Ms. Maharaj.

Ms. Maharaj: The Exchequer Account is not shown on the statement of public debt but it is shown on the consolidated statement of assets and liabilities in the Treasury statements which give the financial assets and liabilities basically.

Dr. Mahabir: Okay. A follow-up question there. Is the Ministry of Finance then required to replenish the amount that was overdrawn by some $32 billion?

Ms. Maharaj: Not as far as we know; you may wish to direct that question to the Ministry of Finance.

Dr. Mahabir: Okay. But the other two questions that I raised are relevant; that is, some agency of the State must have authorized this overdraft and second, was any law violated in issuing this overdraft which in my mind is really significant.

Ms. Maharaj: Again, the Ministry of Finance is responsible. The Exchequer gives responsibility to the Treasury, which is the Minister of Finance, and as far as we know, no law was violated.

Dr. Mahabir: Mr. Chair, just—but this account is administered by the Central Bank. Is it not?

Ms. Maharaj: Yes.

Dr. Mahabir: And clearly if cheques are to be drawn, some agency, some—it cannot be the Treasury. Is it the Central Bank that authorized this particular overdraft or is it the

Treasury itself has the authority to increase its own overdraft?

Ms. Maharaj: Well, again, that question will be better answered by the Ministry of Finance but, of course, the arrangements would have been made between the Treasury and the Central Bank.

Dr. Mahabir: Thank you.

Mr. Mitchell: Good morning, Mr. Ali and good morning to your team. I am into general matters. From my experience, limited as it may be, I am aware of the cash basis and the accrual basis for accounting, and I know that the accrual basis is more prevalent, more widely used, and I always associated the cash basis of accounting with more sole trader, parlour-type operations. Can you just give some insight as to why the cash basis of accounting would be used in the public sector and is it appropriate and are there any deficiencies?

Ms. Maharaj: The accounting framework that exists for the public sector began in 1959 and has not really been updated with changes and best practice. Of course, there are a lot of deficiencies based on that and I think a lot of the concerns of the Committee and the lack of the information that the Committee would require would be because of the accounting framework. That is why we have raised it as the first step towards improvement.

Ms. Pujadas: I just want to add too that throughout the region, majority of the Auditors General or departments of audits, directors of audits, the type of account that is prepared is called a Treasury single account, and it is prepared on a cash basis. Within the region, there are only two regional bodies or countries that I know that actually prepare accounts on the accrual basis and that is the Cayman Islands and Barbados.

Now, the standards are speaking to the fact that there is a need for states to move towards the accrual base but the cash basis generically has always been the basis in which accounts were presented. To supplement the deficiencies that were based in the cash basis, this is why the Exchequer provides for memorandum-style accounts. So this is why the Exchequer says that you need to prepare a statement of public debt, you need to prepare a statement of contingent liabilities, a statement of loans. So it attempts to abridge the deficiencies.

Now, it is not a perfect system and of course, there is a need legislatively for us to try and see where we want to go and how far we want to go, because the implementation of an accrual system will, of course, mean many things. You will need to be able to have your assets properly valued, you would need to determine what your asset base will be included. So there is a lot of things moving towards that and of course, the Ministry of Finance and the Treasury will best serve to determine whether or not we will move there and how fast we will move there.

11.00 a.m.

Ms. Pujadas: The other question, I just wanted to go to Dr. Mahabir's question. You had asked about—just to reiterate, I do not think we had quite gotten it. There was something you had asked, Dr. Mahabir. Could you repeat it?

Dr. Mahabir: With respect to the Exchequer account?

Ms. Pujadas: Yes.

Dr. Mahabir: I had asked, with respect to whether it is included in the public debt. I was told no; whether any law has been broken with respect to this significant overdraft. I was told that is unclear. And the authority, I was told, comes from some nebulous entity that ranges between the Central Bank and the Treasury.

Ms. Pujadas: Well the Central Bank is the banker. The Exchequer Account is an account that is lodged in the bank. So, obviously, they administer the banking rules with respect to that. But according to the Exchequer and Audit Act the Exchequer Account is administered by the Treasury and the definition of the Treasury, as enunciated in the Act, is the Minister of Finance. So, therefore, the Exchequer, if it is silent, in terms of whether or not you can or not, then I would go on to say that, perhaps, on the basis of the Exchequer, no rules have been breached. So the Exchequer Account is defined in this particular Act and it subscribes to all the rules that go along with that.

Dr. Mahabir: Okay. But very interesting and Mr. Chair, I do not want to monopolize, but is it that there is then no upper limit to the amount by which the Exchequer Account could be overdrawn? Because I have seen $32 billion. Could it go to $64 billion, $108 billion? There must be a limit.

Ms. Rampaul: The Exchequer does not speak to that. The Exchequer and Audit Act does not give a limit, with respect to the overdraft of the Exchequer Account. It just states that the Exchequer Account can go into overdraft.

Dr. Mahabir: Thank you very much. That is a very important point you have made. Thank you very much.

Mr. Chairman: From my information though, the Central Bank does have limits on what you can overdraw. You wanted to follow up with something? I would let you do that first.

Mr. Mitchell: I just wanted to ask two questions. What is the international best practice with respect to the basis of accounting?

The second question goes back to the submission of financial statements and the failure by accounting officers, et cetera, to submit the financial statements by the stipulated time, and whether there are any sanctions that are attached to that failure? What happens in that event?

Ms. Maharaj: The international best practice would be the International Public Sector Accounting Standards issued by the International Federation of Accountants. So these have been recognized internationally as best practice for public sector entities. We call them IPSAS for short. There is actually an IPSAS relating to cash-basis accounting, which allows you to present certain information that is needed, even though you have cash-basis accounting.

The second question was?

Ms. Mitchell: The second question relates to failure by accounting officers, et cetera, to submit their financial statement by the stipulated time.

Ms. Maharaj: Yes, there are no sanctions.

Mr. Chairman: I think we explored that last time and we found that they can persuade, they can write but they cannot really enforce any penalty. Okay? Sen. Gopee-Scoon, you are free to ask your questions.

Mrs. Gopee-Scoon: Thanks. I am not sure if I am jumping ahead of the schedule which you wanted but I would have to because you know that my time here today is limited.

There is something that I noticed right through the commentaries that seems persistent and that relates to contracts not produced. There seem to have been many instances of these. For instance, if I can go to page 95, with regard to construction of the National Oncology Centre, where a copy of the contract between the executing agency and construction company relating to payments totalling $51 million was not seen.

And then in 61, contracts to support expenditure of $2million on the refurbishment of Queen's Hall, not seen again. And if go to 55—I cannot go to all of them so I am just mentioning a few. But it just seems to be a string running through the document; 10 contracts, again, which were payments totalling $5million not found again, and this is in the Ministry of Tourism. What are we doing about that? It just seems to be a consistent and pervasive issue now.

Ms. Maharaj: This is an issue we have been raising year after year. We also have it listed as a pervasive issue on page 29. What we have been doing is trying to encourage the Ministries to perform their monitoring role over the projects. So we would like to see some evidence that they have been looking at the projects that are being done and ensuring that they are being done to standard and quality and time and all of that. So we look for the documents that they should have available to enable them to do it. Those incidences we report here.

Mrs. Gopee-Scoon: Do you think this is a question of error-making or fraud or so? Because here you have the absence of contracts to support expenditure.

Ms. Maharaj: I do not believe we can impute any fraud or error into it. It does deserve some further investigation by the persons responsible. That is why we raised it in the report and we asked the Permanent Secretaries to perform their monitoring role.

Mrs. Gopee-Scoon: Again, many instances of documents not produced. It is alarming when you go to, for instance, page 91, again expenditure totalling $17million in the Ministry of the Environment and Water Resources. Supporting documents not provided, so that the projects could not be verified.

Again, if you go to page 69, again, with regard to the establishment of the COSTAATT Campus in Chaguanas, schedules of accounting, $7 million; documents to support a payment of $5million, again, not presented for audit examination. So these are quite large amounts. Again, sometimes you wonder. Again, $3.7million for the police service, documentation not presented. These are very, very serious problems throughout many of the Ministries and to just say that further investigation is being taken, I think sometimes the question arises again. Is it just a question of error-making or fraud? It is alarming, the magnitude of the problem.

Mr. Chairman: Would you like to respond?

Ms. Maharaj: The Auditor General is very concerned about this. There is not much more we can do than report and encourage the entities to do what they are supposed to be doing. I suppose the Committee can call these relevant entities and could follow up.

Mr. Chairman: One of the problems here is that the Minister has jurisdiction and authority and is meant to monitor, but the executing agency is some other entity and that there is a problem of who the contract is signed with and who is the project executing agency accountable to. Is that part of the problem? I just want to ask.

Ms. Maharaj: That may be part of the problem but I cannot really say. What I can say is that one of the issues we raised was that the monitoring units in Ministries and Departments are not properly staffed and they have not—

Mrs. Gopee-Scoon: Or they do not exist?

Ms. Maharaj: Those that exist. Even the staff that would normally monitor the execution of projects, they would not probably be available at the Ministry, if you understand. So the Ministry itself has to get those things strengthened to be able to monitor whatever work is done by an executing agency.

Mr. Chairman: Okay. All right.

Mrs. Webster-Roy: Taking into consideration the fact that evidence is not produced in most instances, how then is the Auditor General's Report a true reflection of the financial status?

Ms. Maharaj: Now, the Auditor General's Report, which you would see at the first few pages of this booklet, is the report on the public accounts. These accounts are prepared on the cash basis and we would have other audit techniques that we would use to ensure that the expenditure statements actually reflect what was expended, the revenue statements actually reflect what was collected, but we do have issue with whether the moneys were spent for purposes intended by Parliament and whether value for money was achieved. We do have issues with revenue collectability. Now those issues are raised in these chapters to the report. But the main opinion is given on just the cash-based accounts. So these figures represent what we have seen to have been expended or received. So it is a different function.

Mrs. Webster-Roy: What attempts are being made to ensure that the entities comply to ensure we get a true reflection of what is happening in the Ministry?

Ms. Maharaj: Well, again, we follow up on the points with the entities to see that things have been strengthened. But all the Auditor General can do is examine and report. The actual action needs to be taken by the other bodies that are responsible.

Mr. Samuel: Thank you very much. On page 12, under the "limitation on scope", you reiterated an existing issue, with regard to access being denied by the Inland Revenue Division. On page 14, you also stated that it has not been resolved. What is the present status of it? What has been done thus far to rectify the problem? And if this is not rectified, what issues and problems are you seeing down the road, as a result of it not being rectified?

Mr. Ali: If I may say, this matter is being addressed by the Attorney General at the moment and he is making certain amendments to bring forward to Parliament to deal with this issue of the restriction of access.

Mr. Samuel: I have another question. How difficult has it been for your department, with the rapid changes in Ministries, accounting officers and stuff like that? Within one year, departments or a Ministry may shift to another Ministry and then two years after it shifts again and it keeps going all over the place. What are your recommendations to make it effective? I just want to hear your views. How difficult has this been for you at the AGD?

Ms. Maharaj: For the year 2014, it was extremely difficult because you found that records were transferred to certain places or not transferred and staff went to different places. So explanations were also difficult to get.

We raised the issue in the report. The Comptroller of Accounts did try to make the 2015 changes more organized. We found that records were kept for us to do the audit for 2015, but again because of the changes in accounting officers, explanations were not forthcoming in a number of instances.

Mr. Samuel: So then, are you saying that your report will not necessarily reflect the trueness of what exists and what existed?

Ms. Maharaj: It will reflect what we found. Usually, we ask for explanations to verify our understanding of issues. So that is what may be missing for 2015, just the verification for our own purposes. But we would have evidence for the comments that we do make.

Mr. Samuel: Do you think that this has made your job a far more tedious one and there needs to be an adjustment or a change in how we manage Ministries, and when we need to shift departments there should be some regulations involved in this?—just to make your job easier.

Ms. Maharaj: I do not think that we should make those decisions. Those would be—I believe that the decision to move sections among Ministries would be what the Government is all about. They have to make changes as they see fit for their plans for service delivery. So I do not think that we can say that we would recommend any sort of restriction on that. What we have to come up with is probably better arrangements to ensure that the persons who were involved in the accounting would be there for our explanations when we require. As I have said, the Comptroller of Accounts did make arrangements with the accounting officers for us to have access to documents this year.

Mr. Chairman: Thank you very much. I would just like to draw to the attention of members, and also to the attention of the general public, that under the section "AUDITOR'S RESPONSIBILITY" for, and I am assuming that this is not a form/documentation of the position.

> "The Auditor General's responsibility is to audit and report on these Financial Statements in accordance with section 116 (2) and (4) of the Constitution of the Republic of Trinidad and Tobago…"—so it has constitutional authority—"and section 25 (1) of the Act."—that is the Exchequer Act—"The examination"—and this is with regard to the 2014 report—"was conducted in accordance with auditing standards which require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement."

I assume you stand by that, Auditor General, in the report that you have produced?

Mr. Ali: Yes, I stand by that.

Mr. Chairman: I have a follow-up question and it is related to page 5 and later page 6. On "Submission of Financial Statements" 13, it says:

> "The following Statements were not received by this statutory deadline:"—and it says:
>
> - Appropriation Accounts from 6 Accounting Officers…
> - Statements of Receipts and Disbursements from 9 Receivers of Revenue…
> - Financial Statements from 8 Administering Officers…"

When you get that kind of situation, there is nothing that you can do except report it in your report on the accounts of the year? That is all you can do?

Mr. Ali: No, we are saying that it was not received by the statutory deadline. In fact if it is received two weeks later or a week later we still attempt and perform the audit on those accounts.

Mr. Chairman: Okay. So it might be a slippage or a non-compliance by date but it does not mean that they will never comply?

Mr. Ali: Correct.

Mr. Chairman: Okay. The second thing is on 14, page 6:

> "The examination of records and documents revealed that in many instances there was non-compliance with Financial Instructions, Financial Regulations and other directives."

Who is the person, institution or office that is non-compliant in these instances, and where do these instructions, financial instructions, regulations and other financial directives come from?

Ms. Maharaj: The Financial Regulations form part of the Exchequer and Audit Act.

Mr. Chairman: Okay.

Ms. Maharaj: The financial instructions are issued by the Treasury.

Mr. Chairman: Yes.

Ms. Maharaj: Now, the breaches that we have found are actually raised—the material breaches—are raised in the document itself.

Mr. Chairman: In the document itself? Okay. So those in the report will be identified who is the non-compliance or which office is the non-compliant office?

Ms. Maharaj: Yes, Sir.

Mr. Chairman: Thank you. Okay, I will make another round of questions again.

Dr. Mahabir: Thank you very much, Mr. Chair. I would like to focus attention on page 27. Thus far I have focused on the Exchequer Account, and in my mind we need to monitor the rate of growth of that overdraft. It has tremendous consequences for inflation and the exchange rate, and so on. That is for another matter.

Second, very interestingly, I have heard from the Auditor General that the recommendation from the Auditor General's Department is that every arm of the State must strengthen its internal audit units. I think that is something that we are coming away with, to make a recommendation on strengthening that unit, because if we do not, there will be a serious misallocation of state resources through waste and misuse and corruption.

Now, on the third pervasive issue that I am seeing, I have seen that:

> "Signed lease agreements were not produced with respect to certain properties for which rental payments were made."

And in reading the report I see a number of situations where, not only did the Auditor General's Office not receive or see the leases, but properties were rented, rents were paid and these properties remain unoccupied for extended periods of time.

What recommendation would the Auditor General's Office make with respect to these lease agreements, which seem to be a pervasive problem across many agencies of the State?

Ms. Maharaj: Well, the Permanent Secretaries have identified the problem really to rest with the agency that deals with the rental for all the government entities, and that would be the Property and Real Estate Division.

Another thing is, with respect to the occupation and non-occupation of buildings, entities have identified that they did not get funds for outfitting of the buildings. So they had to keep paying the rental until they got the funds or they made arrangements.

So we are not able to give a solution to that. It is something that needs to be dealt with by the Ministries themselves, basically to come together and get a solution—what is the most efficient way to have the leases arranged and have all the properties outfitted in time for use.

Ms. Pujadas: Dr. Mahabir, a point, to just add to what Ms. Maharaj was saying. In terms of the lease agreement and in terms of—it is a process and, therefore, a process has been defined that this particular agency is vested with having to negotiate with the rentals, having to do the evaluation and having to also do the contracts. So, because it is being disaggregated and removing it from the responsibility, in a sense, from the accounting officer and vesting it with this sort of centralized body, it can create a backlog and that backlog has an impact on the individual Ministries in themselves being able to effect the contracts or the lease agreements.

So, in terms of recommendations, what we can recommend, and I think we have recommended in certain instances, is that the process be looked at. And the process being looked at, in terms of improving it from an efficiency point of view, as Ms. Maharaj indicated earlier, in terms of service delivery and in terms of what is the most effective, as well as ensuring that we have safeguarded the assets of the State as well. So it needs to be looked at as a whole. We are not the body that necessarily has to look at it but we have raised it as a flag so that those bodies that are responsible for it will take the necessary action.

Dr. Mahabir: A follow-up question for me is this: when I read a report which says that a lease agreement was not produced, I read that to mean that it was not produced because it does not exist and therefore from a public interest point of view, I simply would like to know, despite the problems of preparing these lease agreements, that lease agreements actually do exist, they simply were not forwarded to you. And I would like to see in the 2015 or subsequent reports that when you ask for these lease agreements, they do exist and you have been able to see the terms and conditions of the rental. Because it is highly unsatisfactory, from my angle, for you to ask for a lease agreement and it is not produced, not because it is difficult to produce but because it does not exist. In your opinion, what is the problem? Is it the problem that it is difficult to produce or that they do not exist and these rental agreements are being made without due process?

Ms. Rampaul: I think the problem is lease agreements were not executed in the first place, so no agreements exist. So they were not executed. No agreements exist. There are no terms and conditions.

Dr. Mahabir: Okay, but that raises another issue and the issue is, we have accounting officers, permanent secretaries and accounting officers in Ministries. Are you saying that they can actually enter into an agreement with a landlord or a real estate agent without producing a lease agreement that I can scrutinize or you can scrutinize, and they have the power to enter into that arrangement; the rental, the terms and conditions not being scrutinized by any external agency, and that they have the authority to so do without a check and a balance?

Ms. Maharaj: I would just like to answer that question. No, we would not say that. What we would say is we believe that the process is very bureaucratic. So there is a big—there is actually a very good process but it is a very long process, and that is what needs to be looked at.

So you may have negotiations going on but if you do not enter the building you lose it. So basically the entity that is responsible would say to the Ministry: "Well okay you all go ahead, we are making arrangements." So the Ministry would only go into the building or rent the building or pay for the building based on the representation from the Property and Real Estate Division.

Ms. Rampaul: I would just like to add to that please. I think as long as Cabinet approves the rental of a property the PS normally gets into that kind of arrangement. Most of the times the agreement is not executed and sometimes agreements have been terminated and just continued on a month-to-month basis.

Dr. Mahabir: Mr. Chair, this is so nebulous and vague and fluid. You ask for a lease agreement. The accounting officer says: well I do not have it or it does not exist, or it is difficult to obtain. They tell you that there was a Cabinet approval. Do you not at least ask for the Cabinet Note, which will provide the testimony to you that there is something in process, which gives the accounting officer the authority to do?

You see, my concern is: Are the accounting officers acting outside the authority granted to them? Okay. So, therefore, when you say the lease agreement was not produced, is it that you are telling me that, okay you were able to see a Cabinet Note, which gave the authority to the accounting officer?

Ms. Rampaul: Yes.

Dr. Mahabir: Okay, very well. Thank you.

Mrs. Gopee-Scoon: Just adding to that, you can say with certainty that there is no dereliction of duty or anything like that in these instances?

Ms. Maharaj: Yes. We would not say that there is dereliction of duty. We just say the process itself for getting the lease agreements and for the Ministry to be informed properly of the terms and conditions are not there.

Mr. Chairman: Is it not a situation in which Cabinet agrees that such and such a property can be leased, and then you are then caught between the person who is leasing, the Ministry or the institution that is leasing and property development and real estate division, which does all of the negotiations and the Ministry or the entity has an urgent need to occupy, and that is where the problem arises? Is that correct?

Ms. Maharaj: Yes, that is what we are saying.

Mr. Chairman: Do you have any more questions Sen. Gopee-Scoon?

Mrs. Gopee-Scoon: I do. I had a concern about contract employment and the pervasiveness of this throughout the system and I want to know what kind of recommendations the Auditor General is prepared to make, so that we can see a reduction of these? I know that it is necessary in many instances, but as well as there is a suggestion, from what you have written up, that something needs to be done to arrest the situation. What are your suggestions?

Ms. Maharaj: We actually realize that the use of contract employment was widespread and that is why the Auditor General asked for the information to be able to provide it here for decision-makers for you all to use to better further the work of the Ministries and departments. We just raise the information for decision-making purposes. We have not identified it as a concern.

Mrs. Gopee-Scoon: Is it not rising?

Ms. Maharaj: It appears to have been increasing in the Ministries and Departments.

Mrs. Gopee-Scoon: That is right, so then it is a concern. Is it not a major concern for you?

Ms. Pujadas: When we speak of this, we are not human resource auditors and therefore it would be, I think, ill-spoken of us to make a pronouncement on it. But what we were attempting to do is that we did a survey and out of that survey, I believe we did 49 Ministries and Departments, and I believe 37 of them responded.

We did a comparison between those that responded last year and we had noted that the number had increased but we did not go further beyond that to make an assessment because, as you know in certain instances because of the changing times, especially in terms of IT and if organizations are going further, in terms of—to use what Dr. Mahabir proposed the last time—a more IT-driven, then you would need certain skills and competencies which do not exist on the establishment at present time, and you would need to use contracted workers.

11.30 a.m.

So we would not want to sit here without having done the proper work and the proper resources, to really comment on that, but what we—we just wanted to draw it to the attention of the Public Accounts Committee and the large, that in the public service right now, the service is buoyant, in terms of what you have established posts, in terms of which even in our instances some of those established posts have not been filled, and then you also have contracted posts. We have not analysed whether those contracted posts in all instances were necessary or not necessary. So I think it would be unfair of us to make a pronouncement on that at this point.

Mrs. Gopee-Scoon: So that, then the business of human resource auditing, is not for the Auditor General's Department?

Ms. Pujadas: We were advised by the Chief Personnel Officer that that is their role and function. That is their role.

Mr. Chairman: I think the Acting Auditor General cleared that up at the last meeting too. Do you have further questions? Okay. Member for San Fernando East, you had a question?

Mr. Mitchell: Yes, sorry. I need to go back to the lease agreements. I thought I would have been next so I just wanted to stay on that. Being the Minister of Public Administration, I can assure you that we are looking at the process of lease agreements with Ministries, but I just wanted to bring out—and you can correct me if I am wrong—the reason for the backlog or the reason that no lease agreements are seen, is because the office charged with executing these leases on behalf of the Government, is the Commissioner of State Lands, and for the past year or more, there has not been a Commissioner of State Lands in the office.

And secondly, I know that you have made a statement of fact, you have not seen the lease agreements but, of course, in property and real estate division you would have seen a process, a process that is evidenced by documentary proof. You would have seen commissioner of valuation's documents. You would have seen written correspondence identifying the criteria needed to be met by landlords. You would have seen evidence of offer and acceptance, as well as a Cabinet Note. Would you have seen those things?

Ms. Maharaj: We may have seen it during the process, but again, we did not see it where the moneys are being expended which would be at the Ministries. So, basically what we are saying is that the Ministries need to have—

Mr. Mitchell: A copy.

Ms. Maharaj:—a certified copy of the agreement, so that they would know the terms and conditions of whatever they are paying for.

Mr. Mitchell: Okay. So it is a deficient process and not any malfeasance?

Ms. Maharaj: Yes, we have not imputed any improper—

Mr. Chairman: Do you have a follow up? No? Okay. Member for Tobago East.

Mrs. Webster-Roy: On page 24, it says:

> "Comptroller of Accounts Circular No. 16 dated August 22, 2014 provided detailed instructions with respect to the preparation and submission of Appropriation Accounts for the year ended 30th September, 2014."

It went on to note there were errors/omissions and also:

> "…a number of statements submitted did not bear original signatures of the Accounting Officers as required by financial directives."

In that context, how would the Auditor General's Department differentiate between errors and fraud?

Ms. Maharaj: Basically what we are speaking about here, is the processes for bringing together the financial statements. So you would find that we would have evidence of certain figures when we go to do the audit, but the figures are not properly reflected in the financial statements, because the care and attention was not taken to put the correct figures from the records. That is basically what we are reporting here. So we need the accounting officers to ensure that when they provide financial statements, that they are accurate and fairly reflect what is in the accounting records of the entity.

Mrs. Webster-Roy: But it still goes back, how can we really tell if it was a legitimate error or an instance of fraud?

Ms. Maharaj: Well, the audit test that we do, is supposed to detect material areas of fraud and other sort of irregularities.

Mrs. Webster-Roy: Okay. In instances where there were errors and omissions, what advice would have been given to the various Ministries or Departments, in order to improve the process going forward?

Ms. Maharaj: Well, in a lot of instances we allow them to submit corrected pages within a certain time frame from the submission date. They are given four months after the end of the financial year to produce accounts. We are given really three months to audit and come to bring this report together. So we give them a short time, maybe a few weeks to a month to submit amended statements, which we include in the collated public accounts document.

Mrs. Webster-Roy: And they comply?

Ms. Maharaj: In a number of instances, yes; some may not. Where there are material errors, they would be reflected in the report. Where there are immaterial errors, we would discuss with them again, and we would ask them to ensure that they check the documents properly next time they submit.

Mrs. Webster-Roy: Okay, thanks.

Mr. Chairman: Sen. Samuel.

Mr. Samuel: On page 17 of the report and paragraph 129, there are significant amounts of responses not received on that page. How is the AG's report a true representation of the status of the public service, the finances, when so many entities do not produce documents for audit?

Ms. Maharaj: The information at page 17 relates to surveys that the Auditor General has done. We have asked for certain information for our own analysis to assist us in the audit. So we would ask for an entity profile, which would give us overall information on the entity. We would ask for information on whether they are updating pension and leave records, even occupied or unoccupied buildings; things like those. So this is what this sheet represents. Where we do not get responses, when we are doing the audit we will actually look for the information where necessary.

Mr. Samuel: But have you found that there is a consistency of unresolved questions from year to year, from Ministry to Ministry, and if it is a consistent pattern, how or what recommendations have you made to resolve or to solve those problems? If there is a consistency, if you have been in a department for years and you recognize that particular Ministries or Departments have a consistent problem year in year out, where is that reported and how is it being resolved?

Ms. Maharaj: Well, again, we follow up each year, the points that we have raised in the year before, and we again discuss with the entities and we raise it when it is material and it is a long standing problem, we will raise it under the individual entity in the report.

Mr. Samuel: But raising it is one thing, solving it is another. So I am talking about what mechanisms are put in place for the solving of the problems, if it is a consistent problem from department or entity, year in year out?

Ms. Maharaj: Well, our role is actually to examine and report and provide information for decision makers, and the people who can actually change the problem.

Mr. Samuel: But then if you are reporting the same thing over and over, it means that the people who are supposed to be dealing with the problems are not dealing with them, and then you will report it again next year. I see that as a [*Laughter*] reoccurring issue that is, you know, if it was a medical problem, you could die. [*Laughter*]

Mr. Chairman: I think we took the step in this Committee to engage the Auditor General's Office in this way. I think a lot has come out in the dialogue both for us and for the general public to know. I think if we did a cogent report coming out of this dialogue, and made specific, pointed recommendations for action, and identified the institutional framework that was required for execution and, in fact, for dealing with the issues of sanctions, that matter would have to be discussed by Parliament. I think we might have some progress made in the process, and I am hoping for that. But related to that though, under the Exchequer and Audit Act, you have certain powers. So in 10(1) for instance, and this is—I am taking from your report on page 12, reading from 10(1):

> "In the exercise of his duties under this Act the Auditor General shall be entitled—

(a) to call upon any officer for any explanations and information which the Auditor General may require in order to enable him to discharge his duties;

(b) to authorise any officer on his behalf…"

That is to say, the Auditor General identifying an officer—

"…to conduct any inquiry, examination or audit, and such officer shall report thereon to the Auditor General;

(c) to send for and have the custody of any books, accounts, vouchers or papers under the control of any officer relating to or in any wise concerning the public accounts, and to keep such books accounts, vouchers or papers for such time as he may require them;"

And 10(2):

"In the exercise of his duties under this Act the Auditor General, or any person duly authorised by him in writing, shall have access to all records, books, vouchers, documents, cash, stamps, securities…" et cetera

Now, I just want to ask a simple question, have you ever exercised this power?

Mr. Ali: That is a normal exercise that we do when we go—

Mr. Chairman: So you do this all the time?

Mr. Ali: Yes, we do that all the time.

Mr. Chairman: But the limitation is that you can only report after examination? Is that correct?

Mr. Ali: Correct.

Mr. Chairman: Okay. Yes, Senator.

Mrs. Gopee-Scoon: Thank you. Relating to Overseas Mission, I note that that is one of your responsibilities as well, the auditing of the Overseas Missions, and also the labour branch—the labour liaison branch of the Ministry of Labour and Enterprise Development as well. And your decision to audit is based on assessed risk at the time since they were last audited, and so on, and funds, of course, were approved by Parliament. But I am noting that there are a number of Missions that have not been audited for, let us say, more than five years. So I wanted to find out what is the regularity with which you actually—yes, you said based on a risk, an assessed risk, but is there a period of time when you would actually do these visits?

I note that Parliament—you had made a request sometime in June 2014, but it was never approved by the Cabinet until 2015. So, therefore, these Missions remain unaudited for a long time, and this is of concern to the public. So when next would you be doing your auditing assignment in these Missions, and also what is the regularity with which you tend to do these, separate and apart, you know, from if there is an apparent risk and you need to act immediately?

Mr. Ali: Okay. We get funds every year to do these audits, but in certain cases we do it every three to five years. We do the risk analysis to see which one is a more risky one. We liaise with the Treasury to get reports from them on the Missions abroad, and then we perform our analysis and choose these entities according to that risk profile.

Mrs. Gopee-Scoon: Okay, so you have not done an audit for—is it that you do these annually?

Mr. Ali: We do it annually, correct.

Mrs. Gopee-Scoon: Okay, but I understand there has been an outstanding one in five years?

Mr. Ali: There is so much that the funds are limited. We do not get the total funds, to examine all the Missions. So we do it every three to five years on a rotational basis.

Mrs. Gopee-Scoon: And, of course, based on the risk assessment?

Mr. Ali: Yes, of course.

Mrs. Gopee-Scoon: Okay, but when next are you going out?

Mr. Ali: We are supposed to be out there in July of this year.

Mrs. Gopee-Scoon: And to which Mission?

Mr. Ali: We have to determine that after our appropriation accounts. We will sit together and see which Missions we will be attending to.

Mrs. Gopee-Scoon: Okay, thank you.

Mr. Chairman: Okay, anybody? Does anybody have questions?

Ms. Pujadas: I just want to add that just in terms of what Sen. Gopee-Scoon has said, you do realize that because our accounts are on a cash-based basis, therefore, we did go out in June 2015 to a number of the Missions and thereinafter. Therefore, the accounts that we would have been looking at, we would have looked at their control features at that point, but also anything that we have looked at would have had an impact on the 2015 accounts going forward, because we are on a cash-based basis. So that the old Missions that we looked at in that period, the financial aspect of them would impact on the 2015 accounts going forward, but also we would have looked at the internal control issues that surround those Missions as well.

Mrs. Gopee-Scoon: Okay.

Mr. Chairman: Do you have a question? Go ahead please, Senator.

Dr. Mahabir: Okay. On page 33, you referred to the problem of overpayments. You said:

> "Overpayments continue to be a major concern..."

Not a minor concern, not a neutral concern, it is a major concern. My view in doing business with the Government and the State, has always been, that goods and services are supplied, invoices are prepared and produced, stating clearly how much is owed by the various arms of the State, and then a certified cheque is produced for the amount on the invoice. Please indicate and clarify for me, exactly how in the process that we have come to understand in dealing with the State, overpayments of this magnitude can occur?

Mr. Ali: These overpayments are mainly salaries. For example, a person might take sick leave, but they would not get the approval, for say, two months, but their pay continues. When they do assess the medical condition, and see that it is not really a case to be full-pay leave, they allow them no- pay leave and, as such, overpayment occurs.

Dr. Mahabir: So it just only salaries, not for goods and services?

Mr. Ali: Mainly salaries.

Dr. Mahabir: Very well. Thanks.

Mr. Mitchell: On the overpayments and the next items, cases of theft and losses reported. In the case of theft, does the Auditor General's Department need to satisfy itself that the Ministry or entity makes the necessary report to the police and that investigations have occurred?

Mr. Ali: Yes, we do look for the reports that are made to the relevant authorities, and from there it is—from there we would follow it up.

Mr. Mitchell: Okay. Do you further report on any recovery?

Ms. Maharaj: No, that is left up to the police and the Ministry.

Mr. Mitchell: I am looking again at the overpayments. I am seeing overpayments for $3million, and a little over half was recovered.

Ms. Maharaj: What page?

Mr. Mitchell: We are on page 34, the table: Undiscovered cheque, $3million.

What action is taken with respect to the moneys not recovered in the case of contracts or even in the case of employment? What happens in that case? Are the persons or the contactors, the service providers penalized? Are the matters reported to the police? I mean, there is a limitation period here with respect to the recovery of the moneys to the State.

Ms. Maharaj: Could you please clarify if it is the overpayments on page 34 you are referring to?

Mr. Mitchell: Yes.

Ms. Maharaj: Yes. What the Auditor General was saying a short while ago, is that a lot of these relate to salary overpayments. So the Ministries themselves are responsible for recovering the salary overpayments from the relevant officers.

Mr. Mitchell: In the case of the—let us say, service providers, contactors, providing services to the Government, what happens in that case, do you also need to satisfy yourself that appropriate steps are taken to recover the moneys in the courts, for example?

Ms. Maharaj: Well, in the few instances that we have seen, yes, we have been asking questions and reporting and following up.

Mr. Chairman: Okay. A couple of issues here, page 43. On page 43 you have the Tobago House of Assembly Appropriation Accounts:

> "The Appropriation Account was not submitted within the statutory deadline January 31st, 2015 to enable inclusion in the Public Accounts."

So it was not included, and then across the page 44, as you turn the page:

> "A difference of $59,348,310.48 was noted between the amount of $2,095,932,197.00 disclosed as Current Transfers to Statutory Bodies and the balance of $2,036,583,886.52 shown in the Vote Book. Over-expenditure of $41,211,630.50 was also disclosed for this vote."

So this is an over expenditure, and then when you look again on page 91, Financial Statement 4.16:

> "A Financial Statement was not received from the Ministry of Works and Infrastructure in respect of the Tobago House of Assembly.
>
> Records show that $18,986,938.90 was expended from the Unemployment Fund release of $19,000,000.00. Further expenditure on the Unemployment Relief Programme amounting to $49,416,337.00 were funded by releases from the Contingencies Account of the Tobago House of Assembly. This contravenes the Tobago House of Assembly Financial Rule No. 34 which stipulates that "*…moneys shall not be withdrawn from the Contingencies Account other than for the purpose of meeting urgent or unforeseen expenditure…*".

How do you deal with something like that where you basically said: "Look, there has been a breach"?

Mr. Ali: Well, that is—I think that is for the Committee to call the entity to ask these questions.

Mr. Chairman: Okay. So, you are saying basically you have done your work, and it is up to the PAC now, to take some kind of follow up action. Is that correct?

Mr. Ali: Yes.

Mr. Chairman: Okay, I understand.

There is another matter which I want to raise. It has to do with two institutions that are kind of, in my view, connected to serious issues that arise in the society. One is the Chief Immigration Officer in the Ministry of National Security—not the person, I am talking about the office, the institution—and the other one is the Comptroller of Customs, okay? I do not have the page here, but I looked at it last night when I was going through these things. I may find it still. Under Chief Immigration Officer, it says:

"Statements of Revenue from 16 Collectors of revenue were not produced for audit examination. Comptroller of Accounts Circular No. 15 dated August 22, 2014 is relevant. As a result, the total revenue of $43,554,545.10 and total disbursements (deposits to Treasury) of $43,517,695.10 were not verified. Non-receipt of these Statements was also reported in the prior year.

A difference of $1,675,437.68 was noted between the total disbursements of"—43-whatever, and 45—"and the amount of"—45—"shown in the Treasury Statement of Revenue.

As stated in the prior year, proper maintenance of subsidiary records and regular reconciliation and control information with the Comptroller of Accounts is a critical aspect of the revenue control towards mitigation of related risks. Urgent attention needs to be paid to strengthening the accounting controls..."

Now, the reason I ask is, I mean, these are revenue generating things. These are—and revenue is a big issue in this country, and the Immigration Department and the Customs Department are also at the heart of many, many issues that require police attention in this country. I want to ask, what do you recommend in relation to this? And if I can find the one with customs, I will draw it to your attention. Yeah, I have it here it is on page 79:

"The internal audit function at the Customs and Excise Division was assessed to be weak. There was no formal policy with respect"—anyway—"High risk areas such as revenue and procurement were not included in the internal audit scope."

So what did they do, all right?

"*Revenue control*

During a visit to one outstation, computer generated revenue receipts for 2 days in May…were not presented for audit. The amounts recorded in the Cashier's Daily Summary could not be verified. Controls were therefore deficient and completeness of Revenue could not be ascertained.

Statement of Receipts and Disbursements

The total Revenue figure of"—$4 million plus—"disclosed in the Statement of Receipts and Disbursement was understated by"—so and so.

Now, some of this could just be carelessness, lack of attention or whatever it is but, I mean, does this not raise issues on the revenue side for the country, that are very important to address in a very serious way? Can you help us with this? What should we do?

Ms. Pujadas: I think as the Auditor General was just speaking to me, he was saying, well, there are a number of issues here and I think it is raised in particular at page 17, when it made reference to the internal audit, and you asked what do they do?

The internal audit function is, if you look at it there should be an internal audit function in the exchequer. It does not define what that internal audit function is. At present, many of the internal audit units in a lot of the Ministries and the Departments, one, continue to be understaffed; two, lacks professionalism; and three, are required to do what I would call a lot of administrative things. So they are required to do, yes, check staff type functions. They are also required to do a lot of the pension and leave records, the annual pension and leave records. They are required to audit those annual pension and leave records.

So a lot of their time in a sense, a lot of their scope of work is taking up on what I would presume to be a lot more of these administrative type issues, than rather on looking at the leakages and possible breaches that can occur particularly in areas like customs, and all those revenue generating areas, because we would have—licensing is another issue.

So in a sense, it comes back to what Ms. Maharaj and Mr. Ali had spoken to earlier, about strengthening the internal audit function, because the external audit has "a function", and an internal audit has "the main function", because they are there as we managements too.

We all know that in a cash-based society, cash is something that can be easily misappropriated and, therefore, there always needs to be a greater scrutiny in terms of the collection and depositing of that cash into the Consolidated Fund at Treasury.

So, I think it comes back to looking at the whole structure and strengthening the control features, and also strengthening the internal audit function, and prescribing a proper role for the internal audit function, because at present, there is no really defined role for the internal audit. I mean, we speak back to our first report that we did way back in 1987, that continues to exist today.

Mr. Chairman: Would anybody like to ask any questions? We are at 11.58.

Mrs. Gopee-Scoon: With regard to the IDF, the Infrastructural Development Fund, do you all audit those as well, every project, or do you choose some? I just note as well, with regard to a specific project, the Whitehall restoration, that you had said that there were things that were not adequately secured and protected, antique furniture and fittings and so on. I know we are talking about big money, but these things are also important to us as a society. You said that they could not be found and those that were—things that had been there on the premises before the start of the project, you just cannot find them. Every year you go back—is that happening as well? Have these things been found? But also answer me, as with regard to the selection of the projects or do you do all of the projects under the IDF?

12.00 noon

Ms. Maharaj: Administering officers of all the funds are required to submit financial statements on the fund, how they have used the money. Those financial statements we receive by January 31. Based on our risk assessment we would choose which projects we would be looking at, but we do audit the statements and we look for material errors. They are included in the public accounts.

With respect to the Whitehall restoration. Of course, we go back, not every year, but we would go back and check whether our recommendations have been implemented, whether the assets have been secured or not. But, again we could only raise the issues and the action lies with the decision makers and the persons in place.

Mrs. Gopee-Scoon: So the fittings, the antique furniture and so on has not yet been found?

Ms. Maharaj: Well, we cannot say.

Mrs. Gopee-Scoon: That is what one of the checks has shown.

Ms. Maharaj: Yes, we have not gone back in a while to check.

Dr. Mahabir: Again, page 45, and I want to take up upon—there is an issue I want to raise subsequently and that is with respect to tagging government property. I see that seems to be a pervasive issue, but really I see on page 45—on something that the Chairman has raised on customs and excise:

> "Two vouchers totalling"—$1.5 million—that is 2.86 on page 45—"were seen to be authorised by an officer whose delegated authorisation limit was $50,000.00."

So here it is we have an officer who has a limit of $50,000, and he or she has authorized payments of $1.5 million. Something has gone wrong here. Here is someone signing a cheque. Now, my question is: who is culpable? Is it the Permanent Secretary for allowing this officer to sign cheques worth $1.5 million when the law says he has a limit of $50,000? What is the sanction for a senior officer allowing a junior officer to do something that he is not authorized to do with respect to the preparation of such expenditure documents?

Ms. Maharaj: The responsibility is that of the accounting officer, and also the follow-up or any sanctions would be that of the Minister of Finance.

Dr. Mahabir: Do you not think that there is a role here for public administration to look at? It may very well be that the accounting officer is not present and, therefore, someone has to make a payment, but really we ought to know what gave this junior officer the authority to sign these cheques in an emergency or something. Is there a scope then for public administration to ensure that there is always a documentation to protect the junior officer in case he is doing something outside what he is supposed to do?

Ms. Pujadas: Dr. Mahabir, the role of the accounting officer is pecuniarily responsible for the management and the safeguarding of the assets and, therefore, the question of authority limits have been set and those authority limits have been set by the Central Tenders Board. Therefore, the accounting officer is responsible for ensuring that he puts proper internal control procedures in place that would mitigate against these authorization limits being breached.

Again, we come back to the issue of internal audit, because if you had a proper functioning internal audit then the internal audit would have spotted this at one time and brought it to the attention of the accounting officer. But if you have the internal audit doing things that are not necessarily helping minimize the risk of leakages taking place and they are doing other activities which they are required to do, then it of course increases the risk of these sorts of things happening. So, it continues to speak to the weakness that Mr. Ali drew to your attention that there is a strong need for the internal audit function to be improved and properly formalized.

Mr. Samuel: I am glad the issue with regard to internal audit was raised, because on page 79 in your visit dealing with Customs and Excise and the Ministry of Finance and the Economy internal audit, you said that there was no evidence that staff had received formal training in internal auditing or in IT auditing or have access to sensitive data. Is this one of—from your professional standpoint—the reoccurring problems over and over? It appears if it is a reoccurring issue, nobody is taking you on. Is this one of the consistent problems that you have over the years, year in year out? In every report you have the same issue arising and you keep highlighting it and flagging it, but nothing is being done.

Mr. Ali: Well, I think the Ministry of Finance is in the process of dealing with the problem of internal audit. I think they have a consultant on board trying to see how best they can get qualified internal auditors on board. We are just waiting to hear how that process is going.

Ms. Pujadas: I also note that the Public Service Academy, while they cannot possibly do intense training, they do have that as a subject matter on their agenda and they do request Ministries and Departments to send their staff to attend these courses. But, of course, these courses are ad hoc and they are not totally continuous, but it is helping. For our own internal audit staff, for example, their exposure to that has opened their eyes and helped them to better understand what they are supposed to report and how they are supposed to report. So there is a whole holistic thing that is taking place that we hope in the near future would have a significant impact.

Mr. Chairman: A couple of things. One, what is the relationship between the Auditor General and his Department and the *Review of the Economy*? Is there any connection at all? Specifically, what I am asking is in the section here, that is section 6, Chapter 6, where you have the accounts of the Treasury and you have some very, very valuable information up to the end of the fiscal year 2014, the *Review of the Economy* would generally do a document which would be laid with the budget at the end of a fiscal year. Do they get their information before you audit the accounts that you have audited here or do you audit after they—in other words, does the documentation that they produce, is it based on part of the audited accounts that you do or do you do your audit irrespective of them, independent of them, unattached to them, et cetera, and do they then get their information from you?

Mr. Ali: Well, we do not get involved in that process with the *Review of the Economy*.

Mr. Chairman: Okay. You proceed with your work. You finish your work by April after the year under review, so the *Review of the Economy* would have the benefit of your report after it is laid in the Parliament, because they do not produce until August.

Mr. Ali: We had hoped so.

Mr. Chairman: Yes, okay. I just wanted to clarify that process because it is very important for authentication of the information. Having said that, I want to look at a couple of things, one is on page 123. It has to do with Chapter 6. Chapter 6, you see, really gives the national accounts in a way, because you deal with public debt, you deal with loans, you deal with revenue, and you have revenue compared with expenditure. So, basically, you are saying that the information you have here on page 123, for instance, would be a true and accurate reflection in Table 10 of what was the revenue for this country in 2010, 2011, 2012, 2013 and 2014, and what was the expenditure in

2010, 2011, 2012, 2013 and 2014 and what was the deficit in each of those years, and this is the accurate records of the state of the economy in each one of those years. Certainly, the state of the budgetary side of the economy in any one of those years. That is correct?

Mr. Ali: Yes.

Mr. Chairman: Thank you very much.

Mrs. Gopee-Scoon: Just going to page 66, with regard to the Ministry of Sport and Non-Profit Institutions, it is recorded here that:

> "Controls over payments under this vote"—"Non-Profit Institutions"—"continued to be weak."

So that there is a requirement that these institutions which receive financial assistance from the Ministry of Sport are required to account for expenditure in accordance with policy. It is noted here. The question I am putting to you is: what amounts are we speaking of here? Are these large sums? I want to know if it is a situation that is out of control and for which there are no checks and balances in terms of moneys extended to non-profit institutions in the Ministry of Sport.

Ms. Maharaj: What we have actually raised here is the control issue. We have not really found like real discrepancies with large sums. It may have been with various figures larger, smaller, a mix, but the controls are important to ensure that the Ministry monitors the funds that are being used for intended purposes, the purposes intended by Parliament. This is the issue we are raising here.

Mrs. Gopee-Scoon: So what you are saying is that there is no mechanism in place to ensure that the funds have been used for the purposes intended.

Ms. Maharaj: There is a mechanism. It is that the sample that we chose, we did not see implementation of that mechanism for the sample.

Mrs. Gopee-Scoon: Well, if the samples you chose did not show that the mechanism was implemented, are you not going to dig deeper?

Ms. Maharaj: Well, again, our purpose is to provide an opinion on the financial statements. The Auditor General also reports on breaches to financial regulations and instructions. That is the role of the Auditor General, to examine and report. Now, remember we have very constrained resources and we have to use risk assessment when we apply those resources. So, basically, we cannot audit 100 per cent of anything. We will always do samples, we would always do follow-ups and we would always consider these issues in our next risk assessment to see which are the areas that we need to look at further.

Mrs. Gopee-Scoon: But it is conclusive that there has been no reports submitted to the Ministry to satisfy that the expenditure was used for the purpose intended. Yes?

Ms. Maharaj: We would say there may have been reports, but we have assessed that the overall control is weak in this area and needs to be strengthened.

Mr. Chairman: Thank you very much. Are there any other questions? Do you have a question? I would try to close up now.

Mr. Mitchell: Yes. Where the Auditor General finds discrepancies under the accounting officer's charge, do you simply report it in here or do you take the further step to let us say write to the head of the public service or write to the Public Service Commission advising them of the discrepancies? Are you aware of any action taken by the head of the public service or by the Public Service Commission with respect to these discrepancies? Of course, all having regard to the accounting officer's letter that they would receive from the Ministry of Finance.

Ms. Maharaj: When we find a discrepancy, we would discuss it with the accounting officials, we would discuss it with the accounting officer and we would issue a management letter. In certain instances we may also inform the Minister of Finance or the Comptroller of Accounts, depending on the relevance of the issue and then we also report it in the Auditor General's Report for further action by the Public Accounts Committee, by the Ministry of Finance in that respect.

Mrs. Gopee-Scoon: With regard to the Ministry of the Environment and Water Resources, there is a property which was secured since 2011 in Tobago for the office of the Green Fund Executing Unit at $16,000 a month since December, 2011. I understand that this building remained unoccupied up until the time of audit. So, you are speaking of $464,000 was paid and no one occupied the building and, of course, that is in contravention of the Financial Regulation No. 34. Again, this is not the best use of public funds. What is done in a case like this to arrest it? We are going to be getting the accounts for 2015, and I would like to think we would not see another report that this building remains unoccupied and that another 16 by 12—$16,000 by 12 is being wasted again on this building. Has this been arrested?

Ms. Maharaj: Again, we may or may not have followed up on this issue in 2015, because it would have formed part of our risk assessment, but other things may have taken priority, so those questions we are yet to ask the relevant accounting officer.

Mr. Chairman: Is there an explanation for it? Are you aware?

Ms. Maharaj: I am not sure right now.

Mr. Chairman: Is there an explanation for why the building was unoccupied.

Mrs. Gopee-Scoon: And rent continues to be paid.

Ms. Maharaj: There would have been an explanation, I cannot say right now. We could get that information.

Dr. Mahabir: Thank you very much, Chairman, and I assure you this shall be my last question for this morning. Auditor General, there is a major social problem that you have highlighted, and that is on page 46, pensions and gratuities. We keep hearing anecdotal evidence and also hard evidence that citizens in the country sometimes have to wait for more than two years for their pension cheque, their gratuity cheque to be prepared and sometimes their monthly pension payments are delayed.

I see that you have some recommendations, of course internal audit, in my mind, would not solve that problem. But could you, for the benefit of the Committee and the benefit of the public, indicate what recommendations from your perspective you would make to the Comptroller of Accounts so that when an individual retires his or her gratuity cheque will be available say within 90 days of leaving the service and he will begin to collect his monthly pension forthwith? Thank you.

Mr. Ali: This problem does not start with the Comptroller of Accounts, it starts in the Ministry. If you have updated pension and leave records then it should be processed within a short period, but when you have records moving from one Ministry to the next, then the problem exists and the employee is at a risk of not getting his pension and leave records up to date and as a result this matter does exist.

Dr. Mahabir: Recommendations, we need to solve this problem. What recommendations would you make to expedite that process? Is it better communication within Ministries? Is it that there needs to be an officer, a salary officer, pension officer within each unit so that a year prior to someone leaving the service his file would be started so that when he leaves the file is completed? There must be some positive recommendations emanating, given your experience with this problem, that you could make so that we could solve this problem.

Mr. Ali: Well, computerization would be the best issue as to how to solve this problem in that if they are on the IHRIS system then it should be automatically flowing, and at the end there should not be a problem in getting that pension.

Ms. Pujadas: In terms of the IHRIS system that we have here which is the Integrated Human Resource Information System, it is our understanding, because we recently did an IT audit on it, but we are not quite finished with that yet, so I do not want to go completely into that information, but from our understanding, preliminary understanding, not all the features of that particular electronic system is in place. Now, apparently that system can accommodate even the putting out of your pension and leave records. So that your pension and leave records which is required to be updated on an annual basis by the Ministries would actually be able to be done because everything would be integrated and it would be a natural flow of process.

As it stands now, a lot of the pension and leave records—and there are particular Ministries in which this occurrence occurs—are delayed and so that by the time it reaches the Treasury—and Treasury does have a thing where they send out when it is two years close to your retirement, they issue you a letter and advise you to make sure that your pension and leave records are up to date and that they have been actually lodged. So they do actually have something in place but, however, many of the Ministries have not been able to keep up with the annual requirement of pension and leave records. So sometimes when the officer goes, a pension and leave record might be 10 years due to him, and that record actually specifies where you are supposed to be, what your salary point is supposed to be. It takes into consideration your incremental point, your promotion points, all of those sorts of things. If there is any problem with any one of those areas, that could cause a keep back because that record would now have to go back to the source Ministry to find out whether—so it is a very cumbersome system.

So, if in fact we start looking at the existing IHRIS—I do not know what is the capacity—system and looking at the features that it has and maybe on a phased basis starting to implement that system, I think maybe in the longer term we would reach where we want to reach, and that is when you retire, you receive what is due to you on the day of your retirement.

Dr. Mahabir: Thank you for that positive recommendation.

Mr. Chairman: Thank you very much. In this report you mentioned—what can I say?—certain flaws, discrepancies and bad habits. You also mentioned non-compliance and so on, but you do not, from what I can see in your writing of the report, suggest in any way that there has been fraud or misappropriation of funds or anything of that sort. Am I correct?

Ms. Maharaj: Where we see instances that there may have been fraud, we would look to see whether those instances were reported to the police and whether action has been taken in those instances.

Mr. Chairman: You have identified those in here?

Ms. Maharaj: We would identify weaknesses in internal controls that may lead to fraud.

Mr. Chairman: What do you then do when you identify them in the report?

Ms. Maharaj: Once they are referred to the Fraud Squad then we have no further action in that respect.

Mr. Chairman: Okay. But who does that?

Ms. Maharaj: In certain instances you may find that the Ministry itself or the

Permanent Secretary would have reported it.

Mr. Chairman: So this is something—in the report you would flag whatever is an issue of concern, and the appropriate officer in the Ministry would then take action on this matter including referring the matter to the Fraud Squad?

Ms. Maharaj: Well, in a lot of occasions the accounting officer would have already referred the matter.

Mr. Chairman: Done so?

Ms. Maharaj: Yes.

Mr. Chairman: Okay.

Ms. Maharaj: But the majority of the issues here, we cannot say would have had any incidence of fraud or anything like that. There would just be a few instances.

Mr. Chairman: It is just a matter for clarification really to make sure that we understand what the Auditor General's accounts and the writing up of the report is about.

I want to thank you very, very much for the contribution that you have made to public education over these last two sessions. I am very, very happy to have engaged you, and I am sure that I can speak for all members here that we have found this enlightening, we found this educational, informative and I am sure that the public probably would make the same kind of assessment in addition to other things that they may think of the engagement. So I want to thank you for that.

In looking at these things, one of the things that I would raise with you which other members raised on the last occasion is that we need to have a continuing working relationship with the Auditor General's Office, both to help you to strengthen yourselves and to assist you in the areas that you need assistance and support in, but also to assist us in doing our work properly in basically playing the role of watchdog over the public funds, public accounts and public moneys of the taxpayers of Trinidad and Tobago. If we can build that relationship over time, I would be very grateful.

As I said, this has been very useful and I think very enriching. I want to thank you, Mr. Majeed Ali, Auditor General; Ms. Lorelly Pujadas, Deputy Auditor General;

Ms. Gaitrie Maharaj, Assistant Auditor General; Ms. Gale Serville, Audit Executive II; Mr. Kenneth Barton, Audit Executive II; Ms. Kumari Rampual, Audit Executive I; Ms. Nicole Cockburn or is it Cockburn, Legal Officer—I know that there are two pronunciations—and Mr. Brian Caesar, Audit Assistant I. I want to thank all of you for attending.

I want to also thank my colleagues Sen. Gopee-Scoon, MP Ayanna Webster-Roy, Sen. Rodger Samuel, MP Randall Mitchell and Sen. Dhanayshar Mahabir and also Ms. Bhagaloo and Ms. Keiba Jacob who have supported us throughout this exercise. I want to thank you very, very much.

I want to thank also the members of the media for attending. We think this is an important Committee. We think that this is an important engagement of the Auditor General's Office, which I think has happened for the first time between the PAC and the Auditor General's Department and, therefore, it is historic in nature and it really sets the tone for addressing the other issues and the other entities that we are going to examine.

I also want to thank the members of the public gallery, who are present here today, for coming. You know, democracy is a very important thing that really depends on public information and public participation, citizen participation, and we thank you for being present here today.

We will now at this point suspend this session, and we will go into an in-camera session with just this group of members of the PAC. Thank you very, very much, and my congratulations on your hard work and your diligence.

Mr. Ali: Thank you very much.

12.27 p.m.: *Meeting adjourned.*

VERBATIM NOTES OF THE TENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, JUNE 08, 2016, AT 10.33 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Rodger Samuel	Vice-Chairman
Dr. Dhanayshar Mahabir	Member
Mr. Randall Mitchell	Member
Mrs. Ayanna Webster-Roy	Member
Mrs. Paula Gopee-Scoon	Member
Miss Marlene Mc Donald	Member
Mrs. Jacqueline Sampson-Meiguel	Secretary
Miss Hema Bhagaloo	Assistant Secretary

ABSENT

Dr. Lester Henry	Member

OFFICE OF THE AUDITOR GENERAL

Mr. Majeed Ali	Auditor General
Ms. Gaitrie Maharaj	Assistant Auditor General
Ms. Kumari Rampaul	Audit Senior I (Ag.)
Ms. Nicole Cockburn	Legal Officer
Mr. Brian Caesar	Audit Executive II (Ag.)

Mr. Chairman: Good morning everyone. This is a meeting of the Public Accounts Committee. The purpose of this meeting of the Public Accounts Committee is to discuss with the Auditor General the Report of the Auditor General of the Republic of Trinidad and Tobago on the Public Accounts of Trinidad and Tobago for the financial year ended September 30, 2015.

The Committee is desirous of hearing from the key stakeholders at the Auditor

General's Department, perspectives on this report so we will engage them on the issues in and around the report. We want to learn of the challenges being faced. We had an opportunity to do that on the 2014 report and we want to see if anything has changed and to determine some of the possible solutions to these challenges.

The role of the Committee in the end is to help the Auditor General's Department and the Ministries and Departments that we examine to improve its delivery of services in an efficient, effective and economic manner.

I want to take this opportunity to welcome the members of the Auditor General's Department and the Auditor General himself. We have had the benefit of members of your staff with us on most of the meetings that we have had to engage other sections of the governmental system and we thank you for that. And I will take this opportunity now to introduce myself. Dr. Bhoe Tewarie, I am the Chair of the Committee. I will ask other members of the Committee to introduce themselves around the table. I also want to take the opportunity to welcome, not just you Auditor General and your staff, but the members of the public who are here and the members of the media who are here. And we are very grateful to have all of you here. Sen. Dr. Mahabir.

[*Introductions made*]

Mr. Chairman: Okay, very good. Let me just say that this meeting is being held in public and is being broadcast live on the Parliament Channel 11 and on Radio 105.5 FM and also the Parliament's YouTube channel called ParlView. Viewers and listeners can send their comments related to today's topic via email which is, PARL101@ttparliament.org. or through facebook, facebook.com/ttparliament and Twitter @ttparliament.

So I want now to begin the process of engaging the Auditor General's Department and I will ask the Auditor General, please, if you would like to make a statement to us.

Mr. Ali: Thank you, Mr. Chairman. Good morning to you and members of the Committee. I am Majeed Ali, Auditor General of the Republic of Trinidad and Tobago. It is a pleasure once again to be here for this meeting to share information and give explanation on the audit of the public accounts of the Republic of Trinidad and Tobago for the year ended September30, 2015. My staff will now introduce themselves.

[*Introductions made*]

Mr. Chairman: Thank you all very much. I will begin by asking some general, broad questions and then members of this Committee will continue the questioning and we will try to move in rotation so that we can engage you and we will also follow up on answers that you might give us from time to time.

The first question I want to raise is that I mean having read the 2014 report and engaged you and then reading this 2015 report and having the opportunity now to engage you, what I find and I am sure other members have found it too, is that there are so many recurrent problems that seem to persist from year to year. I will identify not all of them, but I will just mention some of them. The backlog of reports; the lack of submission of financial information according to deadlines; the several infractions, some of them small, pertaining to the procurement of goods and services; access to relevant information. That is to say the Auditor General's access to relevant information. The issue of the storage of documents; the internal audit function which persistently, we have been told has been weak, both from the Auditor General and from the evidence of the Ministries themselves as we have examined them over the last several months.

The difficulty, even if you identify issues for special audit, of actually having it done. The issue of strengthening the Auditor General's Department including the issue of staffing; the responsiveness of Ministries and institutions to the Auditor General Department's recommendations, non-compliance issues, over payments, breaches of Financial Regulations in some cases, problems with revenue generation by the various divisions, pensions and gratuities. There are others, but I will just leave it there. I think you get the picture. I mean these things persist and they are ubiquitous in the governmental system.

First of all, the first question really is, have we made any progress between 2014 and 2015? Are we making any progress between 2015 and 2016 and what can we do to basically strengthen the system and make it more effective, more compliant and more responsive to the requirements of good governance?

Mr. Ali: Mr. Chairman, in the examination of the public accounts, there are three areas of concern that I have. Firstly and most important, is the nonfunctioning of the Internal Audit Unit in the Ministries and Departments. In 1987, we did a special audit on the internal audit function of Ministries and Departments and made several simple recommendations for the strengthening of the units. Yet 19 years later, there leaves a lot to be desired. None of these recommendations have been implemented and this has been emphasized in the Auditor General's Report ever since.

Mr. Chairman, without a proper functioning of the Internal Audit Unit, accountability and good governance is almost non-existent. At present, the internal audit staff in these units of Ministries and Departments perform routine checks on pension and leave records, increment arrears, et cetera. Most of the comments in the Auditor General Report could have been avoided if Ministries and Departments had the proper functioning internal audit unit. These units should be the internal watch dog of the Ministries and Departments.

The second area of concern that I have, is the amount of money spent on unoccupied properties over the last six years. In these stringent times where funds are very limited due to the low energy prices, prudence in spending must be exercised. As at September 30, 2015, a total of $107million has been spent on rental of unoccupied properties. And it was observed that no action was being taken to curb this spending.

My final area of concern is my department not being able to access certain records and information at the Board of Inland Revenue to effectively form an opinion on the completeness of the revenue figure. Section 116(2) of the Constitution which is the supreme law of Trinidad and Tobago, and section 10(2) of the Exchequer and Audit Act, both clearly states that the Auditor General shall have access to all books, records and other documents relating to the country's revenue and public accounts. Despite these clear statements, however, it continues to be a case that the Auditor General has very limited access to information at the Board of Inland Revenue and cannot form an opinion on the completeness of the revenue figure as mentioned above.

With respect to the 2015 accounts, we saw that accounting officers are trying to make certain improvements in paying their accounts. But the weaknesses are still there.

Mr. Chairman: Okay, in terms of the internal audit function, you are talking about internal audit functions of Government Ministries and other entities. Okay? Is that right?

Mr. Ali: Yes.

Mr. Chairman: What is the recommendation that we can make from this Committee that would help you to get that done? I know you referred to the 1987 report and you said that nothing has been done over time. What is the recommendation that we can make? Well, first of all it might be to take those recommendations into account and reinforce it. But what else can we do?

Mr. Ali: Well, the Minister of Finance and the Comptroller of Accounts have to be on board with this exercise to make sure that it will be functioning properly.

Mr. Chairman: Okay. So things are being done—based on what we have on page 17, things are being done?

Mr. Ali: No.

Mr. Chairman: No? Are those things being done, page 17?

Mr. Ali: No, not at the moment.

Mr. Chairman: Okay. So these things are essential for strengthening the system?

Mr. Ali: Yes.

Mr. Chairman: And you would like that reinforced—

Mr. Ali: Correct.

Mr. Chairman:—in the report. Okay, I will stop at this point. I have other questions, but I will ask other members to continue.

Miss Mc Donald: Chair.

Mr. Chairman: Just a minute. I will start with Dr. Mahabir and go around.

Dr. Mahabir: Thank you very much, Mr. Chair, and welcome again to members of the Auditor General's office. I see much similarities between the '15 and the '14 report and I really would like to ask at the very beginning two questions. One is, what really can Parliament do to ensure timely submissions of accounts from entities for the review by the Auditor General's report? Because just last night in the Senate it was reported that one of the Regional Corporations had tabled before Parliament 2005 report. So we would like to know what can we do in the Parliament to ensure that the reports which are tabled for us are very current, recent, may be no more than a year or two old, because 12 years old seems to really be stretching it a great deal.

And the second question is a burning issue again. I have seen it on page 4 and this is the Exchequer Account which between 2014 and 2015 actually increased by some $1.4 billion and Auditor General, your report holds the view that an overdraft of this nature must be shown as a liability. And I really would like to get your views on whether the Minister of Finance when he draws this amount from the Central Bank should be required to pledge any security to support the overdraft to indicate that he can actually service his overdraft. Thank you.

Mr. Ali: Well, in response to your first question, very soon I will be submitting a non-submission report to Parliament on all those entities that have not submitted their financial statements to us to have it audited.

Dr. Mahabir: Right. But what we could do in the Parliament, because there must be some penalty for an agency that is 12 years overdue. Because if there is no penalty, there is no incentive for them to comply in a timely manner. Is there any law we can change, any protocol we can recommend?

Ms. Cockburn: Currently the Exchequer and Audit Act, there are the Financial Regulations attached to that Act, as Regulation 141 actually provides for a penalty for all accounting officers who do not comply with the requirements of the Act and the regulations which would cover and include timely submission of accounts to the Auditor General. However, the current penalty is TT $150 and a recommendation of course could be to look at possible increase of the current penalty and enforcement of course.

Mr. Samuel: On the same topic, what is the international standard? What is the best practice internationally with regard to the accounting officers who fail to do such? What is the best practice?

Ms. Maharaj: Internationally, the best practice has been moving away from strict financial regulations and prescriptive guidelines that people have to follow. The accounting officers are made accountable for the performance of their unit at a higher level. Basically, they are more into mitigation of risk and ensuring achievement of deliverables. There are key performance indicators which they must meet. So they are held accountable at a different level, but in our situation with respect to the submission of financial statements, the section that Ms. Cockburn referred to relates basically to the public account and not necessarily the accounts of statutory bodies that Dr. Mahabir was referring to.

I believe those things are really a policy decision of government and something for the Minister of Finance and the Executive and Parliament to consider.

Dr. Mahabir: A follow up on that. Because I was under the impression that the Exchequer and Audit Act will cover all of those agencies. You are saying that there are statutory corporations which are governed by another Act?

Mr. Chairman: Yes.

Dr. Mahabir: And therefore is it a recommendation then that we review those pieces of legislation to determine whether the penalties and the sanctions for non-compliance should be increased? Is that a recommendation from the Auditor General office?

Ms. Cockburn: I am thinking. Based on the legal definition of accounting officer, I believe because of the nature of funds and the nature of the duties carried out by those officers, I believe they would also be covered as an accounting officers under the law. And because the regulations address all accounting officers, I believe they are already covered and any increase in this regard would cover them as well.

Mr. Mitchell: Thank you, Mr. Chair. I want to turn your attention to the—what seems to be an impasse with the Board of Inland Revenue or the Inland Revenue Division. Can you elaborate further with respect to this impasse? When did it start and give us an update as to where it is at now. When did they start relying on this secrecy provision?

Ms. Cockburn: With regard to when it started, I may need a little assistance as to when the auditors initially came face to face with this? [*Crosstalk*]—2012, so that would be approximately four years and they have been relying on the provision since 2012. I believe at our insistence on seeing certain information on documents.

With regard to the status, just to recap, the issue was raised with the current Attorney General who the Auditor General met with personally and the undertaking was given that in the current Attorney General's view, the best solution to the problem would be to amend the Income Tax Act to clearly state that those secrecy provisions do not apply to the Auditor General.

The next step really is to bring amending legislation to Parliament and as we may all know that is completely outside the remit of the Auditor General and lies solely in the hands of the Attorney General who would have to move to have legislation drafted, brought to Parliament and debated to effect the amendment that would remove any hindrance whatsoever from our access to information.

Mr. Mitchell: Right. But just to refresh our memories, can you just give us some background into the impasse?

Ms. Cockburn: With regard to background—

Ms. Maharaj: In order to determine the completeness of revenue we have to check the controls over revenue, identification and collection. And in order to do that we would need to access certain individual records in the Ministry to do our sample checking to determine if the system is operating effectively. We have not been able to access the records of individual taxpayers. And this is where the issue is.

Mr. Mitchell: And only in 2012 did they start to deny you access?

Ms. Maharaj: No, I do not believe so, but since 2012 we have been more vociferous requesting it and we are focused on, remember we have international standards that we are adopting and international standards hold you to higher level of interrogation and examination into the accounts.

Miss Mc Donald: Thank you. Mr. Chairman. Question to Mr. Ali, Auditor General. Mr. Ali, your report identified that for the past two years that the training of staff, of

Ministries and various Departments in accounting regulations and procedures, this seemed to not have taken place. And there is the non-existence of succession planning in most of the Ministries in the accounting units in the various Ministries and Departments. Certainly from where I sit, this would definitely be an obstacle or a challenge to the provision of your reports which would have requested. How can we address such issues or lack of it?

Mr. Ali: That will be a matter for the Service Commission to decide in terms of getting the proper people to be in there to perform that function.

Miss Mc Donald: You report, Mr. Ali, at page 15 said, for the past two years, in your two previous report:

> "…a pervasive need was identified for training of staff of Ministries and Departments in accounting regulations and procedures with a view to enhancing accountability and good governance."

In your next para it says quite clearly that this has continued. What, as Auditor General, what can you do? Is it that you have absolutely no say in what happens in these accounting units or some sort of recommendations or something? What can we do at the level of Parliament to assist your department?

Mr. Ali: The Treasury Unit is the one who is responsible for training the accounting personnel in these Ministries and Departments. What has happened in recent years in many Departments is a high turnover of staff and that has created a lot of problem in the accounting unit. And that is where the problem stems. So it is a matter of getting them trained and they are supposed to be trained by the Comptroller of Accounts.

Miss Mc Donald: Mr. Ali, I will tell you why I ask that question. Because I recall last October, when I was Minister, the then PS had made a request of your department, housing, to carry out an audit and the response came back, really had me concerned. Because the response was simple that you had no resources in order to conduct the audit. So that leads me to the next question.

It would seem to me that your Department, the Auditor General's Department is greatly understaffed and how can you remedy that situation or what can we do here, because I think this Committee here is to really assist you also. It is not just to come and investigate and assist you and then we leave. It is not business as usual. But what can we do to assist you in carrying out your functions?

Mr. Ali: Well, since my appointment as Auditor General I met with the DPA and we are understaffed by approximately 100 staff. That is why we cannot take on no new audits.

Miss Mc Donald: I understand. By what amount?

Mr. Ali: One hundred. Our complement is supposed to be 300 staff. For the moment, we are 200 and we are working with the DPA and they are working with us and we are getting our staff on board. Also I may say thanks to the Parliament, we are getting additional accommodation to facilitate these staff.

Miss Mc Donald: I have another question, Mr. Ali, and it speaks to something that, when I read this report, again, I have a concern with the non-submission of documents to assist you in your audit of Government Ministries and various Departments. And responses not received to management letters. You all would have sent management letters and what not. And there is in your Financial Instructions, 43, which says:

> "All vouchers, paid"—et cetera—"shall on request for Audit examination be made available to the Auditor General or his nominee."

Many of the Departments, Ministries and what not, did out submit their responses to many questions you would have posed during the audit of the various Ministries. How do you intend to deal with such errant Ministries and Departments?

11.00 a.m.

Mr. Ali: Well, we normally rely on the reply from the management letters from these entities, and if they do not reply on time then we will put it in the report. But that is the most we can do.

Miss Mc Donald: And this is where I think you have in fact put all here. You know, you have laid out here, responses from the following entities remain outstanding as at April 15, 2016, and all the various Ministries and what not are here. So, what we are saying is that you are seriously hamstrung in that you do not have the teeth to deal with errant Ministries. So, all you can do from your admission is that you could only put it in the report and hope that something happens. So, if nothing happens, what then?

Mr. Ali: We can hope that this Committee would call in these entities and examine them, and maybe read the riot act to them.

Dr. Mahabir: A brief follow up on this, do you have the authority to publish in the newspapers the entities which are simply not complying with the directives issued by the Auditor General's Office, in a name and shame kind of programme?

Ms. Cockburn: If I may, just to clarify, by law the Auditor General is really entitled to do as much as is currently being done with regard to demanding submission, et cetera, of necessary information. Once that is done and it is reported, it is actually the position that accounting officers are accountable and answerable to Parliament through the various Committees set up to require them to account and answer. And, just to reiterate, I believe there lies actually within the Parliament the power to really demand that things happen differently.

Mr. Chairman: Okay, well you can rest assured that we will ask the various entities to come here and account as we have been doing, and we now have the benefit of both 2014 and 2015, so that we are in a better position to see performance over the last two years, and to sort of monitor what is likely to happen over the next year or two. Okay? Mrs. Ayanna Webster-Roy?

[*Mrs. A. Webster-Roy indicates in the negative*]

Mr. Chairman: Okay. All right, follow up question, related to the same issues that we have been raising, which is really the Office of the Auditor General's ability, basically, to get compliance and to insist on good governance, and how we can work together to make that possible. Now, on the actions being taken on page 17 after you identified the recommendations to promote internal audit effectiveness, you say that the Ministry of Finance has indicated that the concerns with the internal audit function are being addressed as part of the current reform of the public financial management system, subsequent to the financial year end of September 30, 2014, a preliminary diagnostic review was performed by a consultant, and recommendations were submitted to the Ministry in January 2015. As far as you are aware, have any of those recommendations been implemented?

Mr. Ali: No. At the moment none of those recommendations have been implemented.

Mr. Chairman: Do you know if they are being pursued?

Mr. Ali: No.

Mr. Chairman: All right. The Comptroller of Accounts has stated that draft documents such as the internal audit practice guide, internal audit standards, and internal audit charter were produced, and that sensitization sessions and workshops with certain key stakeholders were held. I mean, you would be familiar with those documents. Are they adequate, and would training and sensitization in these matters help?

Mr. Ali: At the moment we have not reviewed those documents.

Mr. Chairman: Okay, so you are not aware.

Mr. Ali: Yes.

Mr. Chairman: Do you think it would be useful for you to look at those documents and see whether they in fact would be valuable in ensuring the compliance with the things that are important to you, or whether they fall short? Do you not think that that might be helpful?

Mr. Ali: Yes, we can do a review.

Mr. Chairman: Yes, I do not think that that would take too long. It would be basically to give some direction and guidance, and to include things that might have been excluded, and you have the very current reports on which you can base your recommendations. The other thing is that, the issue of the—what you call it? What is it? The integrated financial management system. I forgot what the acronym for it is.

Mr. Ali: IFMS.

Mr. Chairman: Is there any progress taking place? And that is meant to bring all government accounts together in the same place, and to give the Auditor General as well as others access to it. And, it is also meant to integrate the ministerial accounts and the PSIP. That is to say the recurrent account and the developmental account, PSIP. Do you know what progress is being made on that?

Ms. Maharaj: The last information we have from the Comptroller of Accounts is that the documents were being submitted to Cabinet for approval. It required an IDB loan, and they were awaiting feedback. So, the Comptroller of Accounts would better be able to update you all.

Mr. Chairman: Okay. Would implementation of that help?

Ms. Maharaj: Well, we are advocating for the implementation of an integrated financial management system that would include other facets as inventory and a number of other areas that we have identified. We have not reviewed the current proposal to see whether it does encompass, so we would not be able to say if the currently recommended system is what we would recommend then.

Mr. Chairman: Okay. Could you try and have an input in that so that we do not end up creating a system that is inadequate, and pay a set of money for it. We might as well get the most out of it if we are going to pay money for it to do it. All right? So, the issue is really whether the integrated financial management system is going to be an enlightened one which allows not just for integration, but for high levels of accountability, and I think that is what we should focus on. No?

Ms. Maharaj: The Treasury, I know, had consultants that were looking at the requirements and suggesting a system.

Mr. Chairman: Okay, so there has been some engagement, some collaboration?

Ms. Maharaj: Yes.

Mr. Chairman: All right, good. Other members, please bear with me, but Mr. Samuel.

Mr. Samuel: In the 2014, now 2015 report, there is an issue on page 31 of the 2015 report on lease arrangement and agreements, and one of the reasons given was that the issue really stems with the Property and Real Estate Division, the slowness of the operations of those divisions. In order for us to find solutions, and we seek your advice and help in doing such, what immediate recommendations do you have to help solve the issues that you are having with regard to the lease arrangements that are not being submitted on time, and the delay? What recommendations do you have that we can implement or work with, with the entities so that we can alleviate the issue and your issue of not have those agreements as submitted in a timely fashion, in a short-term way and in a long-term way?

Ms. Maharaj: What we have identified is that the whole process is a long and drawn out process. It encompasses a number of different units. So, you would have the Ministry, you would have Property and Real Estate Division, you may have Attorney General, and the delays are caused because of that. I would not say that we would recommend anything, except a thorough review of the whole process by the experts to see if they can find efficiencies and improve the work flows, basically, so that you will have more timely implementation of the recommendations.

Mr. Samuel: So, until that is done, in the 2016 report we may find the same thing reoccurring again, and '17, '18 '19, which makes your task a far difficult one in having a comprehensive audit being done for the various Departments and Ministries.

Ms. Maharaj: Well, we do have the reports. I mean, really, how can you be paying if you do not have an agreement? But then the market is such that you have to secure—if you want to rent a building you have to secure that building in some way. So, the solutions have to be sought by, I would say, the Property and Real Estate Management Division.

Mr. Chairman: Anybody?

Mrs. Webster-Roy: Excuse me—

Mr. Chairman: Dr. Mahabir.

Dr. Mahabir: Okay, I want to get back to my second question. You see, it refers to the Exchequer Account, Auditor General, the Exchequer Account is overdrawn by some $33 billion. This is the largest item in the entire report. This is half Government's budgeted expenditure for the fiscal year. You indicated that the overdraft increased by some $1.4 billion on a one-year basis between 2014 and 2015. And, if any may quote from your report:

> Generally accepted accounting principles require that an overdraft of this nature beshown as a liability.

It is a simple question now, should this be included in the public debt of Trinidad and Tobago as a liability of the Government of Trinidad and Tobago? So that when we are looking at the consolidated debt figures of the country, we look at the debt of central government, and also this overdraft figure to give us a truer picture of the state of indebtedness of central government. Since, to be sure an overdraft is a loan. It is not a grant; it is not a gift; it has to be repaid. I just want to get your opinion as experienced auditors, whether it should be now placed in the public debt figures of Trinidad and Tobago.

Ms. Maharaj: Any assessment of the public debt would also include assessment of a component such as the bank overdraft.

Dr. Mahabir: Let me ask a more direct question, is it currently now included in the public debt of Trinidad and Tobago as reported by the Auditor General?

Ms. Maharaj: The statement of public debt actually includes domestic and foreign loans. The Exchequer Account is currently not included in the statement of public debt. It is shown on the statement of assets and liabilities.

Dr. Mahabir: Your opinion, should it be included in public debt since it is a sum which must be repaid by the Minister Finance, according to accepted auditing accounting principles?

Ms. Maharaj: At this point I would say yes.

Dr. Mahabir: Very well, thank you very much.

Mr. Chairman: You wanted to say something?

Mrs. Webster-Roy: Yes, Mr. Chairman, thank you.

Mr. Mitchell: Thank you, Mr. Chair. Mr. Auditor, I want to turn your attention now to individual areas of concern.

Mrs. Webster-Roy: Page what?

Mr. Mitchell: Page 44, and I see at the top of the list here you have 01: President. I can tell you I did not expect the Office of the President to be here, identified as an individual area of concern. But at paragraph 2.42 you indicated that there were 85 instances of incorrect classification of expenditure totalling about $2.6 million. Can you explain to us what is meant by incorrect classification of expenditure?

Mr. Ali: What I mean by this is that they were posted to the wrong votes.

Mr. Mitchell: Can you give examples of what would have been posted to the wrong votes?

Ms. Maharaj: Examples may have been official travel expenses posted as official travel rather than maybe vacation travel, which relates to the personal emoluments of the office holder. Similar to those.

Mr. Mitchell: All right. And in paragraph 2.43, Inventory Control, I see you have here, office, furniture and equipment costing $129,000. Well, that was classified, and then you have here, items costing $300,000 were not entered into the inventory register. What is meant by items? What are those items?

Ms. Maharaj: It may have been simple items that were bought for the household that had not been included in the inventory register. When we go to check inventory, one of the controls would be whether all the items purchased were included in the inventory register. That is what we are reporting.

Mr. Mitchell: You would have seen the inventory register, you would have seen the items.

Ms. Maharaj: And we would have seen the items, it is just that they were not updating the inventory register which is critical to the control of inventory to ensure that things do not go missing in later years to find.

Mr. Mitchell: What type of items did you see?

Ms. Maharaj: I do not have those details with me right now. It may have been simple items that are in the household that you would find in the office or in the House.

Mr. Mitchell: All right, and go to page 18, management letter. You would have written to the President and not received a response to management letter, can you say now whether you have received it or not?

Ms. Maharaj: Yes, we have.

Mr. Mitchell: And the management letter would have explained some of these items, these concerns that you have?

Ms. Maharaj: I do not recall the exact details, but I believe that many of the items would have been entered subsequently into the register. But, we will have to confirm that.

Mr. Mitchell: Thank you.

Miss Mc Donald: Thank you, Mr. Chairman. To Mr. Ali, I am going back again to the non-submission of documents. On page 18 of the report, I had spoken about it a short while ago, and this report reveals responses from the following entities remain outstanding as at April 15, 2016. This means that you have written management letters to various entities, Government Departments, et cetera. My concern, and when I look at the report yesterday I will tell you my concern.

Under Ministry of Foreign Affairs we have certain High Commissions, London, Brasilia, Ottawa, New Delhi, Costa Rica, and I turn to page 70 and I am looking at the overseas missions and I was appalled, and I think you should be concerned too, Mr. Ali. The High Commission in New Delhi, inventory control was not maintained for furniture and fittings, several items were not properly tagged. And this is state property that we are dealing with. Costa Rica, at the embassy there in Costa Rica, maintenance of records, the register of counterfoil books necessary for internal control over receipts and payment was not properly maintained, in that pertinent information was not recorded in a number of instances. Six completed logbooks, vehicle logbooks, were not produced for audit examination.

Again, inventory control, physical verification of inventory at the Costa Rican Embassy, this could not have been done. At four residences revealed that items were not tagging to identify government's property. At the High Commission in London, documents not produced, the passport register, stock of emergency passports, cancelled passports were not produced for audit examination, in contravention of Financial Regulation 8(1). At the Consulate General in Toronto, maintenance of records, a check register as required for control; over the usage of blank cheques was not maintained; again in internal control, there was none; a lack of segregation of duties with respect to the collection of revenue; preparation receipts. In other words then, expenditure did not exist. The High Commission in Ottawa, internal controls, again, lacking. In Brasilia, same thing, that is in Brazil, the Embassy of Brasilia in Brazil, the inventory register was not property maintained as pertinent information was omitted. The vehicle register and vehicle logbooks were not maintained in accordance with financial directives. All these were identified with these overseas missions.

And I see Mr. Ali, Auditor General that in fact your Department sent management letters to these various missions, and I suppose via the Ministry of Foreign Affairs. What has happened? Because this is a serious, for me, challenge we are having. Overseas we are not there to see directly, but this is happening all across; Brazil, Ottawa in Canada there, London, New Delhi, Costa Rica, what is happening? It goes back to me, I am just giving you my opinion. It goes back to the lack of training of staff. That is what we spoke about at the beginning, the staff training in terms of general accounting and the procedures and whatnot. What is happening? How are we going to remedy this situation, and what can this Committee do to assist you?

Mr. Ali: What I think needs to be done here is a lot of training. The staff who are on those assignments need to be trained about preparing a fixed asset register, tagging all the inventories, have all the proper documentation. And these are matters that the Comptroller of Accounts should be dealing with to make sure that all these controls are in place to those embassies. Because they also visit their embassies to ensure that controls are in place.

Miss. Mc Donald: Okay. Mr. Chairman, I want to ask a follow up question. Mr. Ali, do you think at this point that an audit of the—how should I put it—a human resource audit of the qualifications, perhaps, of some of these persons who operate in these High Commissions and Embassies should be done to make sure that these persons who occupy the various positions in the accounting units or wherever they sit—should an audit be done to ascertain that these people at least are qualified and trained in the functions they are supposed to be carrying out?

Mr. Ali: It all comes back to the internal audit unit. They are the ones who need to be trained properly, have proper qualified staff, so that they can get the job done.

Miss Mc Donald: But, I went a little bit further. I am asking for whether you can ask that an audit be done on all those persons who are operating at these various embassies, whether it could be done to ascertain whether—probably it is just an issue of square pegs in round holes. So probably we need to look at that and remedy the situation. That is to me the most immediate action that can be taken.

Mr. Ali: What can I say there, the human resource should be strengthened, and the Comptroller of Accounts is the one responsible for that.

Ms. Cockburn: If I may add, recently we had the pleasure of meeting with the Chief Personnel Officer, and it actually came out in that meeting that the Chief Personnel Officer actually has a mandate and has the authority to conduct human resource audits across Government. So maybe if the CPO could be approached with regard to actually carrying out these HR audits as seen necessary that may be of assistance?

Mr. Chairman: Thank you very much, Mrs. Webster Roy.

Mrs. Webster-Roy: Good morning, I just want to follow up on the points that member Mc Donald made about square pegs in round holes, and I am going to put it in terms of pension, and I always talk about pension because at some point in time I am going to be eligible for that. I am looking through the documents and I am seeing that separation and pension benefit payments, the delays are often due to discrepancies in documents and computation. What immediate measures could you put in place to improve that? Because there are a number of people out there in Trinidad and Tobago crying out for their pension, and it is something I intend to champion until we improve it.

Ms. Maharaj: Again, a lot of these issues are pervasive across all Ministries and Departments, and it is goes to the strengthening of the Comptroller of Accounts, for the Comptroller of Accounts to be able to train the relevant staff in those areas. Also the strengthening of human resource across the public service to ensure that you do have the proper people in the positions. So, those are the two areas that would assist in ensuring that these things do not recur.

Mrs. Webster-Roy: But, it is year on year. Every time I go to my constituency somebody must come in with that issue. What could be done now in the short-term to stop?

Ms. Cockburn: If I may as well, the Civil Service Regulations clearly say that accounting officers throughout Government have this duty which they should really honour the regulations which means the law requires that all the necessary documents reach the necessary persons to have these pensions processed. And the law actually requires that this be done three clear months before an officer is due for retirement, and it has been the case that that regulation is not complied with. If a way could be found to enforce the rules which exists to actually prevent these things, then that would assist in the short term. It would be a matter of enforcing the rules which are already there, and, really and truly the Minister of Finance in conjunction with the Attorney General could look at really enforcing these provisions to send a clear message that these things are to be taken seriously, because the rules are there.

Ms. Maharaj: Being on the ground during the audit we recognized that Ministries and Departments are frequently under-staffed, or there is no succession planning, or staff are not available on the job. So, the root of problem really is the human resource management across the public service. And then, of course, even the Comptroller of Accounts does not have the resources to be able to do the amount of training that they are supposed to be doing. That is why we keep recommending that the Comptroller of Accounts also be strengthened to be able to fulfil their function.

Mr. Chairman: Yes, in terms of human resource capacity, based on what I saw in the report, and based on your own responses, I think that there are three issues that really caused a lot of problems with the competences that are available in the Ministries. The first one is the reconfiguration of Ministries, which then has sections of one Ministry moving to another Ministry. Then the second one is the movement of personnel, that is to say from one Ministry to another, either by promotion or reassignment, or whatever.

And the third one is the under-staffing issue itself, which is very real, not only in your own auditor's department but in almost every Ministry across the country. Any way I want to pursue another matter though, Sen. Mahabir raised the issue of the Exchequer Account, and remember what we do here is something that the public looks on at and needs to understand, and we need to help them as well to be educated. Could you explain so that the ordinary person will understand, what is the Exchequer Account and what is the Consolidated Account? Are those the only accounts that supply moneys to central government for expenditure?

Ms. Maharaj: There are a number of accounts that are used. Of course, the Consolidated Fund would be the account that revenues are deposited to. Then you would have the Exchequer Account from which payments are made, and transfers are made from the Consolidated Fund Account to the Exchequer Account to deal with payments. There are other accounts relating to funds, basically, but those are the main accounts, as far as we can tell. It is always useful in a discussion like this to have the Comptroller of Accounts also present, because they are the ones that have the thorough knowledge of the accounts.

Mr. Chairman: Okay. The reason I ask that though, is because based on what you had said about the overdraft account on the last occasion when you were here for the 2014 accounts, we wrote to the Governor of the Central Bank, and he responded. We asked him, what the actual balance of the Exchequer Account was at the end of September 30, 2015, and his response was that there are two exchequer accounts, namely, Exchequer No. 1 and Exchequer No. 2 Accounts. The Exchequer No. 1 is the account which is primarily used by the Government. The account described as Exchequer No. 1 in Appendix I—he has an appendix which he has numbers for, was in an overdrawn position to the sum $30,190,970,206.27 as at September 2015.

11.30 a.m.

> So the follow-up question to that was: if the balance in the account at that time was negative, kindly advice on the date when the Exchequer Account first became overdrawn?

Because we wanted to have a sense of how this evolved. And his response was:

> Cheques drawn on the Government's Paymaster Accounts are cleared from the Exchequer No. 1 Account daily. Occasionally transfers are made from the Treasury Deposits or Treasury Suspense Accounts to fund this account. From an operational perspective, therefore, the balance on the Exchequer Account will fluctuate from time to time. However, the account has been in a negative position, that is to say, overdrawn consistently since July 2008.

So the question that Sen. Mahabir posed about inclusion in the debt, to me, is a much more complex problem because it is a fluctuating account on a daily basis. Is that not correct?

Ms. Maharaj: Yes.

Mr. Chairman: I think that is the difficulty. If you look back at the history of the accounts you will see that this particular account, the issue of overdraft and the Exchequer Account, has never been included in the public debt precisely because it is a daily fluctuating account. So I just wanted to clarify that because people listen, they try to understand and it is important to let them know that it is not something that just happen like that. There is an evolution to it. And secondly, there is a reason. And the reason I ask you about the different accounts is because there are different jurisdictional authorities involved.

In this particular Exchequer Account the Central Bank is the authority and they have that authority by law, but there are other accounts for which the Treasury is responsible and they operate under a different basis. Okay? I just wanted to make that clear. All right? I do not know if you want to add anything.

Ms. Maharaj: So Central Bank is the bankers, but, of course, the Comptroller of Accounts is really the owner basically of the—

Mr. Chairman: They are owner of all money?

Ms. Maharaj: When I say Treasury is the owner of the bank account.

Mr. Chairman: Of all moneys, yes.

Ms. Maharaj: So the Comptroller of Accounts would be the person to explain in detail.

Mr. Chairman: Okay. I wanted to ask some questions having to do with revenue, and the reason I want to ask is because it is such an important thing for us now, and when I was looking at it I saw some things that kind of jumped out at me. If you look at page 81, under the tax revenue you have taxes on income and profits and I saw that in 2015 the actual taxes on income and profit were $29 million.

Mr. Ali: Billion

Mr. Chairman: Ah?

Ms. Maharaj: Billion.

Mr. Chairman: Billion—$29 billion. Does that include both petroleum and general business taxes, corporate taxes? Does that include the petroleum taxes?

Ms. Rampaul: Yes.

Mr. Chairman: Okay. So that is the total tax base from income and profits in the country, $29 billion plus.

Ms. Rampaul: Yes, and that includes taxes from oil companies, other companies, individuals, withholding tax, business levy and health surcharge.

Mr. Chairman: All right. Now the other thing I saw was that there was on another page an indication of revenues not collected on the basis of taxes. I think it was something like $47— How does that revenue become arrears? It is on page 91, $47 billion. Taxes on income and profits $47 billion arrears reported, how does that become arrears; and how is that money eventually collected and included in the accounts? You got it on page 91?

Ms. Maharaj: Yes, we saw it. Most of these arrears that have been reported here were reported by the Board of Inland Revenue. So it would be a good idea to enquire from them the details of this.

Mr. Chairman: Yeah, but does that mean that companies are not paying, that individuals are not paying? And then it raises the question of why and how; and how do you get your money; and is there a shortfall because of the non-payment? These are really fundamental issues. A country cannot function without revenue.

Ms. Maharaj: But this is one of the things we do not have access to. Like we cannot give an opinion on the completeness of the revenue at Inland Revenue.

Mr. Chairman: Okay. But you said that the Attorney General was pursuing this. I know you cannot speak for the Attorney General's Office and I know that you cannot really know what is happening unless you ask, but have you been able to determine whether any progress is being made on the legislation that would allow you access to Inland Revenue accounts? I imagine there would have to be some provisos for confidentiality and things like that, but the access issue is an important one.

Ms. Cockburn: Unofficial enquires have not revealed any development since our conversation. However, Mr. Chairman—

Mr. Chairman: You see, when I see $47 billion—this is almost the size of an annual budget—in arrears, I mean that is plenty money and to have it in suspension and not available to the State, it seems to me is a problem. I think Dr. Mahabir can speak to that much more than I can.

Dr. Mahabir: Just clarification on the arrears though, and that is a very good question. You see, it is important to link it to a time period. If a company does not pay its quarterly payments on time—an oil company—is that considered part of the arrears? You see, I am just wondering whether they are late on their quarterly payments. Quarterly payments are due at a particular date, not received at the time of the audit or at the time of the review, and then it may just be a quarter late as opposed to years late, could you give us some indication as to the time period?

Ms. Maharaj: It is quite possible, but we cannot confirm.

Dr. Mahabir: Okay. Very well. Thank you.

Mr. Mitchell: In your experience, I too am alarmed at the high figure. Do tax amnesties take this down? So when there is a tax amnesty and you audit the following year, do you see these numbers drop, or has it been a continual increase?

Ms. Maharaj: I cannot say at this time.

Mr. Chairman: Ms. Cockburn.

Ms. Cockburn: Yes, Mr. Chairman, thank you. With regard to the Auditor General's access to information at the Board of Inland Revenue, interestingly section 4 of the Income Tax Act which is, more or less, creating the problems at present, it actually allows for a procedure where the President, by Order, can name a person and deem that that person has a right to access to information at the BIR. Beyond that, the person's named in the Act as having clear access, the President can, by Order, deem that someone is to have access.

So I am thinking the Auditor General may be in conjunction, along with the help of the Committee, could possibly pursue this avenue considering the clear provisions in the law that the Auditor General has a mandate to do X and is supposed to have access to certain information. Maybe we can pursue the option of having the President, by

Order, deem the Auditor General as someone to have access as a short-term measure or short-term solution considering how long amending legislation may actually take. So I am thinking that is something that could be pursued in the short-term.

Mr. Chairman: We can look at it, but it depends on how "President" is defined for that purpose in the law, whether it is President acting under instructions of Cabinet, or President acting in his own discretion, and that would have to be clarified.

Ms. Cockburn: Okay. Thank you.

Mr. Samuel: In reading the 2014 report and now the 2015 report, overpayments by Ministries seem to be a recurring problem. What we have is that the recovery rate is just about 50/52 per cent. If we are to look at it carefully over the last 10 years, 15 years, would you say that it is the same Ministries that have the same problems of overpayments over and over and over and over? And if so, what Ministries can you identify as having a serious overpayment problem consistently over the years?

I mean, we can see from your report for 2015, Education and different Ministries, but is it a recurring thing in the Ministries? If so, it means that they are not overcoming their problem or solving the problems of overpayment, or they are not taking it seriously and the recovery mechanism may be an issue likewise. What are your views?

Ms. Maharaj: We would find that the overpayments issue does recur in certain Ministries like Education and even in the police service, National Security. Any of the Ministries that have a number of out stations, you would find the issues of overpayments due mainly to the actual rules within which the public service operations in terms of if someone is on extended sick leave, how is the leave classified and things like that, and then communication between the out stations and the head office. All these things would impact the volume of overpayments and this is one of the reasons why you have these recurring for the large Ministries.

Mr. Samuel: But, on the other hand, there is a recovery problem and it has been an ongoing problems for years where the recovery mechanism may not be effective and, as such, is it that the Auditor General has had to recommend the writing off of these issues, or what happens, or is it just left open-ended all the time?

Ms. Maharaj: I believe that some attempt is made by the Comptroller of Accounts when they are processing pensions. Of course, we have not really accessed that function so I am not able to give you a definitive information. The Comptroller of Accounts would be better able to explain. However, I believe the Comptroller of Accounts is the one who would recommend probably to the Minister of Finance that amounts be written off if they cannot be recovered. But I know there are steps that they can take even to go to the Attorney General and other things.

Mr. Caesar: I would just like to add that we should not just accept overpayments as a given because since 17th August, 1988 the situation was addressed by the Comptroller of Accounts by way of a Circular No. 20, whereby they outline all the different reasons for overpayments and also recommended remedial measures which could be taken to overcome them. We as auditors when we go out to the different Ministries we also personally challenge the accounting officer to come to the root cause of the problem that results in the overpayments in your particular Ministry because it might differ slightly from Ministry to Ministry.

So at the Board of Inland Revenue I challenged them to come up with the root cause of the overpayments and come up with a new policy which would sort of mitigate all the different reasons for the occurrences of overpayments. So it is something that can be addressed to the ministerial level at each individual Ministry, and something could be done over time to mitigate those errors recurring.

Miss Mc Donald: Mr. Chair, I am happy to hear Mr. Caesar's explanation. But Mr. Caesar I went into the Ministry of the People and Social Development and I see where expenditure control is a major concern—yeah—and you have stated that major weaknesses exist in the system for management. I am looking specifically at the senior citizen grant. You have also said monthly reconciliation of cheques issued and bank statements never reconciled, arrangements to receive timely information from the Registrar General with respect to deaths of senior citizens not received, and therefore, payments continue. Those will be overpayment. Payments continue even after the death of some senior citizens.

We see also that a list—which is important—of persons registered for the grant. The list was never submitted to the Auditor General during his audit of the 2015 financial year and it brings us now to the issue that Member Samuel raised a short while ago with respect to the overpayments because all these weaknesses lead to what has happened here at the Social Welfare Division, at the Ministry of the People and Social Development. It led to 1,089 overpayments valued at $8,281,365. That is what that lead to, the weaknesses in the system. It also led to 1,021 overpayments not received by the Auditor General as required by the financial instructions 164(2). That is what you operate by, your regulations.

Even at the Caroni local board is revealed that four overpayments totalling $441,125. Those overpayments were made because the persons were issued two file numbers and they collected two sets of payments. We are not saying this to hype it up, but the thing about it is, these are inherent problems you have in the system. You have identified them. As Mr. Samuel said what can we do? You as an Auditor General Department, we as the Committee, what can we do to try to alleviate some of these problems here, these issues raised?

Ms. Maharaj: Again we have highlighted these issues and the solutions need to be derived based on discussions with the Ministry because they understand what their issues are, why they are having these problems, why they cannot fix those problems, and we need to discuss with them and solutions would come out from that discussion, I believe.

Miss Mc Donald: Mr. Caesar, that 1988 report, what was it again? Could you remind me?

Mr. Caesar: This is the Comptroller of Accounts Circular No. 20 dated 17th August, 1988. The subtitle is "Over Payments and Unauthorized Payments".

Miss Mc Donald: So that is 28 years old?

Mr. Caesar: Yes.

Miss Mc Donald: And is that still in operation?

Mr. Caesar: Well, it is still relevant I would say because some of the issues that they have in the file here still recur up until the present time.

Miss Mc Donald: But as part of the Auditor General's Department, do you think that that Circular, Circular 20 of 1988 re: "Overpayments", do you think that the Government Ministries and Departments and what have you, are they really taking that seriously?

Mr. Caesar: It is possible that some of them may not be aware of it because of the age of the document. So it our duty to sensitize them about the availability of this document and remedial measures contained therein.

Miss Mc Donald: Do you think that the onus then is on the Department to upgrade it, probably go out—I do not know if you have the personnel to go out to the various Ministries, call in the accounting officers and review it with them. So there is like a rejuvenation then in the various Ministries.

Ms. Maharaj: A couple of years ago, an Overpayments Committee actually came together and came up with a number of recommendations. There was a report that was supposed to have been submitted to Cabinet, but we have not heard any developments since that. So I think it was under the Ministry of Public Administration that that Overpayments Committee operated.

Miss Mc Donald: Is that Committee still in existence?

Ms. Maharaj: I do not believe so, no. But we did get a copy of the draft report that was supposed to have been submitted to Cabinet. So may be the Ministry of Public Administration might be able to advise.

Miss Mc Donald: I am being advised that was from 2012.

Ms. Maharaj: Yes, I believe so. Remember the issue with overpayments have existed so many years, they have not really changed that much.

Mr. Mitchell: One question. Well, I see here that $67 million remains uncollected, but I am not seeing a table and I am not sure if you do it. I mean, it would help this Committee. If you would have had a table of overpayments that are not recoverable by virtue of being statue barred, would that form the basis of your inquires of your work?

Ms. Maharaj: We could look at it to give you that information.

Mr. Mitchell: I think that would be very helpful so that the country knows how far-reaching this problem is and they can measure it in money, the amount or money over the years that is now statute barred that is unrecoverable.

Mr. Chairman: I would just like to say one thing though based on the information that is contained in Auditor General's Report of 2015. In the case of the Ministry of People and Social Development, although they had a high number of overpayments, 1,089 amounting to $8,281,365, they had a recovery of $8,246,419. So they actually almost recovered all their payments except for less than $100,000 actually. So I just wanted to say that. So you have instances where the recovery of overpayment has been relatively small, maybe half, sometimes less, sometimes a little more, but in this instance you have almost total recovery of the material that has been over expended.

Miss Mc Donald: May I just say thank you, Ms. Maharaj. Chair, may I just say that the issue here is what caused the overpayment. We looked at the expenditure control. I think this is what the Auditor General raised when they looked at Ministry of the People and Social Development, what is the mechanism there that they can use to control those overpayments?

Mr. Chairman: No, I agree it is across the Ministries and there needs to be curbs. You cannot just be overpaying representatives. Sen. Samuel raised the same point, which is that you have—are there particular Ministries that are prone to perennial overpayments occurring year after year. It is an important issue and it needs to be curbed.

You want to say something? Somebody.

Ms. Maharaj: Yes, what I wanted to clarify is that these figures are given on the basis of cash accounts. So you may find that the recoveries would have included recoveries relating to previous years. So it is not precise.

Mr. Chairman: So there is no corresponding connection between the years?

Ms. Maharaj: No, we have not pulled out those figures.

Dr. Mahabir: Thank you very much. A different line now and I want to refer to pages 44 and 45. Hon. Member Mitchell did indicate the issues with respect to the Office of the President, but I want to focus on the Judiciary which also is mentioned here, and where we see the Parliament also has been mentioned in the Auditor General's Report, and there are two issues I wanted to raise.

Under 2.47 the Judiciary, you indicated that a total of unpresented cheques of $49 million as stated in the appropriation account was not verified; and under Parliament you indicated under 2.50 that constituency employee data forms required to record details of employees' terms and conditions were not produced at five constituency offices visited. With respect to the Judiciary, I would like to know exactly what does it mean that a total of unpresented cheques of $49 million as stated in the Appropriation Account was not verified, they were not presented. What does that mean?

And with respect to the infraction of the Parliament, do you think that there is a need for the Auditor General to simply educate agencies as to what the requirements are? Because if constituency employee data forms required to record the details of employees terms and conditions were not produced, is it that the Parliament is aware that these data forms are required, or is it that they simply are not aware and they saying, for the first time, oh we are aware? Is there, therefore, a need for education or is there education and training on what the protocols of the Auditor General's Office are with respect to the Parliament, and with respect to the Judiciary? Forty-nine million dollars, what does it mean? I do not know.

Ms. Maharaj: With respect to the Judiciary, the $49 million refers to cheques that have been issued by the Judiciary but not in cash by persons. Now, these would appear on your bank reconciliation statement. Of course, the reconciliation statement was not produced so we could not verify basically the $49 million that was disclosed in the accounts. That is what this point means.

Dr. Mahabir: Okay. But it concerns me because you are saying now that these cheques were issued as actual payments. It is not as if they are somewhere in a vault and they could not be accounted for. They were actually issued. Were they cashed, were they not cashed, are they somewhere in transit? Because it is a huge high sum. It is not a small sum at all. What perhaps could cause—I know we should ask the Judiciary. There is a separation of powers. But what in your experience as an auditor could cause this large amounts of cheques not to be complying with auditing and accounting roles?

Ms. Maharaj: We would not say that the cheques did not comply. It is just that the volume of the cheques would be consolidated in to give us that value of $49 million. That actual document was not provided to us that we could look and see, well yes, they have done the reconciliation in the correct way so that this figure is the actual figure of unpresented cheques. That was the issue.

Dr. Mahabir: And therefore the follow-up question is: do you think then that maybe the accounting officers in the Judiciary, perhaps, are not aware of the procedure? Has this been a recurring problem in the Judiciary over the years?

Ms. Maharaj: Well, I cannot really say, but what I would say is that in the number of occasions that we have noticed, that these reconciliations are not being done. Explanations given to us would have been that they did not have adequate staff to probably do it on time to submit to audit and things like that.

With respect to the Parliament, there is the constituency office manual. Basically when we go to audit we would check to see whether the entities are following the rules and regulations that govern them. Now, the manual belongs to Parliament, so Parliament is the one that is better able to train their own people. We are the ones that would check to see, well, look these are the rules that are not being followed and we would refer it to the accounting officer for remedial action.

Dr. Mahabir: Okay. Thank you.

Mr. Chairman: Representative Samuel, do you have any questions?

Mr. Samuel: Every time we meet and we meet with various entities and Ministries and Departments, I have a burning question as to why Departments and Ministries, their records and pension and leave are really, really outdated and backdated? They are never up to date and citizens, workers and employees who have worked for many, many years after their retirement are having difficulty with regard to their pension. Many of them, five, six, seven years after, still are struggling to have access to their pension and leave, what recommendations do you have?

It is still showing up in your report as an issue, and it is a recurring issue and it is something that I feel that you will have to make some serious recommendations for as regards to the Ministries and Departments. I know it is up to them to have their records up to date and in place and stuff like that, but how can we solve the problem?

12.00 p.m.

Mr. Ali: A proper IHRIS system would solve this problem. With all the information put into the system, they should be able to get their cheque on time, but doing it manually and people are not trained to do the P&L records, people are moving all the time, that is a big problem in terms of keeping their pension and leave records up to date but the IHRIS system is a solution.

Mr. Chairman: Okay. Yes. Go ahead, Ms. Cockburn.

Ms. Cockburn: Thank you, Mr. Chairman. I would like to quickly correct something I said a bit earlier but before I do so, Dr. Mahabir, I want to clarify to ensure that I am responding to the correct thing. When we were speaking about non-submission or late submission of financial statements, did you ask about statutory bodies? And I believe I said more than likely, the persons responsible there would be covered by the definition of accounting officer and thereby the penalty in the regulation would apply to them.

Apparently on closer inspection of the actual definition of accounting officer in the Exchequer and Audit Act, it actually will not cover such persons and come to think of it, the actual pieces of legislation which set up the statutory bodies, that is where the requirement is for persons in charge. They are usually the heads of boards to submit these statements in a timely fashion and the submission is to the Minister—no. Whether a submission is to the Minister or not, because of the requirements in the Act, I can say I have never seen a penalty prescribed for these persons, but because of the involvement of the Minister in whichever line Ministry is responsible for the statutory body, the only thing I can think of is that maybe the Ministers may have to look into enforcing the provisions because I have never seen a penalty per se for those persons with regard to non-submission or late submissions of statements.

Dr. Mahabir: Okay, but then from a legal perspective, do you think that a penalty ought to be imposed because in the Exchequer and Audit Act, you indicated there is a penalty but it is small. Do you think that there is, at the same time, the need to review the penalty, the need for a penalty in the Act which governs these statutory corporations to ensure compliance in a timely manner with the reports?

Ms. Cockburn: I believe a penalty could be maybe a last resort but somehow I believe that Ministers may have the necessary cohesive force to ensure that these things are done. If the relevant persons are really addressed on it in a serious way, we may not have to resort to penalties.

Dr. Mahabir: That is vague and I will tell you, let us be precise. We have reports which are being tabled for 2005. I am sure in the past, Ministers in previous administrations would have tried to get their officers to comply and if there are no penalties, there are no sanctions, and therefore, there is no incentive for timely compliance with the rules. So I think what you are arguing is moral suasion but my position is, let us maybe look at the Exchequer and Audit Act and see what the penalties are there and make it harmonious with penalties in the statutory corporations. I think that may have the teeth that we need. Thank you.

Mr. Ali: I have a simple solution to that problem. Stop the funding. If you stop that funding or you tell them that funding would not be coming from the Government, they would have to produce their accounts.

Mr. Chairman: They would have to comply. Okay, noted.

Mr. Ali: And on one more item again, pensions, you always hear that files are with the Auditor General. I am approaching the Minister of Finance to have that function removed from my Department because it is really a cheque function and it is not our role, because we do an audit in the end to make sure that pensions are paid on time. So very shortly, I will be discussing with the Minister of Finance to have this function removed.

Mr. Chairman: But I noticed in your report, you did flag discrepancies in some of the matters related to pensions that came to you though.

Mr. Ali: Yes, well, the Comptroller of Accounts will have to take over that function and ensure that the records are correct.

Mr. Chairman: In other words, you do not want the responsibility for that, but somebody has to audit it.

Mr. Ali: No, but the problem is why keep back a file three months for a payment of $200. It does not make sense.

Mr. Chairman: Yeah, it does not make sense. All right. I understand.

I want to thank you, Mr. Ali and all the representatives of the Auditor General's Office, for basically having a pretty free-flowing and frank discussion with all members of the Committee here. We are grateful to have you here. As I said, the fact that we engaged you on the 2014 accounts has helped us considerably in focusing this discussion with you on 2015 differently, because we had the benefit of some of the issues you flagged then and we were able to see what were the recurring things. And we did not really sense that there were any new things or different things that needed to be flagged. There seem to be matters that have been repeated over time. I do not know if you share that view, by and large. So we are very happy to engage you on it.

We note the points that you made at the beginning of your presentation. That the issues that you flagged and the recommendations you made for strengthening internal audit throughout the system as far back as 1987 have not yet been implemented and it is your view that no progress is taking place at this time and you would like to see that particular matter addressed.

We note as well your concern about unoccupied property that the taxpayer ends up paying for and we will also try to include an examination of that from our point of view and some recommendations in the report that we do for Parliament on that. We note with some concern, especially because of the issues we raised on the income side, the access to records at Inland Revenue and I think one solution to that issue, besides the matters that you are pursuing with the Attorney General's office, is to call Inland Revenue in and have a discussion with them as well.

I want to say that one of the things that the Committee will do, now that we have both 2014 and 2015 reports and we can examine on the basis of pretty current information, is to call in all the entities that have been identified here as having challenges or problems or violating the rules or being non-compliant and engage them individually. First of all, so that they will be aware that we are taking responsibility to monitor the situation; secondly, that the public will be aware of what is happening with taxpayers' money as executed and disbursed by the various agencies of Government, and thirdly that we might, through an enlightened discourse, improve the system and get some recommendations acted upon that can improve the system in Trinidad and Tobago, and get us into an era, not only of better transparency, efficiency, and effectiveness but also strengthen the entire governance system in Trinidad and Tobago.

We note that the human resource question is a fundamental one in all of this and that the audit issue is also a fundamental one in all of this. That is to say, the internal audit issue. So there is need to examine those particular issues with a view to resolution and solutions in a very urgent way. All right. So I thank you very much. I thank the members of the public who have been here with us and I especially thank the press for being present and for coverage of this particular discussion today of the Public Accounts Committee and I thank, of course, all my colleagues here for participating so responsibly and vigorously. Thank you.

12.09 p.m.: *Meeting adjourned.*