PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

PAC

*SIXTH REPORT OF THE*

# PUBLIC ACCOUNTS

## COMMITTEE

*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 Ministry of Finance.

## 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 |
| Mr Brian Lucio | 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**

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**

# EXECUTIVE SUMMARY

The PAC presents its Sixth Report of the Eleventh Parliament which details its examination of the ***Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago with specific reference to the Ministry of Finance for the Financial Years 2014 and 2015.***

During this examination, the Committee took the opportunity to discuss with the Ministry of Finance:

- General issues relating to the performance of the Ministry of Finance;
- The relationship between the Ministry of Finance and other state entities;
- Role of the Ministry of Finance in maintaining the accounting standard across the public service; and
- Challenges faced by the Ministry of Finance in carrying out its duties.

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

- The MoF should continue to make strides in the implementation of the IFMIS. There must be "clear commitment of the relevant authorities to financial reform objectives, ICT readiness, sound project design, a phased approach to implementation, project management capability, as well as adequate resources and human resource capacity allocated to the project';
- 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 accuracy of the audits. 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 the conflict of interest; and
- The Ministry of Finance should liaise with the Office of the Attorney General to develop an amendment to the Income Tax Act which would allow the Attorney

General to access relevant data and therefore carry out a more accurate audit of the public accounts of Trinidad and Tobago.

# 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

- 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 one public hearing to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2014 as follows:

Wednesday June 22, 2016 - *in public*

- At this hearing, representatives from Ministry of Finance to seek clarification on issues highlighted in the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago.

## 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 summarises 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; and

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

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

# MINISTRY OF FINANCE PROFILE

**Background**

The Ministry of Finance is the Government's lead advisor on the financial system, and through the development and implementation of innovative policies the Ministry of Finance effectively manages the Trinidad and Tobago's economy.

**Division/Sections:**

- **Budget Division**[3]
- **Central Tenders Board**
- **Corporate Communications Unit**
- **Economic Management Division**
- **Financial Intelligence Unit**
- **General Administration Division**
- **National Insurance Appeals Tribunal**
- **Office of the Supervisor of Insolvency**
- **Public Private Partnership Unit**
- **Strategic Management and Execution Office (SMO)**
- **Tax Treaty Unit**
- **Treasury Division**
- **Treasury Solicitor's Division**
- **Valuation Division**
- **The Investment Division:**
- **The Inland Revenue Division**
- **Customs and Excise Division**

**Mission**

[3] http://www.finance.gov.tt/about-us/divisions/

To efficiently and effectively manage the economy of Trinidad and Tobago through the development and implementation of innovative policies to the benefit of all citizens.

**Vision**

The Ministry of Finance is a world class organisation that implements balanced macro-economic fiscal policies and initiatives that facilitate the expansion and diversification of the economy, ensures fiscal sustainability; and that is responsive to the global environment.

**Core Values**

- Integrity – The equitable and honest treatment of all internal and external stakeholders, building mutual trust and respect.
- Good Governance – The maintenance of objectivity in decision-making, fairness in the consideration of stakeholders? Interests, acceptance of accountability for actions and the demonstration of socially responsible behaviour.
- Transparency – Adherence to the highest level of transparency in all operations.
- Quality Service – The provision of professional and excellent service via the efficient and effective use of resources.
- Customer-oriented – Commitment to the achievement of customer satisfaction at all service points.
- Collaboration – Commitment to partnering with stakeholders to work towards the achievement of shared national goals.
- Open Communication – Foster an environment that would allow the sharing of information and transference of the knowledge resource[4]

**Permanent Secretary - Mr. Vishnu Dhanpaul**

[4] http://www.finance.gov.tt/about-us/vision-and-mission/core-values/

# ISSUES AND RECOMMENDATIONS

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 with the Auditor General's Department, the following issues were identified and recommendations proposed:

i. **The Implementation of Integrated Financial Management Information System (IFMIS)**

   The current outdated financial system continues to be ineffective and plagued by inefficiency thus allowing corrupt practices to easily occur. The IFMIS programme would play an important role in fighting corruption in our public finance system by promoting greater comprehensiveness and transparency of information across government institutions. The MoF indicated that a loan agreement with the Inter-American Development Bank (IDB) had been agreed to in March of 2016.

   **Recommendation:** ***The MoF should continue to make strides in the implementation of the IFMIS. There must be "clear commitment of the relevant authorities to financial reform objectives, ICT readiness, sound project design, a phased approach to implementation, project management capability, as well as adequate resources and human resource capacity allocated to the project'.***[5]

ii. **Relationship Between the MoF and the Auditor General's Department (AGD)**

   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

[5] http://www.u4.no/publications/the-implementation-of-integrated-financial-management-systems-ifmis/

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 accuracy of the audits. 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 the conflict of interest.***

**iii. Non-Adherence to Financial Instructions and Regulations**

According to the 2014 and 2015 Auditor General Reports, the Inland Revenue Division, Customs and Excise Division and Comptroller of Accounts had difficulty in adhering to Financial Instructions and Regulations. It was highlighted that the majority of these non-adherences are as a result of persons in particular positions not adequately carrying out their duties or making errors in such.

***Recommendation: The MoF and all its Divisions should take the necessary steps to be more proactive in ensuring that they discharge their duties more effectively and efficiently. For example, in the Departments where the most issues arise, the various managers can have briefing sessions with employees so that they know exactly what are their roles and functions.***

**iv. Poor Internal Audit Function at the Inland Revenue and Customs and Excise Divisions**

The Internal Audit function is an important mechanism in assuring that there is accountability and transparency in organizations. According to the Auditor General Reports 2014 and 2015, the Inland Revenue and Customs and Excise Divisions showed little signs of internal audit checks. This is particularly worrisome seeing that the MoF is supposed to be the "model Ministry" and also sets the financial accounting standard for the entire public service. The MoF did indicate that the internal audit departments have vacancies and some persons who are involved in internal audit, may not have the necessary qualifications.

***Recommendation: The Inland Revenue and Customs and Excise Divisions and by extension the MoF, should conduct training sessions with the staff engaged in internal audit so as to better equip them for the task. The MoF should also take the appropriate steps to equip the internal audit departments in all its divisions with the requisite number of qualified staff.***

**v. Overdraft of Exchequer Account**

The Exchequer Account is the bank account for the Consolidated Fund. The Account has been in overdraft since fiscal 2003. The Exchequer Account is in overdraft of approximately TT$33 Billion. However, this overdraft is not included in the public debt of Trinidad and Tobago notwithstanding the fact that it is a loan that generates an interest rate which the Government has to repay.

***Recommendation: According to a response received from the Central Bank, authorization for these overdrafts are 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 and instances which require an overdraft of the Exchequer Account.***

**vi. Overpayments**

The Committee recognizes that overpayments continue to be a pervasive issue. These leakages of public funds have other spill off effects. According to the Auditor General, as a result of overpayments, resources are spent on accounting, recovery, reporting and auditing as well as, at times, emotional factors involved in the recovery process. The Ministry of Finance informed the Committee that sometimes the terms and conditions of employees are determined after the contract has expired, Ministries and Departments submit late, incomplete and inaccurate information to the Pensions Branch. In financial years 2014 to 2015, overpayments totaled approximately TT$54.4 Million while approximately TT$34 Million (or 62%) was recovered.

***Recommendation: 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.***

**vii. Pensions and Gratuities**

The Committee noted that there is a major delay in the amount of time it takes for persons to receive their pension. According to the 2015 Report of the Auditor General, there were delays by Ministries and Departments in responding or addressing queries promptly and Pension and Leave records were not signed or stamped by an authorized officer and/or not certified by Internal Audit.

**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.***

**viii. Secrecy Provision of the Board of Inland Revenue**

Limited access to relevant data, hampers the effectiveness of the Auditor General's Department (AGD). 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 with the AGD indicating to the Committee that the Attorney General has given his assurance that he will look into an amendment for the Income Tax Act.

**Recommendation:** ***The Ministry of Finance should liaise with the Office of the Attorney General to develop an amendment to the Income Tax Act which would allow the Auditor General to access relevant data and thereby carry out a more accurate audit of the public accounts of Trinidad and Tobago. One notes the need to balance privacy rights and public interest.***

## Ministry of Finance – Concluding Remarks

The need for the urgent implementation for the Integrated Financial Management Information System (IFMIS) is emphasized.

Institutions under the purview of the Ministry of Finance such as Inland Revenue, Customs and Excise and Comptroller of Accounts cannot NOT adhere to financial regulations and instructions. The Ministry of Finance should establish a Compliance Unit for its own institutions.

It is somewhat embarrassing for Inland Revenue and Customs and Excise division to not have the benefit of strong Internal Audit Departments. This should be rectified immediately.

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

## Meetings

At the meeting held on Wednesday June 22, 2016, the witnesses attending on behalf of MoF were:

| | | |
|---|---|---|
| Mr. Maurice Suite | - | Permanent Secretary |
| Mr. Nayak Ramdahin | - | Chairman, Board of Inland Revenue (Ag.) |
| Mr. Keshore Lutchman | - | Accountant IV, Board of Inland Revenue |
| Mr. Glen Singh | - | Comptroller, Customs & Excise Division (Ag.) |
| Ms. Sherma Thompson-Sukra | - | Accountant, Customs & Excise Division (Ag.) |
| Ms. Lisa Phillips | - | PS in the Ministry of Finance, Investment Division |
| Ms. Savitree Seepersad | - | Deputy Permanent Secretary, Strategic Management |
| Ms. Yvonne Neemacharan | - | Deputy Permanent Secretary, Strategic Management and Execution Office |
| Ms. Catherine Laban | - | Comptroller of Accounts |
| Ms. Jocelyn Thomas-Vialmosa | - | Deputy Comptroller of Accounts (Ag.) |

**APPENDIX II**
**Minutes of Meeting**

**THE PUBLIC ACCOUNTS COMMITTEE –**
**FIRST SESSION, ELEVENTH PARLIAMENT**

**MINUTES OF THE ELEVENTH MEETING HELD ON WEDNESDAY, JUNE 22, 2016 AT 10:07 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 |
| Dr. Lester Henry | - | 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:

| | | |
|---|---|---|
| Mrs. Paula Gopee-Scoon | - | Member |

## COMMENCEMENT

1.1 At 10:07 a.m. the Chairman called the meeting to order and welcomed those present. Mrs. Paula Gopee-Scoon was excused from the meeting.

## THE EXAMINATION OF THE MINUTES OF THE TENTH MEETING

2.1 The Committee examined the Minutes of the Tenth (10th) Meeting held on Wednesday June 08, 2016.

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

**PRE-HEARING DISCUSSION RE: THE MINISTRY OF FINANCE (MoF)**

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 years 2014 and 2015 related to the Ministry of Finance (MoF).

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

**EXAMINATION OF THE MINISTRY OF FINANCE (MoF)**

4.1 The Chairman called the public meeting to order at 10:41 a.m.

4.2 The Chairman welcomed officials from the Ministry of Finance (MoF), Auditor General's Department (AGD), members of the media and the public to the Eleventh (11th) public hearing with the PAC and introductions were exchanged.

4.3 The following officials joined the meeting:

**Auditor General's Department (AGD)**

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

**Ministry of Finance (MoF)**

- Mr. Maurice Suite - Permanent Secretary
- Mr. Nayak Ramdahin - Chairman, Board of Inland Revenue (Ag.)
- Mr. Keshore Lutchman - Accountant IV, Board of Inland Revenue

| | | |
|---|---|---|
| • Mr. Glen Singh | - | Comptroller, Customs & Excise Division (Ag.) |
| • Ms. Sherma Thompson-Sukra | - | Accountant, Customs & Excise Division (Ag.) |
| • Ms. Lisa Phillips | - | PS in the Ministry of Finance, Investment Division |
| • Ms. Savitree Seepersad | - | Deputy Permanent Secretary, Strategic Management |
| • Ms. Yvonne Neemacharan | - | Deputy Permanent Secretary, Strategic Management and Execution Office |
| • Ms. Catherine Laban | - | Comptroller of Accounts |
| • Ms. Jocelyn Thomas-Vialmosa | - | Deputy Comptroller of Accounts (Ag.) |

4.4 **The following issues arose from the examination with the officials from the MoF:**

i. The role and responsibilities of the Ministry of Finance (MoF) in ensuring accountability and financial management of the financial affairs of the economy;

ii. The timeline and benefits of the implementation of Integrated Financial Management Information System (IFMIS);

iii. The auditing relationship between the MoF and the Auditor General's Department (AGD);

iv. The mechanisms in place to rectify the issue of non-adherence to financial instructions and regulations at the Inland Revenue Division and Customs and Excise Division;

v. The status of overpayments at Ministries and Departments and the systems in place for the recovery of overpayments;

vi. The AGD being prohibited from accessing revenue documents from the Board of Inland Revenue because of the secrecy provision of Section 4 of the Income Tax Act;

vii. The status with regard to the access to revenue documents from the Inland Revenue Division;

viii. The Status of the overdraft on the Exchequer Account and the inclusion of the negative net Government Treasury balance in the Statement of Public Debt;

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

x. The status of the actions taken by the Accounting Officers to bring pension and leave records up to date;

xi. The auditing of the process for the collection of revenue by the Inland Revenue Division;

xii. The auditing of the revenue collectible from royalties and share of profits from oil companies;

xiii. The Systems in place for monitoring and calculating revenue received;

xiv. The penalties for persons not adhering to financial regulations and instructions;

xv. The measures in place to ensure that individuals pay their outstanding taxes in a timely manner;

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

xvii. The challenges in servicing the public debt;

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

## SUSPENSION

5.1 At 12:48 p.m., the Chairman suspended the *public* meeting.

## ADJOURNMENT

6.1 The Committee agreed that at the next meeting, the Committee's reports will be finalized.

6.2 The Chairman thanked Members for their attendance and the meeting was adjourned to **Wednesday July 13, 2016.**

6.3 The adjournment was taken at 12:48 p.m.

**We certify that these Minutes are true and correct**.

CHAIRMAN

SECRETARY

***June 22, 2016***

**APPENDIX III**

**Notes of Evidence**

**VERBATIM NOTES OF THE ELEVENTH 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 22, 2016, AT 10.41 A.M.**

**PRESENT**

| | |
|---|---|
| Dr. Bhoendradatt Tewarie | Chairman |
| Mr. Rodger Samuel | Vice-Chairman |
| Dr. Lester Henry | Member |
| Mr. Randall Mitchell | Member |
| Mrs. Ayanna Webster-Roy | Member |
| Miss Marlene Mc Donald | Member |
| Dr. Dhanayshar Mahabir | Member |
| | |
| Miss Keiba Jacob | Secretary |
| Miss Hema Bhagaloo | Assistant Secretary |

**ABSENT**

| | |
|---|---|
| Mrs. Paula Gopee-Scoon | 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. Thank you very, very much to the technical people who did the work to get us going here this morning. Good morning everybody and a warm welcome to each and every one of you.

I want to especially welcome the representatives and officials from the Ministry of Finance, from the Comptroller of Accounts Department, and I think also the Board of Inland Revenue. I also want to specially thank the members of the media and the public and, of course, with us today is the Auditor General himself, as well as his staff who normally are part of these proceedings with the Public Accounts Committee.

Now, the purpose of this meeting, of the Public Accounts Committee, is to examine the concerns raised in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial years 2014 and 2015. We are in the very positive position that we have had the 2014 reports and we now recently got the 2015 reports so that we are able to pull these things together to focus on some of the issues.

We as a committee are desirous of hearing from you, Ministry of Finance and other key stakeholders of the Ministry of Finance, what are some of the challenges that you are facing and to determine some of the possible solutions to these challenges, based on the issues that have been highlighted by the Auditor General. The role of this Committee is to help the Ministry of Finance improve its delivery of services in an efficient, effective and economic manner.

I want to indicate that this is a public hearing, that, basically, it is being broadcast to the nation live on the Parliament's Channel 11 and Radio 105.5 and the Parliament's YouTube Channel, ParlView. I want to let viewers know and listeners that they can send their comments, if they have any views, or if they want to engage in any way, by email to Parl101@ttparliament.org. They can do it through facebook.com/ttparliament and Twitter@ ttparliament.

So what I will do now is that I will ask the Permanent Secretary, Mr. Suite, to introduce himself and the other members of his team and then I will ask the Auditor General to introduce himself and the members of his team and we will then, as a committee, introduce ourselves and then we will ask the Permanent Secretary to make a short statement and that will begin really, the proceedings.

**OFFICIALS OF THE MINISTRY OF FINANCE**

| | |
|---|---|
| Mr. Maurice Suite | Permanent Secretary |
| Mr. Nayak Ramdahin | Ag. Chairman, Board of Inland Revenue |
| Mr. Keshore Lutchman | Accountant IV, Board of Inland Revenue |
| Mr. Glen Singh | Ag. Comptroller, Customs & Excise Division |
| Ms. Sherma Thompson-Sukra | Accountant, Customs & Excise Division |
| Ms. Lisa Phillips | PS in the Ministry of Finance, Investment Division |
| Ms. Savitree Seepersad | Deputy Permanent Secretary, Strategic Management |
| Ms. Yvonne Neemacharan | Deputy Permanent Secretary, Strategic Management and Execution Office |

**Mr. Suite:** All right, thank you very much, Chair. My name is Maurice Suite. I am the Permanent Secretary, Ministry of Finance. I would ask the members of my team to introduce themselves.

**Mr. Chairman:** Yes, okay.

[*Introductions made*]

**Mr. Chairman:** Very good, Auditor General, would you?

[*Introductions made by both Auditor General's Department and members of the PAC*]

**Mr. Chairman:** Okay. Thank you very, very much again and good morning again to all of you and again a hearty welcome to you and I hope to have a very productive and constructive meeting this morning.

Mr. Suite, would you like to make a presentation before we actually go into the questions?

**Mr. Suite:** Thank you, Chair. I just want to make a brief statement. When one looks at the Auditor General's Report on the public accounts of the Republic of Trinidad and Tobago, it highlights a lot of inefficiencies that have, over many years, built up in the public service in general and the Ministry of Finance in particular.

Over the years, from independence to now, the role of the Government has expanded exponentially while the laws, the regulations and systems that govern the public service have remained almost static. The public service continues to operate essentially a manual system that is governed by the Exchequer and Audit Act from 1959, which has had very limited amendments over time.

In addition, the public service has several challenges, as it relates to the management of human resources. Given the rapid expansion of the number of persons employed in the public service in the mid-1970s, we are now experiencing a large rate of attrition as those persons reach the age of retirement, which has resulted in a high turnover of staff. This rapid turnover is also highlighted by the fact that the human resource recruitment and planning is centrally administered with persons moving from Ministries and Departments, and in particular at the clerical level across technical streams, for example from the accounting departments to the human resource departments and vice versa.

When one takes account of all of the above and places this in the context of the frequent realignment of ministerial portfolios, the expansion of government programmes, the growth in the use of contract staff, the growth of the state enterprise sector and the additional regulatory requirements associated with the Freedom of Information Act, the Occupational Health and Safety Act, parliamentary oversight—all of which are required and most welcome—you have a public service environment as both expanding rapidly, at the same time in a state of continuous change.

The public service is, therefore, in need reform, not only with the legislative changes but even at the very basic and fundamental level, such as the continuous development and updating of desk manuals and the frequent training of staff. This type of reform is needed and is akin to the remodelling and changing the foundation of a house while you continue to live in it with an extended family. In other words there is no quick fix and requires a sustained effort over an extended period of time. Thank you.

**Mr. Chairman:** Thank you, very much. I thought that the statement is a worthy statement. I thought that it was thoughtful and I think you raised some important issues here that other members might want to address and I thank you for that statement, rather than a blank statement about the Ministry. I want to commend you on it.

I will ask the Auditor General to make some comments of his own before we proceed into the discussion.

**Mr. Ali:** Thank you, Mr. Chairman. Good morning to you and members of the Committee. Also let me extend greetings to members of the Ministry of Finance; all of whom I know very well.

Mr. Chairman, the Ministry of Finance is a key player in providing the country's public financial landscape. It is also the key player in the public financial accounting framework and as such, it is crucial that the Integrated Financial Management Information System (IFMIS), as well as the International Public Sector Accounting Standards (IPSAS), be introduced and implemented.

Adequate resourcing of the Treasury Division accounting units and monitoring units across Government is therefore critical. There needs to be urgent and significant staffing and training initiatives and significant strengthening of the internal audit function across all Ministries and Departments.

Mr. Chairman, with respect to the secrecy provision contained in section 4 of the Income Tax Act, which currently affects my Department's access to documents to test revenue systems and controls, I am pleased to inform you that I have been recently contacted by the Office of the Attorney General with a view of resolving this issue. Thank you.

**Mr. Chairman:** Okay, thank you very much. I think some of the issues that you raised, in terms of what needs to be done, what needs to be addressed, Auditor General, I think reinforced some of the issues that the Permanent Secretary, Mr. Suite, also raised.

So I think that between the two statements that we have had I think we are, you might say, approaching a way of proceeding that would be valuable to this Committee, in terms of the recommendations that we make going forward, and hopefully these recommendations will be taken seriously by Parliament and ultimately by the Cabinet of the country for execution and then through the public service system.

I understand that some of these reforms, as you say, are going to be long and you use the metaphor of the extended family living in a house that you have to renovate and basically make liveable under different terms and conditions, even while you are proceeding with the business of living, and I understand the complexity of that.

But the Auditor General also raised some key things that can be done, almost immediately, that would make a difference, and we will see how we can marry the medium- and longer-term issues, in terms of the recommendations we make and the shorter-term actions that need to be monitored for execution and delivery and see how we can marry those considerations in the interest of the citizens of the country. Okay? Because by the very name, public service is really institutions that serve the public and if their interest is not served we have a problem. So we will address some of those issues.

I will start off the questioning. I will ask very general questions in order to clarify, both for us and for the public at large, some of the issues involved here. Remember we are focusing here on the Ministry of Finance in Trinidad and Tobago and then members, we will go around the table. When I go around, I will start with Sen. Henry and we will go around the table one side and then the other side and basically I will start, as I said, with some general questions.

Now, the Auditor General emphasized the importance of the Ministry of Finance, and you Permanent Secretary basically talked of, not so much the Ministry of Finance but the entire public service system. I want to understand a little bit how the Ministry of Finance, as it is responsible for financial affairs, so to speak, in the governmental system, how do you see the Ministry of Finance exercising that responsibility and accountability and management role? I mean, I know that you made, in your opening statements, you raised issues which basically say that the system has expanded and evolved almost outrunning the capacity of the system to cope. How do you relate that to the functioning role of the Ministry of Finance at this time?

**Mr. Suite:** Okay, thank you, Chair. Well, as the Auditor General had mentioned, the Ministry of Finance plays a very central role dealing with the administrating of the Exchequer and Audit Act and issues related to the financial management of government service as well as the economy. So you can really divide the Ministry into certain key sections. I would say you have Inland Revenue and the Customs and Excise, which are the key revenue collectors for the Ministry and for the public service and Government as a whole. You have the Comptroller of Accounts and the Budget Division, with the Comptroller of Accounts basically preparing the accounts that you have before us—that is, the Appropriation Accounts, et cetera—while you have the Budget Division managing both the revenue and expenditure and the release of funds and interacting with the various Ministries. And then you have other support mechanisms within the Ministry, such as the Valuation Division, et cetera, will have not as central a role, while important, to what we are discussing here.

I want to respond to one statement that the Auditor General had made and which was the need for the implementation of an IFMIS, an Integrated Financial Management Information System. I could probably share with the Committee that the Government has recently signed an agreement with the Inter-American Development Bank for the implementation of an IFMIS. What the IFMIS would allow is for basically a computerized accounting system and the management of that information within and without the public service. It will allow for, rather than collecting information manually from various sources and trying to collate and put it together, it will be entered at one central location. For instance, if for a Ministry, when they enter their expenditure it is automatically in the system and accessible. You do not have them entering, transmitting to the Comptroller; the Comptroller having to put thing, et cetera.

It will also lay the foundation that will allow you to do the other analysis and go to the next stage of drilling down into the figures, doing probably—because you have access to more information—your value-for-money auditing or whether you do output or outcome budgeting, things like that.  But you need the basic foundation going forward.  So that is the short, medium, to long term.

In the short term the Ministry of Finance and the Comptroller of Accounts, in particular, is presently doing training of its staff and other staff within the Ministry, other Ministries and Departments, in terms of really trying to get the staff that are rotating on a very frequent basis to be more familiar with what is required in the management and following the requirements of the Exchequer and Audit Act and the Regulations, et cetera.

What has happened over time, because you have not kept pace on that regular training, you have had some bad practices, I would say, that built up into the system because persons pass down what their understanding of the system is to others coming it, because they do not have that constant retraining and revalidating, as well as the Comptroller of Accounts itself going out to Ministries and Departments on a more frequent basis to see what they are doing.  This has led to a breakdown in the system.  I do not know if I am answering your question.

**Mr. Chairman:** Well, I mean, in part, but you have also raised other issues.  Was the IFMIS not in motion for some time now?  Is there something that is more urgent that is happening now?

**Mr. Suite:** Well, we have had discussions on the IFMIS for a number of years.  I mean, I personally would have become familiar with it in, I think probably about 1991, when I worked in the Treasury Division.  We have always spoken of it but it has never been implemented.  We have never made firm steps.  We have done some things like engage CARTAC, the Caribbean Regional Technical Assistance Centre, which is the regional body associated with the IMF and other Governments, to give us advice, in terms of developing chart of accounts, doing training, preparing persons.

So this is the first time that we have actually reached the point where we have signed an agreement and ready to actually engage the implementation. It has always been around, always had discussions but, I mean, you are competing with other projects in other Ministries or Departments. I mean, that is just—so this is the first time it is being done.

**Mr. Chairman:** All right, as Permanent Secretary, how much control would you say you have over your ministerial system, that is to say the Ministry of Finance? And subsequently, given the overarching role of the Ministry of Finance, how much control do you have over the other Ministries, that is to say the financial aspect, and the public institutions under the charge of the governmental system?

**Mr. Suite:** That is a bit of a loaded question. In terms of the responsibility, under the Exchequer and Audit Act, a lot of the responsibility will come to the Minister of Finance and by definition the Permanent Secretary and the staff. In terms of the day-to-day control, well that is just not humanly possible. So you have to rely on the systems that are in place. And at the same time, it is very difficult sitting in the chair as the accounting officer for the Ministry of Finance, trying to run your Ministry and at the same time run the economy, deal with the other Ministries and their requirements. So it is a very demanding role and, therefore, a lot of reliance has to be placed on the systems that are in place and the individuals in the different areas and really making sure that you have the right persons in the right areas, that they are properly trained and that they are constantly retraining. So it is really a system. You have to rely on the system.

**Mr. Chairman:** Okay, but the Permanent Secretary in a way manages the flow of funds. Not so? I mean moneys are allocated in the budget and Ministries have so much money allocated to them—institutions, et cetera—but really the flow of funds is really managed between, let us say, another Permanent Secretary and the Permanent Secretary in the Minister of Finance for things that are identified and approved. No?

**Mr. Suite:** Actually, while it may be addressed, in some cases, to the PS, Finance, it is really the role of the Director of Budgets who would interact on a day-to-day basis dealing with the transactional nature.

**Mr. Chairman:** So the flow of funds is really managed between the Director of Budgets and the other institutions.

**Mr. Suite:** What will happen, the Permanent Secretary, Ministry of Finance will have discussions with the Director of Budgets. You look at the overall fiscal position. You give a broad framework. But in terms of the requests and the day-to-day transactions, that will be done by the Director of Budgets.

**Mr. Chairman:** Okay, what about the relationship with the Comptroller of Accounts, the Permanent Secretary or the Ministry of Finance and the Comptroller of Accounts? How does that work?

**Mr. Suite:** Well, the Comptroller of Accounts actually interacts directly with Ministries and Departments. They would issue circulars, instructions. They would interact with individuals. The flow of information, in terms of what is expended, the revenue and reporting, actually goes directly to the Comptroller of Accounts. So the interaction between the PS and the Comptroller of Accounts is if you have items or incidents or something that needs to be escalated to the level of the PS for the intervention but the actual direction, the control, those things, you have a lot of responsibility on the Comptroller, per se.

**Mr. Chairman:** Okay, and what about the relationship with the Ministry of Finance and Inland Revenue?

**Mr. Suite:** The relationship is two-fold, in terms that you would liaise with Inland Revenue, in terms of trying to establish what are your estimates of revenue that you would expect in any particular year. You would try and get explanations or you will monitor for any variances why it is above, why it is below, to try and get an understanding of what is happening in the general economy. So it is really, in terms of preparing the estimates and doing the reporting function and monitoring. In terms of individual taxpayers and the actual selection of audits, there is no role really for the Permanent Secretary in that case.

**Mr. Chairman:** All right. I just want to ask two more questions before I pass on to my thing, and it is this relationship issue again. What is the relationship, from your point of view, between the Ministry of Finance, Permanent Secretary and the Central Bank on the one hand and the Auditor General on the other?

**Mr. Suite:** Well, the relationship between the Central Bank and the Ministry of Finance, it is really you sit and we have frequent discussions and it is really around managing because the Ministry of Finance is responsible for fiscal policy and the Central Bank for monetary policy and the two have to work hand in hand. So it is really in terms of there is a sharing of information and reporting going on between the two to try and get the overall picture so that both could work hand in hand, in terms of managing the economy overall. But the Central Bank essentially reports to the Minister of Finance, but in terms of we have a working relationship between the PS and the Central Bank.

**Mr. Chairman:** And your role with the Auditor General? The reason I am asking that is I found a curious thing in one of the committee meetings in which we engaged the Auditor General, in which the Auditor General in fact audits all the Government Ministries, but the auditing entity for the Auditor General's Department is the Comptroller of Accounts and I found that, I mean, remarkably strange. So, I just want to—what is the relationship between the Ministry of Finance and the Auditor General?

**Mr. Suite:** I think if you look at it historically, you have had the—basically some of the functions of the Comptroller of Accounts and the Auditor General have been split. So while in the best of circumstances the Auditor General should be external to the entire process itself, you still have within various pieces of legislation where the Auditor General actually is part of the system, in terms of the grants of credit on the Exchequer account. They have a sort of auditing role, as it relates to the calculation of pensions and some of these are leftovers from the 1950s. And then the Auditor General, as you said, is responsible for auditing the Ministry of Finance, per se. That is the nature of the relationship, really.

**Mr. Chairman:** Okay, I will stop my questions and I will go around. I start with Sen. Henry.

**Dr. Henry:** Morning everyone. I am glad that the issue of the financial management information system came up, because my understanding is that the contract, as you said, was signed probably about 10 months ago but yet nothing has happened. Is that correct? How long ago?

**Mr. Suite:** No, the agreement is a loan agreement with the IDB. So that would have only been done within the last month.

**Dr. Henry:** Within the last month?

**Mr. Suite:** Yes, within the last month.

**Dr. Henry:** Okay.

**Mr. Suite:** And there is no contract. We have not reached the point of awarding a contract for the procurement of equipment or anything like that.

**Dr. Henry:** What about the personnel to run the programme?

**Mr. Suite:** We are in the process of recruiting the coordinator for the project and once we have the coordinator on board then we will bring on the other persons.

**Dr. Henry:** My information was that there was a coordinator identified already. Is that incorrect?

**Mr. Suite:** A coordinator has been identified but we are in the process of working out the contractual arrangements between ourselves and the coordinator.

**Dr. Henry:** Okay. I just seem to think, based on the opening comments of the Chair, that there seems to be just an inordinate delay in getting things going; and in the interest of getting it, which everyone agrees is something long overdue—I am sure you agree with that—why do we keep coming up with more and more delays when everything seems to be in place this time around as you yourself admitted? That is my main concern. I will stop there for now.

**Miss Mc Donald:** Thank you. Mr. Suite, Permanent Secretary, I listened to what you said at the beginning of your statement, with respect to the state of affairs at the Ministry of Finance and I have to empathize with you that I agree it is something that is endemic; all these issues and they have been going on from year to year to year.

But you also made a statement that was important to me. You mentioned Inland Revenue Division and Customs and Excise Division. Those two divisions are really key revenue collectors, is that so?

**Mr. Suite:** Yes.

**Miss Mc Donald:** Good. So, with respect to that, especially the times we are operating under, let us take a look at the Inland Revenue Division and there are a number of issues which I am concerned about. The expenditure control; lots of issues, expenditure control, internal audit, overpayment. But more particularly there seems to be a constant contravention or violation of your financial regulations and/or instructions, whichever. One in particular, six payments totalling $1,041,569.95 were authorized by persons in excess of the respective authorization limits. So whoever authorized those six payments totalling over $1 million, that person or those persons were not so authorized to do so. I would like to find out what has happened there and what mechanisms you can put in place to deal with that.

Also too, there is a situation where vouchers totalling some $783,739—almost $1 million—were issued, were authorized without the necessary checks, certification, authorization as required by the financial instruction 3. There are also overpayments totalling $198,986.56. That is with respect to emoluments, were not reported to the Auditor General. And there is also a shortcoming too in inventory control. Could you tell this Committee, because we want to assist you, it is not just identifying these shortcomings, could you tell us, if your Inland Revenue Division is one of your key revenue collectors and you are identifying these shortcomings, what can we do to abate this? Please.

**Mr. Suite:** Okay. All these issues, to my mind, are really indicative of the fact that both the accounting and the HR systems within Inland Revenue are not functioning the way it should be.

I think, for my mind, when you look at places like Inland Revenue and Customs and Excise Division, I will deal with those within the Ministry of Finance, the focus of the persons running those divisions are really looking outward, in that the persons that are running both Inland Revenue and Customs are technical officers, Inland Revenue basically field auditors or tax officers and Inland Revenue Customs and Excise officers, and you would find, to my mind, that the management and staff of those divisions are really focused on collecting the revenue, doing the audits and really looking outside of the Ministry. I do not think that enough attention is paid to what is happening internally. To my mind, they may be relying too much on the HR persons and the accounting persons within those divisions and thinking that well they are competent enough to handle those things.

But when you look at what is coming out of the Auditor General's Report clearly that is not the case and indeed, therefore, more focus on what is happening internally; and I think, therefore, it has a role for the Ministry of Finance to really assist and direct those divisions in terms of the internal controls because while it falls within the Inland Revenue Division and Customs and Excise Division, it is really the responsibility of the accounting officer, which is myself, to deal with these issues.

So this is where we really have to step in, in terms of the training of staff, making sure that you have the right persons in the right areas, and really educating and continuing to monitor what is going on and to have that sort of reporting mechanism of what is happening in those divisions. I really think that the persons who are running those divisions, because of their background, their training and their focus are more looking out and not enough attention is being paid on the internal systems.

**Miss Mc Donald:** Before I move on, just one question, through you, Mr. Chair. In both the Inland Revenue—and why I zero in to Inland Revenue and Customs and Excise is because, as you said, I took off from what you said, that they are both your key revenue collectors. What I notice in both divisions, the Auditor General was clear. The Auditor General said there was minimal evidence of internal audit checks and controls with respect to those two divisions. So as the accounting officer, what do you plan to put in place to avert these types of problems? Because it is clear from Inland Revenue, as a matter of fact, from the entire exercise it was found that there is insufficient audit, internal audit, taking place. What can we do? We want to assist you. So I am just putting these questions. I am just flagging these questions for your response, please.

**Mr. Suite:** If you look, I think throughout the entire report—I mean, yes you see it here for Inland Revenue and Customs—there is a recurring theme in terms of the capability of the internal audit within all the Ministries and Departments.

There are some issues, in terms of when you look at the structure of internal audit departments, there are vacancies in some of the positions. There are instances where, because of the job description or the structure of the departments, you do not have—it is designed in such a way that a lot of the positions are not qualified accountants or trained in internal audit, per se and I think you really need to strengthen those departments.

We have done some, we have been looking in terms of doing some reform and strengthening the internal audit departments but that is going to take a while, in terms of getting the persons in place, having the proper training and having the checks because both the internal audit and your check staff form a crucial part of your system, in terms of keeping it in place.

**Mr. Samuel:** Good morning. I empathize with you and your position when I heard you speak, with regard to the archaic approach that you find yourself in, trying to fly to the moon in a single-engine Cessna. It is a real tough one. You have to be a good pilot to do that. But I have difficulty, like Member Marlene Mc Donald, with the inability of the institution to adhere to financial instructions, to adhere to circulars by the Ministry of Finance.

The Ministry of Finance has difficulties adhering. I have difficulty with that, because I think the Ministry of Finance ought to be the kind of model Ministry. I believe so. Because they are the ones that are responsible to guide other Ministries when it comes to the financial attributes of Ministries and you have tremendous difficulties adhering to instructions and circulars in your own Ministry. And as a result of that, there are quite a number of queries—queries with regard to overpayments and no reasons are given why you are not adhering to regulations and instructions.

I too am very concerned, not only with the Ministry of Finance but the Ministries that have come before the Public Accounts Committee with regard to the magnitude of overpayments. I keep saying that there are private enterprises that have as glamorous—they are conglomerates and their account procedures are effective because they are about making sure that it is tight and regulated. All of the Ministries that we have seen so far have a serious issue of overpayments and something must be done to regulate that and to detect it easily. I want to find out from you, do you see it as a communication issue? Or is it just that people just do not care?

So I want to ask you that, from your perspective as the accounting officer, what has been put in place? What systems are put in place for early detection and the remedial aspect of it? Because over the years, we realize that quite a number of the overpayments, when you look at the columns that talk about recovered, you hardly ever see 100 per cent recovery. You find a lot of the recovery is 50 per cent over years and if you go over the periods of time you realize a lot of overpayments are not recovered and probably subsequently have to be written off. But what is the Ministry of Finance doing, called the model Ministry, I must say. What is the Ministry doing so that other Ministries can learn from you and adhere to your approach to dealing with overpayments and recoveries and stuff like that?

**Mr. Suite:** Okay, thank you. You have to look at the nature of the overpayments. A very large percentage of the overpayments are really related to salaries. And what is happening is, again, because you are relying on a manual system, we in the public service, a couple years back, introduced Integrated Human Resource Information System, which is known as IHRIS. And then there was a point in time when they did the payroll aspect of it, which was added on to IHRIS.

You have, within the service, a segregation of the HR management. You have Service Commissions Department or Personnel Department doing some of it and the Service Commissions Department doing part of it. And then you have devolved functions going to Ministries and departments. So, basically you have three or four owners of an HR system. So there is no one person that owns the system.

When the IHRIS system was introduced, at one point the Service Commissions Department, they were leading the project; then for the payroll aspect of it to be implemented, it came across to the Ministry of Finance. We implemented the payroll aspect and then the project ended up staying with the Ministry of Finance and basically to deal with the payroll aspect of it, but the payroll aspect cannot run in isolation to the HR management. So things like classification of leave, when persons are promoted, whether they are in the correct post, the calculation of their increments, et cetera, because you are not using the computerized system for whatever reason, I am not familiar as to exactly why the various HR departments are not fully using it, you will find delays in communicating information to the accounting department.

So if someone is on leave they may be on extended sick leave, the leave has to be classified, whether it is full pay, no pay, half pay, and these things feed into the accounts department. So even though you are seeing these overpayments and it is an accounting issue, the genesis for a lot of it is in the HR system and the managing and determining these matters quickly and resolving the issues and informing the accounting department, we in the Ministry, we have started having discussions with the HR and bringing them more closely to communicate with the accounting department these issues on a more timely basis. But that is something you are going to have to work through. But this is where a lot of the overpayments arise.

When you start to discuss the recoveries, a lot of time you do not realize the overpayments are made until persons are close to retirement and when they start consolidating their employment history and they start going through their records and reconciling the records, it is at that point a lot of the overpayments are detected and then you will tell someone who was been overpaid just on the eve of retirement: oh, we now discovered that you have been overpaid. So that is where some of it gets written off, on a case-by-case basis. So that is really the genesis for a lot of the overpayments. So that is something that we have to look at but it is really in terms of managing your HR.

**Mr. Samuel:** But Sir, through the Chair here, the question of the Ministry's difficulty to adhere to regulations and instructions, the Ministry of Finance having difficulty to adhere to financial regulations and instructions, that is something hard for me to swallow.

**Mr. Suite:** If you go back to my opening statement, I had mentioned that your HR management is centrally administered so the Ministry of Finance is not a closed Ministry. So you may have someone, they are working as a clerk because they do not have accounts clerks, HR clerks. They have clerical assistants, Clerk Is, Clerk IIs. So you are working in the Ministry doing HR functions as a Clerk II, an opening comes and you may be, let us say the Ministry of Health and there is an opening in the Ministry of Finance for a Clerk III and suddenly that person is due for a promotion and they should be entitled to the Clerk III position so you would get a letter assigning someone from the Ministry of Health to the Ministry of Finance in a Clerk III position in the accounting stream. Everyone has those issues.

A lot of these things arise, not only at the technical level, even at the clerical level because a lot of the issues that the Auditor General would have raised and would have said they did not get a response or the information was not provided. There are some instances where the information was available but it would have been provided after the audit was concluded, simply because it was misfiled or someone could not locate the records. So sometimes the records are there but you did not locate it at the time the audit was being done, because at a very junior level you misfiled. But, I mean, everyone is part of a large machine and everyone has a crucial role to play, from the messenger to the clerical worker. Everyone has a role to play and it has an impact. So it needs for people to really understand their role and function within the larger system.

**Mr. Mitchell:** Thank you. I need to ask a question of the Board of Inland

Revenue. A lot of weather has been made before this Committee about an impasse that you have with the Auditor General's Department, in that you have relied on certain secrecy provisions to prevent the Auditor General's Department from auditing the revenue. Now that you are here, can you please explain to us why you have relied on these secrecy provisions and when did you start relying on these secrecy provisions?

**Mr. Ramdahin:** Thank you Member. Our tax system operates on a voluntary compliance basis which primarily means that the taxpayer is required to file a true and correct return. In addition, the taxpayer is also required to file all sources of income, be it legal or illegal sources of income. To generate that level of confidence, the secrecy provision has historically been part of the pillar, a main pillar in tax administration.

Breaches, as they relate to the confidentiality clause have to be carefully balanced as it relates to the interest of getting a true and correct return, as opposed to the public interest. There are many cases, many tax cases that have gone to court, with regard to breaches in terms of confidentiality. At Inland Revenue we believe and we hold steadfast to the law, as it relates to confidentiality because it will undermine the tax collection efforts. It has been proven, in some instances to even generate underground economy. Taxpayers do not like the idea that their tax records are placed in the public domain. Whatever the Auditor General does would be required to be placed in the public domain and records of individual taxpayers will, to some extent, deter the filing requirement and inhibit the proper administration, in terms of taxes.

We have been holding meetings with the Attorney General. We have expressed our point of view with regard to the secrecy provision and to the extent we feel that the public interest overrides that secrecy provision; I presume in the near future, some decision would be made on that. But it is a fundamental pillar, with all tax jurisdictions throughout the world and it is not easily allowed to be tampered with. I hope that answered your question.

**Mr. Mitchell:** I would like to hear a comment from the Auditor General's Department because, I mean, on a balancing exercise, I am not satisfied with that explanation. I do not think that the job of the Auditor General, in determining the efficiency of revenue collection, I do not think that your secrecy provisions would outweigh that. Auditor General.

**Ms. Cockburn:** Mr. Chairman, I believe this is the very difficulty we have been having because as much as we understand the view expressed, we have difficulty in understanding the lack of weight given to the very clear provisions in the Exchequer and Audit Act, which say that the Auditor General "shall". He is mandated. He must. It is not optional—

> …shall satisfy himself that all reasonable precautions have been taken to safeguard the collection of public moneys and that the laws, directions and instructions relating thereto have been duly observed.

In our view, access to the information that has been previously and traditionally denied is the only way in which this statutory mandate can be fulfilled. So our view has been that, as much as we understand the secrecy provisions in the Income Tax Act, we believe, based on the clear provisions in the Exchequer and Audit Act and the Constitution as well, it should be understood that these are not to apply to the Auditor General in particular and his authorized staff.

Just to go on, section 10(2) of the same Exchequer and Audit Act provides, in the exercise of his duties, which have been just stated, under this Act, the Auditor General or any person duly authorized by him in writing shall have access to all records, books, vouchers, documents or other state property in the possession of any officer.

Also, section 10(1)(a) of the Exchequer and Audit Act: this provides, in the exercise of his duties under this Act, the Auditor General shall be entitled 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. And these duties are clearly stated in the Exchequer and Audit Act. And similar provisions are also there in the Constitution.

As we know, the Constitution is the supreme law of Trinidad and Tobago and this also echoes the same sentiments that the Auditor General is to have access to all information required to carry out the clearly stated duties. So it is really a matter of balancing the two and coming to some compromise or solution.

**Mr. Chairman:** I mean, the tension is between whether the public interest overrides privacy considerations of the Inland Revenue and I think the Auditor General indicated that this matter is close to a resolution at this point? Auditor General, you indicated that, no?—that the Attorney General is addressing this matter?

**Mr. Ali:** Yes, Sir.

**Mr. Chairman:** And you feel that you have made some progress in that?

**Mr. Ali:** I think so.

**Mr. Chairman:** Okay, all right. You want to pursue any other matter? I would go on to Sen. Mahabir.

**Dr. Mahabir:** Thank you very much Mr. Chairman. I would like to address this query which considers the largest item in the Auditor General's Report, the Exchequer account, overdrawn by some $33billion, an estimated half of the national expenditure on the fiscal package that we approve on an annual basis. This account has been overdrawn since 2003. In 2002, it was in positive territory. I know, I audited the public finances in 2002, for the then Manning administration and this Exchequer account was in positive domain in 2002.

The question I want to pose to the relevant authorities in the Ministry of

Finance is this: when is payment due on this overdraft? Does it attract an interest payment? Is there an upper limit to this overdraft? Is it part of our public debt as overdrafts usually are considered to be? And do you have any concerns about the impact of this $33 billion overdraft, which I would imagine is purchasing power created by the Central Bank for the Ministry of Finance? Do you have any concerns? And if you have any concerns, have you alerted the Minister of Finance that if we continue at this rate the overdraft in about eight years will then amount to the entire annual expenditure of around $60billion? Thank you very much.

**Mr. Suite:** Thank you, Chair. I wanted to make an intervention previously, with respect to the previous question.

**Mr. Chairman:** Why do you not answer this question and then you can make—[*Interruption*]

**Mr. Suite:** I would answer this question first and then.

**Mr. Chairman:**—the comment after.

**Mr. Suite:** Okay. First to begin, I need to clarify some of the terms that we use interchangeably, in terms of describing the current situation, especially as the use of the term "overdraft". Probably, I should start from the Central Bank Act. Under section 46 of the Central Bank Act, it deals with the power of the Central Bank to make advances to the Government. Right? There is a subsection (1) in that Act that states that the bank will make temporary advances to the Government on such terms and conditions that must be agreed upon between the bank and the Minister.

In terms of what those terms and conditions are, I think broadly speaking, when the Central Bank makes advances to the Government they would charge a rate of interest and that rate of interest is generally the repo rate that they would use and that rate currently stands at 4.75 per cent.

The other question was whether there is a limit. Section 2 of the Central

Bank Act states that the total amount of outstanding advances made under this section shall not at any time exceed 15 per cent of that portion of the estimates of annual revenue of the Government, which comprises the sum of total recurrent revenue and capital receipts, exclusive of loans, both local and external for the financial year in which advances are made.

So, for clarification, the estimated annual revenue that was presented at the budget time was $60,286,000,000 and 15 per cent of that is $9,042,000,000. So that $9,042,000,000 is the upper limit of what the Central Bank can advance to the Government.

**11.40 a.m.**

So, by way of explanation, in calculating how much has been advanced to the Government, the Central Bank would look at the net balances of all the accounts held at the bank, on behalf of Government, which would include the Exchequer Account, which the member had mentioned, the Treasury Deposits, the Treasury Funds, the Unemployment Levy, Infrastructure Development Fund, et cetera. That will arrive at a term the Central Bank uses, which is called the net Government Treasury balances.

If we go to the report of the Auditor General for 2015, and we go to page 173, we would see the Exchequer showing the negative balance of $33.3 billion, but in terms of a mere approximation of what the Central Bank has advanced to the Government, would be this figure here [*Displays a document*] on top, with the cash at bank which is the negative $9.7 billion, because the $33.3 billion negative is offset against the Treasury funds and the Unemployment Levy, to arrive at what is the net Government balance within the Central Bank.

So the net Government balance, or what we keep referring to as the overdraft, is not the $33 billion, but the $9.7 billion as according to this statement. Now, I say this is an approximation here, because as you would appreciate the difference. There is a difference between what is in the accounts and what is in the Central Bank, because of the timing of it, when cheques are presented to the bank, et cetera, right?

So currently, the limit that can be advanced by the Central Bank is approximately $9 billion. Whether this causes concern for the Ministry, yes it does, because at, while—and then again for clarification, while the Exchequer Account went into credit in 2002, the net Government balance for cash in the bank went into credit some time in 2013. So between 2002—2013, even though the Exchequer was in credit, because of the funds you had in the other accounts, the Unemployment Levy, Green Fund, et cetera, you had a net positive balance.

So we are really—in terms of what the Central Bank had advanced to us, we really started going into the negative position around 2013, approximately. So right now, we have found ourselves where we are very close to that limit, which makes it very difficult to manage your day-to-day operations, because you have a budget that was predicated on revenue flows of $40-something billion, and expenditure about—and because your revenue comes in on a quarterly basis, and your expenditure stream is more or less constant, you will have times when you come very close to the limit, and it makes it very difficult to operate, because you are now starting to manage cash flow.

Whereas previously, you would have been managing your overall fiscal balance, and you had the—even though the Exchequer was in negative, your overall cash balances was in positive. So you are really looking at your fiscal position. Now, you have to manage both your fiscal position and your cash position at the same time, and that is a result of running deficits for a sustained period, and the Exchequer Account in particular would have gone into a deficit. Because even in times when you were running surpluses, the surpluses would have arrived indirectly, because you do not spend all your Unemployment Levy receipts, or you are not spending all your Green Fund receipts. So those accounts have been building up, while the Exchequer Account has been falling. So, yes, it is an issue in terms of management.

**Dr. Mahabir:** A follow-up question, Mr. Chair. The follow-up question is this, this overdraft from the Central Bank since it has to be repaid or kept within a particular limit, an upper limit. Should it not be included in the public debt? And second, since we have exhausted practically our limit as you say for this year fiscal year, is it now that the central government, in order to finance the fiscal gap, $40 billion in revenue, $60 billion estimated in expenditure, will now have to engage in a significant amount of borrowing, either domestic borrowing or foreign borrowing, which will then cause the country's public debt to increase as a consequence? Thank you.

**Mr. Suite:** Well, yes, in order to manage a cash flow, and because you are close to the limit, you will have to do well, three things. One, is to find new sources of revenue. Two, contain your expenditure; and three, you will have to raise debt, in order to carry you through that period, and then you have to manage your way into surpluses, so that you could start bringing it down to a marginal position.

**Dr. Mahabir:** I want to get from you clearly, should this overdraft from the Central Bank which, of course, has to be repaid because as you say it attracts an interest rate. Should it not be included properly in the country's debt on an annual basis, that is, the obligation of the country as a whole to creditors? Thank you.

**Mr. Suite:** Generally speaking, I would say yes, but I say it hesitantly because the Central Bank is owned by the Government. So basically you owe yourself. So when you start looking at it, but yes, in terms of managing your resources, you have to take that into consideration, that you have this overdraft at the Central Bank, which needs to be repaid because you are paying interest on it. But I just need to add that you are paying interest on the overdraft, out of that interest you would use, well, the Central Bank would use money to run their affairs, and any surplus then accrues back to the Government, in terms of profits from the Central Bank. So, yes you are paying it, but apart from running the Central Bank, it comes back to you, but again, in terms of managing your cash flow, it is not a desirable position to be in.

**Mr. Chairman:** Okay. Mrs. Webster-Roy, and you can after she asks her question, address the issue that you were going to address with regard to Representative Mitchell.

**Mrs. Webster-Roy:** Thank you, Mr. Chair. I want to go back to your opening statement and your response to member Henry. You noted that no agreements were signed in terms of the IFMIS, and that you are working out the contracts arrangements for the direct coordinator, but you must have a timeline in place. You cannot be blank and say, "Well, we are working on it, but there is no timeline", you must know you want to achieve X by this particular date. We want to start implementing throughout by this particular date. So if you could me some more information, please?

**Mr. Suite:** Okay. Well, let me just clarify, the agreement with the Inter-American Development Bank has been signed, but we have not issued any contracts to suppliers, vendors or the coordinator as yet. We are working on the coordinator. The goal that we have internally is to try and have the coordinator on board before the end of the financial year. Once we have brought the coordinator on board, then we would start dealing with the issues in terms of the implementation of the project.

Now, I need to mention that this—the implementation and roll out of the full IFMIS, this is something that is going to take five years in the up—well, if all things go right, because you have to put—basically you are putting in a new system, while maintaining the old, and it is a computerized system, integrated across the service. So it is something that is going to take a while. There are some things that will be ready and useful before, but the full project, it is going to take a little while, alright?—but we are hoping to have the coordinator on board before the end of the fiscal year.

**Mrs. Webster-Roy:** An optimist outlook, in five years' time the system should be—

**Mr. Suite:** Well, in five years' time, you shall have most aspects of the system. This is something that is going to evolve as time goes on, because as you implement the system, you should get basic functionality in terms of recording your income and expenditure, et cetera, but then there is a lot more that the system can do and will make possible. Then you will start demanding more of the system, and other things will start rolling out of there.

**Mrs. Webster-Roy:** The reason I want back to it was because you said since in the '90s, you have been talking about it, and I do not want it to be a situation where it is a good system, something we need to implement, but there is no will. So that is why I am saying, give me a date, give me a timeline, something we could look forward to and work with?

**Mr. Suite:** Since in the '90s we have been speaking—well, the IFMIS was just one component. That was really just the engine that will drive the public financial management reform, and it is really public financial management reform that we have been discussing since then; just for clarification.

**Mrs. Webster-Roy:** The other point I wanted to raise, in terms of member Samuel. You spoke about inefficiencies in terms of staffing and all of that, and you mentioned in your opening statement that you would have started training and development. I want to know what percentage staff would have been trained, and also how far you have gotten in terms of updating the desk manuals?

**Ms. Laban:** Member, with respect to Treasury, the staff of Treasury, we have produced recently some desk manuals for the entire subaccounting and accounting units, and with those desk manuals we are using now to start training the staff, on the various aspects of the accounting and subaccounting units. But apart from that, we have also done some internal training in some of the areas as well; this year.

**Mrs. Webster-Roy:** What percentage was trained, yeah?

**Ms. Laban:** Probably if you were looking at the entire accounting staff, well, we would have trained all of—with the areas that we did train, we would have trained 100 per cent of the staff in the various areas, who were on the desk at the time.

**Mrs. Webster-Roy:** Well, PS, you noted that as in all Ministries, we have staff moving around. So somebody comes from an HR stream and go into accounting, but when they get into the accounting steam, is there an orientation process that would actually prepare them for the role, to help them to be more effective, so we will not have all these issues of errors and omissions coming up?

**Mr. Suite:** I think that is something that we have to make as part of the system. I mean, persons entering into a department, it is really up to the supervisor or the persons in those departments to really bring them in, and show them what is required of them, but what this is showing is clear evidence, that you cannot really rely on that, and you have to—it has to be systemic in the system, and built in as part of the process. I think that is something we need to take on board going forward, to really have that consistent and as part of the process of bringing someone on board going through that orientation.

**Mrs. Webster-Roy:** But do you intend to actually—

**Mr. Suite:** Yes.

**Mrs. Webster-Roy:** Okay. Thank you.

**Mr. Chairman:** Okay. If I could go back to the Auditor General's Report and some of the questions that have been raised by other members, but I want to read specifically what was said here in 1.24 in the Audit Findings, which is on page 13.

It says:

> "The findings as set forth in Chapters 2 to 4 include examples of weaknesses in the system of internal control, as well as non-compliance with legislative requirements and/or financial directives. Comments also cover lack of proper maintenance of the relevant subsidiary books and records. The state of the Internal Audit function in Ministries and Departments remains a matter of grave concern as in prior years."

And then this particular issue, the audit function is covered in an entire chapter.

Now, the reason I am reading this is because these are recurrent matters. They are important matters, and when you made your response, for instance on the overpayments issue, you said—the response that you gave really said, "You know, these are overpayments in salaries and stuff like that". The impression that I thought that you were trying to give, and I do this nonjudgmentally, it is just my impression. You were trying to say, "Look, it looks bad, but it is really not that bad", right? Am I correct?

**Mr. Suite:** No, it is bad. [*Laughter*]

**Mr. Chairman:** No, I got the impression when you say it was like overpayments and so on, you were saying that it looks bad on paper, but when you look at the reality, it is not that bad. So you were not saying that?

**Mr. Suite:** No. What I was trying to say is that the overpayments are in a particular area. I did not want to give the impression that—

**Mr. Chairman:** That it was all over the place.

**Mr. Suite:**—that you got invoices for a car, and you are paying more than the car is worth and things like that.

**Mr. Chairman:** Okay, I understand.

**Mr. Suite:** I wanted to zero in on what is the source of the overpayment, but it is bad. There is no questioning that.

**Mr. Chairman:** Okay. So if we agree that these things are—I mean, these are not good things to be happening in a Ministry of Finance, or in any Ministry. We want to curb these things not in 10 years or in five years, we want to, I mean, address this now, okay?

Is there not something that can be done in the Ministry? Knowing that these are the recurrent problems that emerge, could you not establish within the Ministry, an audit capacity or a monitoring capacity that would ensure, that as you come to the point where you have to address the demands of the Auditor General, that all your compliance mechanisms, and all your internal audit functions, et cetera, are properly done? Would that be so hard to do within the framework of a year, if you had a dedicated effort in this direction, because it is so important?

**Mr. Suite:** I think it is important and in a year's time, you could really address the bulk of it, if you do the simple things that are now taking place, which is the preparation of desk manuals, the training of staff, and things—and a lot of it can, with sustained effort, in a year address most of it. I mean, you are going to always have other things that are going to take a little longer, but yes, Chair, I am agreeing with you.

**Miss Mc Donald:** Mr. Suite, something I find always very contentious, pensions and gratuities. I can tell you that several persons I know, they would retire, two/three years down the road they still have not received their pensions or gratuity. I noted that Auditor General highlighted issues here. Why? Things like:

- Incorrect data on the period of service the person would have worked;
- Calculations incorrect;
- Arithmetical errors in calculation;
- Pension leaves not properly maintained or in some cases not even found;
- Missing documents;

- Delays in responding to queries; and
- Outstanding increments, sometimes in terms of overpayment or underpayment.

All these would make the processing of the pensions and gratuities at the end of somebody's work life very difficult, but I am heartened in the same report, that the Auditor General said, that by memorandum or circular, I think, No. 14 of 2015, he requested information on action to deal with all these shortcomings, and 33 Permanent Secretaries responded, that they were acting on it. My question to you now is, what is the status of those—well, the action being taken by accounting officers? Would we see any relief, you know, by the retirees?—because the Auditor General made a statement here, he said:

> Ministries and Departments should make every effort to ensure, that pension and leave records of all officers are updated regularly, et cetera.

What is going on? Thirty-three Ministries responded, 33 Permanent Secretaries or heads of Departments responded. So what is the status? And what is taking place? Thank you.

**Mr. Suite:** Okay. Probably if I can give a briefing on what is happening within the Pensions Division, in Treasury Division, and then—I am not sure if I have the question in terms of what the other Ministries and Departments are doing, but I will seek to find out just now.

I think that there are several reasons that impact upon the ability of the Pensions Management Branch to meet with the paying of pensions on time. I go back again to my opening statement in terms of the expansion of the public service in the '70s and '80s, and you are now seeing the impact of that, because there is an increase in the number of persons who are retiring from the public service at all levels. Those persons would have come on 38/40 years ago, they are all reaching that compulsory age of retirement.

In addition, you have had in the service, you have had an increase in the number of persons on contract employment. What that means is that persons on contract employment, when their contract comes to an end, they are entitled of gratuity payment. So it means every three years or two years, depending on the term of the contract, they are entitled to a gratuity and that is processed also at the Treasury Division.

You have had also an increase in some of the daily-paid workers. You have had increase in the revision of persons' terms and benefits being determined after the end of the period. So for instance, in terms of settlement of wage and salary negotiations, because you are running in arrears, you have a lot of persons who, they may—when they retired, their salary increases may have done retroactively for a period after they have retired. So then you have to go back to those persons, to recompute their pensions at the correct level.

The other thing impacting upon us would be the incomplete and inaccurate records submitted by the Ministries and Departments; late submissions to the Pensions Branch. Again, the turnover of staff working in those areas both in the Treasury, as well as the Ministries and Departments.

The other issue is the realignment of ministerial portfolios, because every time the portfolios change, divisions or individuals move from one Ministry to the next. The Service Commissions Department, the PMCD, you have to change the structure of a Ministry, start assigning persons to that Ministry, and you have to make sure now that their records are transferred from one Ministry to the next. If a Ministry—if it was not done at that time, and a Ministry ceases to exist, in terms of being split up or merged with another, it is very difficult to have it done. So all these things would have impacted upon it.

In addition, for the Treasury Division, there was a period in 2014, where there was some OSHA-related issues, related to the building itself, housing the

Pensions Branch, which would have prevented individuals from doing that 40-hour week, and a lot of backlog built up as a result of that. What we have been doing within the Treasury Division is that we have brought on some additional persons who worked in the Treasury and would have retired, but have the institutional knowledge and, therefore, do not require as much training, to help assist with the processing of benefits.

We would have established liaison officers to deal with each Ministry, to sort of interface with them, and follow up in terms of trying to get the information that we need from the Ministries. We have been running some, what we call projects, in terms of identifying particular areas within the systems, where you have backlogs. We actually have persons working overtime, sometimes on a Saturday, coming out to try and clear particular bottlenecks within the areas.

We have been sending out by way of reminder circulars to Ministries and Departments, with responsibilities in terms of the submission of records; that is in the short. In the medium term, you really need to look at the staffing structure of the Treasury Division, in terms of do you have the right mix of staff, given the size of the public service, as well as the number of contract officers that you have to deal with? So you need to look at the staffing structure and the other thing is the training of the Ministries and Departments.

In terms of your specific question on what Ministries and Departments have done in response to the Auditor General's Department? I need to consult to find out whether we have any information.

So I cannot give a status at this point in time, in terms of what Ministries and Departments have done, but I could undertake to provide it at a later time.

**Mr. Samuel:** Just one short question to Mr. Suite. The Auditor General's Report had been looking for a car, paid for on September 30th, but by December 2015, they could not find the car. Have you found the car?

**Mr. Suite:** Yes.

**Mr. Samuel:** Okay, good. I am glad.

**Dr. Mahabir:** Thank you very much, Chair, for this concession. It is a follow-up on my colleague's question on pensions. I simply would like to know from the Comptroller of Accounts, exactly how many files, estimated, do you have in your possession now at the Comptroller's office, that are pending with respect to payments? I raise this because Parliament was dissolved in June 17th of last year. A year has passed and the parliamentarians have not received their simple, basic pensions. So clearly, how many—you must be overworked in there. How many files estimated do you have to deal with that are still pending in your office? Thank you.

**Ms. Laban:** Now, I cannot give you the information right now on the amount of files that are pending, but what I can say is the amount of files that we do have in the Division for the various type of pensioners that we get per year. Last year in 2015, we had 973 compulsory retirement at age 60 years. For this year, that is for monthly paid, we had 896 files to deal with. The contract employment, in 2015 there were 1,128 files. So far as of this month, there are 700 files. Apart from that, there are the daily-paid officers who in 2015, there were 2,349 persons retiring, and as of this date, there is 801. So these are the amounts.

**Dr. Mahabir:** You have a lot of files, and the question is, do you need additional staff, so that these files will be handled expeditiously? And by expeditiously, I mean, that someone who has absolutely no issue with his file, should get his pension cheque within six months of retirement? How much staff do you need to ensure that that standard is met? Thank you.

**Ms. Laban:** Well, currently, once all the information is so on the file, within the first six months that person can get paid. We have recruited, as PS Suite mentioned, some short-term employees or contract officers, who are assisting in this project, but in the long term, we would really need to restructure the Pensions Branch to get some more officers at the various levels to help assist with the computation of the pensions.

**Dr. Mahabir:** Your response was very vague, but I asked for a specific number, because you see, we need to budget for that. How much staff members do you need?—because I am sure there are people, you see, they raise queries to me, and my defence to them is, I am a parliamentarian, and a year and a month later, I have not gotten my pension, and there is nothing wrong with my file, I can assure you; straightforward. So the question I want to ask, straight question, is this, you clearly need additional staff members, about how many as Comptroller do you think that if you had at this point in time, you will be able to meet the targeted date of six months, post retirement collection of cheques?

**Ms. Laban:** Okay. We do have a document presently stating the amount that may be needed currently. I can get that information to you.

**Ms. Cockburn:** Yes, Mr. Chairman, in regard to the question posed by member Mitchell, with regard to the secrecy provisions at the Board of Inland Revenue, Inland Revenue Division. I just wanted to mention that the concerns re: confidentiality of the information held by this Division. The Exchequer and Audit Act did in fact contemplate the need for confidentiality in dealing in any way with said information, and in light of that, the Act itself has provided the solution, in that section 10(1)(g) of the Act says, it empowers the Auditor General:

> "to require every person employed in his office who has to examine the accounts of a department to comply with any security requirements applicable thereto and to take any oath of secrecy required to be taken by persons employed in that department."

So the Act, in fact, makes provision for employees at the Auditor General's Department, to take the same oath of secrecy that is taken by workers at the Inland

Revenue Division, which means in law the same security will be provide with regard to the confidential treatment of any information that an employee comes across in carrying out his duties. So considering this provision and the solution provided in the legislation itself, this contributes to our difficulty with understand the hesitation to provide the required information at the Auditor General—

**Mr. Chairman:** So you are saying that the solution provided according to law, is the secrecy provision really—

**Ms. Cockburn:** Yes.

**Mr. Chairman:** That you would swear an oath of secrecy.

**Ms. Cockburn:** Yes, which is the same as those taken—

**Mr. Chairman:** Equivalent to—

**Ms. Cockburn:**—by persons at the Inland Revenue Division itself.

**Mr. Mitchell:** I just wanted the Inland Revenue to clarify its position, because I was thinking is it the Inland Revenue's position that the taxpayers of this country do not have a reasonable expectation that the department to which they remit their taxes to, is not audited? Because as a taxpayer, I mean, I would want to know that when I remit my taxes, that the taxes are administered, managed properly, you know, and properly put, you know, to the purpose to which it is remitted.

**Mr. Suite:** Thank you, Chair. I wanted to respond when the discussion had taken place earlier. In that, the position of the Inland Revenue was not one that they arrived based on a policy or an administrative decision, right? It was based on their interpretation of section 4 of the Income Tax Act. Section 4 of the Income Tax Act says:

> "Every person having any official duty or being employed in the administration of this Act shall regard and deal with all documents, information, returns, assessment lists, and copies of such lists relating to the income or items of the income of any person, as secret and confidential, and

shall make and subscribe a declaration in the form prescribed to that effect before a Magistrate."

Then it goes on to say in (2):

"Any person having possession of or control over any document, information, returns, or assessment lists or copies of such lists relating to the income or items of income of any person who at any time communicates or attempts to communicate such information or anything contained in such documents, returns lists or copies to any person—

(a) other than a person to whom he is authorised by the President to communicate it; or

(b) otherwise than for the purposes of this Act—"

That is the Income Tax Act"

"…or any other written law administered by the Board—"

That is the Board of Inland Revenue:

"is guilty of an offence."

So, in terms of dealing with the secrecy and the confidentiality of the taxpayers' information, it comes out of this Act.

Now, there is a discussion taking place that would involve the Attorney General and the Auditor General, in terms of interpreting this section in line with the Exchequer and Audit Act, which may provide a means, as the Legal Officer for the Auditor General just pointed out, that there may be a way to move forward with this issue. Once that is determined, then we go forward, but in terms of—from the point of view of the Inland Revenue officers is that the Income Tax Act which they are administering, prevents them from sharing confidential information of taxpayers. Any person who does that is guilty of an offence. So they need to have some assurance or some clarity before they start sharing personal information.

**Mr. Mitchell:** When did the Inland Revenue start to invoke those secrecy provisions?

**Mr. Suite:** Those provisions were invoked from the time the Act came into position. So that has always been the position of the Board of Inland Revenue.

**Mr. Mitchell:** So the Board of Inland Revenue has never been audited by the Auditor General's Department? Sorry, the Inland Revenue Department, has never been audited by the Auditor General's Department?

**Mr. Suite:** No. We need to clarify. The Inland Revenue Department, as part of the Ministry of Finance, has been audited by the Auditor General in terms of their expenditure, right?—and their expenditure systems and similar to any other department—

**Mr. Mitchell:** In terms of revenue; revenue is the problem.

**Mr. Suite:** In terms of revenue, they would audit the systems in terms cash receipts and those things and reporting functions. But in terms of going behind the figures to audit whether—if they say that I am owing $1,000, going into audit my records to see whether a fact, I am, myself do owe $1,000 to the Board of Inland Revenue, no. They have not, because that have not had access to the information of individual taxpayers.

**Mr. Mitchell:** And that has never been done?

**Mr. Suite:** No.

**Mr. Chairman:** Okay. Thank you very much. I wanted to ask the Auditor General and his team, I mean, having gone through some engagement now for over an hour, do you have any comments or questions that you would like to address at this point?

**Mr. Ali:** No, Mr. Chairman.

**Mr. Chairman:** You are all right?

**Mr. Ali:** Yeah.

**Dr. Henry:** Just a quick observation and in terms of what we have seen before this Committee, over the period of bringing in different Ministries and state entities. If we listen and pay attention to all of them, we would think that the public service is grossly understaffed, as opposed to overstaffed as what most of the people talk about. Because clearly, each division, each enterprise, state entity, has come here and said we need more people, just as the Comptroller of Accounts. We have heard that story over and over again.

So clearly something is wrong, and in terms of the allocation of resources and the training of people, and something has to be done about it. Clearly it points to some need for computerization to make the system more efficient, and that brings me back to my question, that I started off with, the Integrated Financial Management Information Systems. Finally, would we get a timeline as to when this project will actually get going, from the PS?

**Mr. Suite:** As I had indicated to the other member, we are on the process of recruiting the coordinator. We expect to have a coordinator on board before the end of the financial year, and from then we would start the—because that has to be in place before we start implementing the actual IFMIS system.

The timeline that I envisage for that, because a project of that nature is really a five to seven-year time frame for implementation. I expect that there are certain elements of the project, that would be available to us before that five-year period, but in terms of the full benefit of an IFMIS system, I would think five to seven years.

**Mr. Mitchell:** Okay, thank you.

**Miss Mc Donald:** Thank you, Chair. Mr. Suite, would you agree that oil and gas revenue certainly plays an important part in our economy? You know where I am going? I am going to audit revenue. If you look at page 83 of the Auditor General's Report:

For the past two years, the Auditor General has reported that—"…no evidence was seen that oil and gas production data received from companies"—operating in Trinidad, alright—"and used in the calculation of revenue…"—there seem to be this as not being, the material used is not verified by the Ministry.

There are also saying that:

"The accuracy of the revenue from Royalties and Share of Profits from Oil Companies could therefore not be assessed."

There is another statement there that:

"The Petroleum Register provided bore no evidence of certification by a responsible"—person at the Ministry.

And worse:

There was no evidence that a system exists at Ministry of Energy and Energy Affairs, to monitor revenue received and receivable.

That must be concern for the Ministry of Finance, because this is our revenue base. This is our stream, contributing about 60 per cent to the revenues of Trinidad and Tobago. So if this is allowed to continue, I see—I was appalled at the last occasion. I am really flabbergasted today, to see that for the past two years, the Auditor General has flagged that the data gotten by the companies, by these oil companies and gas companies, that there is no way of checking them—the accuracy when they are calculating the revenue. Is there anything you will like to tell us about this? And the Auditor General is here to, so I will expect both, because this is very critical.

**Mr. Suite:** Well, I am looking at the Auditor General's report, and this really relates to the Ministry of Energy and Energy Affairs. So I would not want to comment on something falling under their purview. I would say in terms of—when the Inland Revenue audits, they would audit directly the company itself, and they will examine the financial records of the individual taxpayer as they deal with it. So this part of it, I think I would leave for Energy.

**Mr. Chairman:** We did interrogate the Ministry of Energy and Energy Affairs on this. We spent some time on this, but I think what the member is asking really, is that although this is Ministry of Energy and Energy Affairs' responsibility, is this not a concern, because it is revenue of the Minister of Finance?

**Mr. Suite:** Well, I think it goes without saying it is a concern for all the citizens in Trinidad and Tobago for this thing, yes.

**Miss Mc Donald:** Mr. Chair, I have to ask a question. Mr. Suite, I do not know, somewhere in my simplistic mind, I can see this as an avenue for leakages. It might be, you know, not the right word to use, but if it is that we are not monitoring what is happening there, and how they calculate it, there is no system there to monitor it. I can see, can you not see the issue of leakages taking place, Mr. Suite?

**Mr. Suite:** Well, if you do not have a system for monitoring, anything can happen. The point I was trying to make is that, what the Inland Revenue does should really complement what is taking place here, because Inland Revenue would be auditing the companies themselves, and their financial and their internal records, and going through their systems.

Whereas the Ministry of Energy and Energy Affairs, what they are doing is an additional step, and I think the two things need to be in place to complement each other. So, yes, it is of some concern, and I think it was raised with the Ministry and they would be addressing it.

**Miss Mc Donald:** To the Auditor General, would you be—auditor, Mr. Ali, would you be looking at this issue at the Ministry of Energy and Energy Affairs?

**Mr. Ali:** Member, yes. We will be looking at that issue again.

**Mr. Chairman:** Well, as I said, the issue was raised here with the Ministry of

Energy and Energy Affairs, and we went into some depth on that, and probed it quite a bit. So I think it is an issue that is quite live. Mrs. Webster-Roy, you had a—

**Mrs. Webster-Roy:** Thank you, Mr. Chair, through you, on page 47 of the Auditor General's report. Under Expenditure Control, 2.66:

> "Evidence of cheque staff review was not seen in numerous instances."

And 2.67:

> "Total Expenditure as per Expenditure Notification as at 30th September, 2015 exceeded the total credits on the Exchequer Account granted by the Auditor General by $209,927,499.65 in contravention of section 18 of the Exchequer and Audit Act."

I wanted first for you to explain why those instances of cheque review not being done? And also an explanation for that contravention of the Act?

**Mr. Suite:** Well, quite simply this has to do with individuals not doing what they are supposed to do in following the systems, and this is what we have been discussing in terms of the training of both the internal audit and the cheque staff issues.

We have—in terms of the grant of credit from the Auditor General, this is an essential part of the system, as the Auditor General had pointed out, in terms of section 18 of the Exchequer and Audit Act. This is a requirement to ensure, in terms of the expenditure control, to ensure that the expenditure does not exceed the credits.

So while, yes, the expenditure that we are relating to here is legitimate expenditure, there is a system of checks and balances in place to control the expenditure, and clearly they were in breach of this system here. We have had discussions with the individuals. Some persons have been reassigned to different Departments, and we have done some training with the individuals to reinforce this, and this is also part of some of the things that would have led to the production of the desk manuals, et cetera, to address some of these very issues here.

**Mrs. Webster-Roy:** Okay. Just for those listening on and for people maybe new at it. Could you go into some details in terms of some of the checks and balances? And also whenever people do not do what they are supposed to do, how are they disciplined to ensure that it does not continue, year on year?

**Ms. Laban:** With respect to the checks and balances, we would also rely on our internal audit unit to do their checks and balances during the year. As it is currently the internal audit are also understaffed. So while they have been doing their checks, maybe it was not as they should have been doing a complete check of the financial records.

**Mrs. Webster-Roy:** How often would they submit the internal audit reports?

**Ms. Laban:** Well, they submit a report to me yearly. There is a draft audit plan and depending on that, whatever is done, a report is submitted to me, to the Comptroller of Accounts and the Permanent Secretary.

**Mrs. Webster-Roy:** So only once during the year you would get something coming from your internal audit staff, nothing quarterly?

**Ms. Laban:** No. Whatever areas they check, they would do quarterly reports and report on the findings, and also make recommendations to the Comptroller and Permanent Secretary.

**Mrs. Webster-Roy:** In terms of the other part of the question, when staff do not do what they are supposed to do, how do we discipline them? How do we deter action?

**Ms. Laban:** Right now, if we are looking at the disciplinary action, you write them. You write them three times. You speak to them and you also write. Right now, what we can do is also train the staff in the relevant areas, but in terms of disciplinary action, we speak to the staff and according to our regulations, you can speak to them up to three times, then you can write them, and write reports to the senior HR, and also to the Service Commissions Department.

**Dr. Mahabir:** Thank you very much, Mr. Chair. I want to raise a question to follow up what my colleague, MP Mc Donald, asked, but this time I want to focus on domestic revenue, addressed to the Board of Inland Revenue and to the Customs and Excise Division.

We have had tax amnesties in the past, and that is an indication that a number of our taxpayers simply do not pay the taxes due to the State. What I would like to know from you, since you are in the operational aspects of tax collection, what measures are you in the Board of Inland Revenue and Customs and Excise Division, doing at this time to ensure a greater number of citizens, corporate and individuals who owe taxes, actually pay the taxes due in a timely manner to the Government of the Trinidad and Tobago? Thank you. Any measures, anything new that you are doing to ensure that we do not have another tax amnesty and we have a tax amnesty on an annual basis?

**Mr. Ramdahin:** Thank you, member. Currently, our process with respect to outstanding taxes, there are two main components. One, returns filed, which would have had—and liability established, and secondly, for persons who would not have filed their return.

For those persons who would filed and have an established liability, we do have our own internal process, where we write, we follow the entire collection process that is outlined in the Income Tax Act, where we will take action with respect to recoveries, garnishee orders, and all the mechanisms so outlined.

The issue of the amount remaining uncollectible, we do have some challenges in terms of our HR capacity, to be able to deal with it as effective as we would want to. Some continue to remain on the record, but it is an effort that we are pursuing. Recently, we have recruited anything like about, you know, renewed some contracts and some temporary workers amounting to about 100 officers, and they are expected to be utilized along those lines in terms of the collection activity.

I do not know if I answered you totally.

**Dr. Mahabir:** From the BIR aspect, from the Customs and Excise Division, because that is another area of a significant injection of revenue, at a time when we are collecting $40 billion and we need $60 billion. With any changes that you are doing, do you think we could see an increase in the amount you are able to collect, from delinquent corporate citizens who owe you and they are refusing to pay?

**Mr. Singh:** Thank you, Chair, and thanks for including me. I would just like to say that a system of voluntary compliance currently operates within the Division. So in cases where certain types of cargo, let us say, delivered without examination, or even in the case where there would be shortcomings in such transactions. Under section 224 of the Customs Act, the Comptroller is empowered to do certain things, if an infraction is detected.

What we are doing, we are encouraging companies to come forward. You declare to us upfront, if you realise an error was made in your particular transactions, and then we would look upon such circumstances favourably. We are having some success with that particular measure. Brokers and importers have been coming forward saying, "Well, we have made an error. We are willing to correct that error", and we are making good repayment on these so-called incorrect application that would have been done.

Additionally, I discussed recently with the Permanent Secretary, we want to strengthen the post audit unit to a particular place now where those that would have escaped scrutiny currently, can be brought into the loop. We are working on that procedure even as we speak, and we expect that when that becomes operational, again, the officers who would possess that particular institutional knowledge, they have all gone. So we are trying to see how best we can do a fit. We can bring them, and on short notice they can just start working immediately. So we have also put some measures in place, and we are contemplating other measures where we can enhance the revenue base.

**Mr. Chairman:** Alright, thank you very much. I just want to close with a few quick questions. If I could follow up on that question in relation to taxes on income and profits that are in arrears. On the last occasion when the Auditor General was here, we highlighted the fact that there were about $47 billion of revenue in arrears, and this was for the 2015 accounts. Can I ask if that amount has been reduced, some of that arrears has been collected? And whether these kinds of things are being actively pursued? PS, either to you or one of your officers. It is up to you.

**Mr. Suite:** I will go first and I will let the Chairman answer part. I think we need to put some of it in context, in terms of the $47 billion that you speak about, in terms of total liabilities. Of this $47 billion, $14 billion are the actual taxes that is outstanding, that we are speaking about. The other $33 billion would really relate to the interest and penalties that will accrue on these taxes, that are outstanding over quite a number of years, going back as far back as 1973. Of the $14 billion, we will have some of it under appeals or persons would have raised objections or queries, which will be like around $5 billion. So you really have about $9 billion or so that is uncontested, I would say.

Of that $9 billion, about half of that would be in excess of 10 years. So it may have companies that may have closed down or individuals who may have passed, but it is still on the books, because over the years they have not been looking at whether the companies are still in existence or the individuals are still alive to really write it off or not. So it just stays on the books since 1973. So that is just to put it in a context, and there is a whole process by which we go to try and collect the debts. So I will pass it on from—so that is just to give you the broad context, and I will let the chairman put—

**Mr. Chairman:** Thank you for clarifying that.

**Mr. Ramdahin:** Thank you, Chair. Well, in addition to the Permanent Secretary's response, anywhere between $4.5 billion to $5 billion represents outstanding liabilities for the last six to seven years. The bulk of it really relates to very old debts that are considered to be uncollectible. What has happened from a management standpoint, we tend to—after exhausting all our efforts, we tend to—I will use the term "park those outstanding liabilities aside", and deal with primarily the current liabilities, which we believe are collectible, and the process as outlined in the Act, where we will pursue, write, communicate and exercise all the collection mechanism in the Act. It is an ongoing process.

**Mr. Chairman:** Another question unrelated, this one really—PS, you can answer, but it really is focused on the role of the Comptroller of Accounts. In a situation in which the Comptroller of Accounts has auditing responsibility for the Auditor General, is that a comfortable relationship?

**Ms. Laban:** According to the Exchequer and Audit Act, which states:

> "The accounts of the Department of the Auditor General shall be audited and reported on by the Treasury, and the provisions of sections 10 and 25 shall apply…"

So according to this Act, we have the responsibility of auditing the Auditor General's accounts. So, we would comply.

**Mr. Chairman:** Okay, but is this a comfortable relationship, you think?

**Mr. Suite:** I do not think it is an ideal situation, because one, you have—I think two things exist. One, the Auditor General who is supposed to be external to the system, through the Act and other historical things, is actually part of the system, where they see the granting of credits, as well as doing some audit part of the payment of pensions. I think, ideally, the Auditor General should not be part of the system.

I also think that for the—you cannot have the Auditor General auditing us for some parts, and we auditing them for other parts. It will be good if it was part of the same organization, but technically speaking, the Auditor General should really stand separate and apart from the rest of the public service, particularly as it relates to these things. I think, ideally, we would need to look at legislative reform, to have someone else perform that function.

**Mr. Chairman:** Simply put, if an internal audit entity within an organization functions as it should, in a way it is part of the entity, but it really has a separate jurisdiction and relationship with everybody in it, and every sub-institution in it. It is the same thing with the Auditor General. I mean, there needs to be some kind of arm's-length relationship in the auditing function of the Auditor General.

I think this issue of the Comptroller being in—by law, able to audit the Auditor General. I think it creates some discomfort, but certainly, I mean, on the surface, I do not know all the details, but it does create some awkwardness. So that is something, I think, as a Committee, we would need to discuss a little bit and decide how we approach a recommendation of that.

And finally, I have two quick questions. In looking at the recent IMF Report, you know, they normally give a short report and then a longer one. There are indications there that the deficit in 2015 was higher than originally anticipated, and that the deficit in 2016 is likely to be quite substantial. Is there any explanation you can give to us for why that has happen and is happening? I know that that is not exactly under the remit this discussion here with the Auditor General's Report of 2015.

**12.40 p.m.**

**Mr. Suite:** I am not quite sure for 2015. I think it it is higher than originally estimated.

**Mr. Chairman:** I got that impression from reading the report, I may be wrong, and there is a suggestion that the 2016 is likely to be.

**Mr. Suite:** I am not sure. I do not think that was that case for 2015.

**Mr. Chairman:** Okay.

**Mr. Suite:** I think for 2016 though, when the report was done, at that point in time the price of oil was significantly lower than it is now, and I think even at that time it continued to have a downward trend in terms of the price of oil and gas. Notwithstanding where it is currently, I think the Fund, in doing their assessment of the opinion that those revenues are still predicated towards a downward trend.

**Mr. Chairman:** Yes.

**Mr. Suite:** There are other issues in terms of your collections in other areas, in the non-energy areas are also down somewhat. So, there is, in terms of if you are just looking at your revenue projections going forward, there is a possibility that the deficit may be higher than what is originally anticipated, because of those things impacting upon the revenue, but we also need to take into consideration that the rate of expenditure of the Government, especially given your constraints in terms of what advances you can have from the Central Bank, the expenditure has not been proceeding at the similar rate. So, the two could balance off. But that is based on their assessment.

**Mr. Chairman:** But the deficit for 2015 is as stated in the Auditor General's Report?

**Mr. Suite:** Yes.

**Mr. Chairman:** For 2015?

**Mr. Suite:** For 2015, yes.

**Mr. Chairman:** Okay. All right, I just wanted to clarify that. And the final question would be this issue, I mean, clearly we are going into an arena and a time in which the debt profile of the country is going to increase, and as Permanent Secretary in the Ministry of Finance, the revenue situation, certainly from the point of view of gas and oil, is likely not to move in a positive direction for some time, even though it might fluctuate, we do know that there are anticipated positive things that can happen, having to do with the energy sector, and certainly the gas sector from Juniper to other things that are emerging. Are we in for a period in which the appetite for debt in the national economy, as determined by the Ministry of Finance, is likely to pose a threat going forward, in terms of the ability of the country to manage and to be able to service this debt?

**Mr. Suite:** I think we have challenges going ahead. There is a need to really look at the current situation we find ourselves in. We really need to really look at ways of enhancing our revenue. We need to, again, re-examine our expenditure, whether the efficiency of our expenditure—really a realignment of priorities, et cetera, given the reality of the situation that faces us. I think the earlier you make the difficult decisions, the easier it is to manage going forward and it is really a question of making those decisions and how you go about doing it. That is the debate that has to take place nationally given our current situation: what is the way forward?

**Mr. Chairman:** And the difficult decisions are both on the revenue and expenditure side. All right. Auditor General, I will ask you again if you would like to say something, and I will close at this point.

**Mr. Ali:** Thank you, Mr. Chairman. The Auditor General continues to promote good governance and the wise use of public resources in the interest of the country and its citizens. I look forward to the success of the new thrust of the public financial management reform, and the benefit that it would accrue to the country. In closing, I encourage all public officials to discharge their duties with integrity and due care, and to keep focus on the public interest. Thank you.

**Mr. Chairman:** PS, you want to say anything as we close?

**Mr. Suite:** No, I am fine, thank you.

**Mr. Chairman:** You are fine? All right, I want to thank you very much, Permanent Secretary, Ministry of Finance and all your staff who have been present. I do not want to single out, but certainly having the Customs—we had Customs here, we had Immigration as well, did we?

**Dr. Mahabir:** Board of Inland Revenue.

**Mr. Chairman:** Board of Inland Revenue, and we had the Comptroller of Accounts, together with you. I appreciate the fact that you brought a full team here for this discussion. I thought we had a thoughtful discussion, the dialogue that went on. You took some time, Permanent Secretary, to elaborate and contextualize some of the issues, and I do appreciate that, and all your members who spoke were very straightforward and forthright. I also want to thank members of this Committee who asked some rather probing questions here in the public interest. And, I think we had a good meeting.

It is really important to interrogate the Ministry of Finance, because it plays such a crucial and determining role in so many things. And it is important also for the public to understand what are the parameters of that role, but also what are the limitations? Because misinformation causes a lot of problems in this society, and I think that in today's engagement, I think the public would better understand some of the issues that attend the challenges for the Ministry of Finance, how these translate into national challenges, and how some of the problems that we have, need to be tackled given that some of them might be done quickly, but others really require a great deal of time, and energy, dedication and effort.

So, I thank you all very much. I thank the members of the public gallery who are here as well, all the members who participated in here, the Ministry of Finance, Auditor General's Office, members of the Committee, but also again, especially the press. And we are always grateful when they share with the public what has transpired here, and what it might mean to them as citizens.

Thank you very, very much. I bring this meeting to a close.

**12.48 p.m.:** *Meeting adjourned*.