

# **FIRST REPORT OF THE PUBLIC ACCOUNTS COMMITTEE**

## **First Session of the 11<sup>th</sup> Parliament**

### **Examination of the Report of the Auditor General on the Public Accounts for the Financial Years 2014 and 2015**

#### **ISSUES AND RECOMMENDATIONS**

#### **Responses from the Ministry of Finance**

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

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

##### **Recommendations:**

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

##### **Response:**

The Ministry of Finance will pursue any legislative options relative to the Exchequer and Audit Act Chapter 69:01, and not the Auditor General.

##### **iii. Audit of State Enterprises**

State Enterprises are not by practice audited by the AGD. The Companies Act Chap. 81.1 governs the audit of State Enterprises whereas the Exchequer and Audit Act which outlines the duties of the Auditor General including his duties of conducting the audit of Ministries and Departments.

**Recommendation:**

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

**Response:**

It is crucial that the Boards of State Enterprises prepare their accounts on a timely basis in order for greater accountability and transparency. This applies whether or not the Auditor General is the auditor. It is also important for the Investments Division, line Ministries and other oversight bodies to review and appraise these audited accounts. The Government will not necessarily have greater oversight if the Auditor General is the auditor for all state enterprises. In addition such action may be placing an additional burden on the already limited resources at the Auditor General's Department.

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

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

**Recommendations:**

- The Auditor General, should enlist the assistance of the Public Service Academy and the Comptroller of Accounts in providing training for the relevant officers in the public service to ensure that the proper procedure is followed when procuring goods and services.*
- Improvements need to be made to the Ministry of Finance's Standard Procurement Procedures. It should be updated to ensure that value for money is observed during the procurement process and tailored to be responsive to evolving and expanding markets, and higher stakeholder expectation.*
- To improve the procurement process serious consideration must be given to the implementation of the Public Procurement and Disposal of Public Property Act, No. 1 of 2015, as amended in 2016. A procurement regulator stands to be appointed. The AGD should ensure that the*

*implementation of the amendments proposed for the Act operate optimally, and as intended by the legislation. With this update, the Treasury should ensure that all Accounting Officers and Procurement Units are briefed and aware of steps to be taken during the procurement process to eliminate any instances of error.*

- d. *Proper and effective training in alignment with the Procurement Legislation of 2015/2016 is essential.*

**Response:**

The Ministry of Finance is responsible for the implementation of the Public Procurement and Disposal of Property Act 2015. The Office of Procurement Regulation will have oversight and regulatory functions in the new environment. The Ministry has started the implementation process and is currently working with many stakeholders. The new roles will be clearly defined in accordance with the Act, including that of the Office of the Comptroller of Accounts.

**vi. Storage of documents**

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

**Recommendation:**

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

**Response:**

The recommended amendment to Regulations 135 – 137 of the Financial Regulations to the Exchequer and Audit Act, Ch. 69:01 to include the ability to store electronic data cannot be done independently since it is aligned to the provisions of other relevant legislation such as:

- (a) the Electronic Transactions Act, 2011, Part VII Government and other Public Bodies which is not yet proclaimed, and

- (b) the Data Protection Act PART II Office of the Information Commissioner Section 9 (2) (f) which gives the Information Commissioner powers to authorize data matching by a public body or public bodies. An Information Commissioner is yet to be appointed.

**vii. The role of the AG in strengthening internal audit**

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

**Recommendations:**

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

**Response:**

In financial year 2015, the Ministry of Finance engaged a consultant to examine the robustness of the Internal Audit Function of the Public Service. The Consultant's report identified the weakness of the Internal Audit and made recommendations on the path forward which included a revised Internal Audit. Structure. The Consultant prepared an Internal Audit Charter, Draft Internal Audit Practice Guide (Manual) and Internal Audit Standards which were circulated to all Permanent Secretaries for comments. The IDB loan contract for the continuation of Public Financial Management (PFM) reform was signed in December 2016 and a consultant will be hired by September this year to continue the Internal Audit Reform process.

Also, the Comptroller of Accounts is currently liaising with the Ministry of Public Administration and Communications (MPAC) in planning relevant training courses for all

Internal Auditors in the Public Service. There are very few professionally qualified auditors in the Public Service. The Comptroller of Accounts is also liaising with the Chief Personnel Officer (CPO) on revised job descriptions and the Director of Personnel Administration (DPA) and MPAC on relevant training to have persons professionally qualified.

**x. Issues based vs Entities based**

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

**Recommendation:**

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

**Response:**

This initiative has commenced with technical assistance missions since 2014.

Currently the 2014 and 2015 Financial Statements were restated by the Treasury Division in accordance with International Public Sector Accounting Standards (IPSAS) using the already published Public Accounts.

The IPSAS compliant Consolidated Statement of Receipts and Payments for the financial year ended September 30, 2016 will be laid in Parliament by the Honourable Minister of Finance together with the Auditor General's Report on the Public Accounts at the end of April 2017. This is a parallel run of the new IPSAS compliant statement, which is a re-statement of the statutory Exchequer Account.

Further, the IPSAS compliant Consolidated Statement of Receipts and Payments for the financial year ended September 30, 2017 and onwards will be included as the new presentation format of the Exchequer Account in the Public Accounts.

**xi. Responsiveness of Ministries to recommendations**

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

**Recommendation:**

- a. *A handover period should be introduced to train the succeeding Accounting Officer and also inform them of issues being addressed so that the work started can be continued. Aggressive monitoring and follow up should be done by the Treasury to measure the Ministry or Department's progress.*
  - i. *The Public Service Commission and the CPO should also look at the frequent changes of the Accounting Officers and put measures in place to ensure that this becomes a more stable position with rotations/promotions in 3 year cycles. This can be made attractive by incentives for such post holders.*
  - ii. *Ministers should also take into consideration the problems shifts within Ministries and Departments cause with regard to the records and take this into account in the management of Ministries in collaboration with Permanent Secretaries.*

**Response:**

The Treasury Division will conduct training for Accounting Officers this year. Aggressive monitoring will require additional staffing to accomplish the objectives.

### **xiii. The auditing of the Auditor General's Department**

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

#### **Recommendation:**

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

#### **Response:**

The Ministry of Finance will pursue amendments to the Regulations with the Office of the Attorney General.

### **xviii. Overdraft of the Exchequer Account**

In accordance with Section 18 the Exchequer and Audit Act, no limit suggested but an overdraft can be done through the advice of the Treasury. A \$31 billion overdraft was reported by the AGD which the Central Bank clarified to be a net overdraft of \$9 billion at the end of the financial year 2015. This, notwithstanding the Ministry of Finance initiative within the proposed revised legislation to prevent the country from sinking into deeper debt and future problems. Provisions should be made within the updated regulations to curb this habit and the Ministry of Finance should form ways of producing revenue to replace the money in the Exchequer account. The Central Bank provided information which indicated the amount Central Bank overdrafts each year dating back to 2006 until 2015.

#### **Recommendation:**

- *According to a response received from the Central Bank, authorization for these overdrafts is given by the Minister of Finance*

*through the Treasury. More transparency should be integrated into decisions made to curb the instances of such large overdrafts. Within the updated regulations which will be introduced by the COA and soon to be adopted, limitations must be set on the amount of overdraft that should be permitted in instances which require an overdraft of the Exchequer Account.*

**Response:**

Section 20 of the Exchequer and Audit Act Chapter 69: 01 allows for a fluctuating overdraft on the Exchequer Account. Further, Section 46 (2) of the Central Bank Act allows the Bank to provide an overdraft facility to Government up to 15% of the Government's Estimated Revenue for each financial year.

It should be noted that actual expenditure was curtailed during financial year 2016 by approximately 15.5% over the Budgeted figures, which resulted in an overall reduction of the overdraft on the Exchequer Account of \$3,784. Mn. or approximately 11% from \$33,367,515,723.84 in 2015 to \$29,583,071,135.81 in 2016.

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

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

**Recommendation:**

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



***giving time for Ministries and Departments to train Accounting Officers and others involved to ensure that records are properly maintained.***

**Response:**

It took many years for Barbados to achieve modified accrual status and the Cayman Islands to achieve full accrual status.

The Public Financial Modernisation Management Unit (PFMMU) of the Ministry of Finance is currently engaged in PFM reform which includes inter alia the introduction of cash based IPSAS with a view to moving towards modified cash accounting.

Accounting Officers were informed of the introduction of Cash Basis IPSAS in July 2016 as well as in November 2016. The introduction of Cash Basis IPSAS is a progressive move toward full accrual accounting. Also refer to response at question (x).

**xx. Contracts not being Produced**

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

**Recommendations:**

- a. ***Accounting Officers need to put more emphasis on keeping record of executed contracts. Regular checks should be made to ensure that every contract entered into, was properly stored and accounted for within their contract registers.***
- b. ***Proper training should also be provided by the Treasury, for persons responsible for maintaining these registers also. In the amended regulations being processed by the Attorney General, provisions will be made for the usage of electronic data instead of hard copy.***
  - i. ***The electronic storage will also make it easier to be accessed, tracked and updated which will in turn prove to be a major advantage to both the entity and the AGD because information will be presented in a timely manner.***

**Response:**

The Treasury Division provides training to Ministries and Departments in all the Accounting functions. There is collaboration with the Public Service Academy in providing training for staff whose duty it is to maintain many of these Registers.

The recommended amendment to Regulations 135 – 137 of the Financial Regulations to the Exchequer and Audit Act, Ch. 69:01 to include the ability to store electronic data cannot be done independently since it is aligned to the provisions of other relevant legislation such as

- (a) the Electronic Transactions Act, 2011, Part VII Government and other Public Bodies which is not yet proclaimed
- (b) the Data Protection Act PART II Office of the Information Commissioner Section 9 (2) (f) which gives the Information Commissioner powers to authorize data matching by a public body or public bodies. An Information Commissioner is yet to be appointed

The format of the Contract Register will be reviewed with a view to standardisation prior to the implementation of electronic storage.

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

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

**Recommendation:**

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

**Response:**

Frequent changes to Ministerial Portfolios causes many administrative challenges. A major challenge is the movement of personal pay records for officers. This negatively impacts the processing of retirement benefits for Public Officers where these records either cannot be located or were not prepared by the previous Ministry.

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

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

**Recommendation:**

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

**Response:**

The Ministry of Finance will pursue amendments to the legislation with the Office of the Attorney General.

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

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

**Recommendations:**

- a. *The AGD or the Treasury should lend assistance to officers to ensure that all regulations are adhered to and understood in an attempt to minimize any mistakes. Purposeful non-adherence to the regulations should be punishable by law, making each AO legally responsible for any discrepancy observed.*
- b. *Training sessions should be organized by March 2017 for all Accounting Officers to assist with any areas of concern and to ensure*

*that issues that may be recurring thus far are not repeated in the future.*

**Response:**

Training of Accounting Officers was done in 2015. Training sessions will be held this year.

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

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

**Recommendation:**

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

**Response:**

Training in Expenditure Reconciliation (which identifies errors and omissions in the financial statements) was provided to Ministries and Departments in 2016 and continues to be provided on a one on one basis. However, frequent staff turnover at the Ministries poses a challenge in retaining the knowledge base.

**xxvii. Unresolved Issues**

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

**Recommendation:**

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

**Response:**

The Financial Management Branch of the Treasury Division is responsible for Systems Audit of Ministries and Departments to determine the effectiveness of the Internal Controls. Management Letters highlighting weaknesses and recommendations are sent to Accounting Officers for necessary action. There are follow up surveys conducted every 6 months.

However, for more aggressive monitoring and evaluation, additional staffing will be required.

**xxx. Overpayments**

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

**Recommendations:**

- a. *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.*
- i. *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.*
- ii. *An effective automated system with effective Human Resource disclosure will minimize the opportunities for errors.*

**Response:**

The main reasons for overpayments are as follows:

- (a) Late receipt and non-receipt by Accounting Units of notifications of resignation, transfer, termination of employment, no-pay leave, maternity leave etc. of officers;
- (b) Incorrect adjustments of incremental points;
- (c) Incorrect calculation of salary payable;
- (d) Officers employed in one position and erroneously paid in a higher post;
- (e) Lack of co-ordination between the Personnel and the Payroll Section in respect of changes in salary;
- (f) Failure of certifying officers to carry out the due checks in the performance of their duties.
- (g) Failure to prepare and submit to the Accounting Unit in time the necessary Returns of Personnel;

- (h) Payment for extension of sick leave which is subsequently classified by the Chief Personnel Officer as no-pay/half-pay leave.

Several instances of overpayments arise as a consequence of the failure of the Human Resource Section to communicate payroll information promptly to the Accounting Unit. Closer liaison is therefore needed between the Human Resource Section and the Accounting Unit of Ministries/Departments. Further, from the reasons stated above, it is clear that CPO and DPA will also play a crucial role in seeking to address the problem.

It is agreed that overpayments should be recovered in the least possible timeframe. However, Financial Regulations 85 provides for agreement on the Terms of Repayment. The period for recovery must take in to account the quantum of the overpayment.

#### **xxxiii. Problems within Revenue Generating Divisions**

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

Recommendation:

***Training must be provided by the Public Service Academy for the Immigration Division and the Customs and Exercise Division in each division's weak points. This training should be provided by March 2017 to ensure that the country's revenue is properly maintained and every dollar is accurately managed.***

**Response:**

Training was conducted by the Treasury Division for Revenue Generating Units of Ministries and Departments in 2015 and the Immigration Division in 2016. We will liaise with the Public Service Academy in providing continuous training.

#### **xxxv. Authorization of Officers**

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

**Recommendation:**

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

**Response:**

With respect to officers in the Civil Service, the Permanent Secretary must delegate in writing the authorized limits of expenditure for specified officers. The Sub-Accounting and the Accounting Units must keep this information on file to be referenced in the processing of payments. The information is also copied to the Comptroller of Accounts and the Auditor General.

**xxxvi. Internal Audit**

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

**Recommendation:**

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

**Response:**

The Internal Audit Units within the Ministry of Finance have their full complement of staff. However, given the scope of work that is required the current level of staffing and skill set is inadequate. A Note for Cabinet is proposed to create one post of Auditor II at the IRD. The Customs and Excise Division is in the process of reviewing their structure.

In financial year 2015, the Ministry of Finance engaged a consultant to examine the robustness of the Internal Audit Function of the Public Service. The Consultant's report identified the weakness of the Internal Audit and made recommendations on the path forward which included a revised Internal Audit. Structure. The Consultant prepared an Internal Audit Charter, Draft Internal Audit Practice Guide (Manual) and Internal Audit Standards which were circulated to all Permanent Secretaries for comments. The IDB loan contract for the continuation of Public Financial Management (PFM) reform was signed in December 2016 and a consultant will be hired by September this year to continue the Internal Audit Reform process.

Also, the Comptroller of Accounts is currently liaising with the Ministry of Public Administration and Communications (MPAC) in planning relevant training courses for all Internal Auditors in the Public Service. There are very few professionally qualified auditors in the Public Service. The Comptroller of Accounts is also liaising with the Chief Personnel

Officer (CPO) on revised job descriptions and the Director of Personnel Administration (DPA) and MPAC on relevant training to have persons professionally qualified.

#### **xxxviii. Pension and Gratuities**

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

##### **Recommendation:**

- a. *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.*
- b. *Operationalization of an effective automated system can resolve a lot of these issues.*

##### **Response:**

In February 2017, Accounting Officers were requested to identify a liaison officer to work with the Treasury Division on pension matters. This point of contact would assist in resolving all pension queries in a timelier manner. To date, responses have been received from 22 Ministries/Departments. A meeting is scheduled in April 20, 2017 to sensitize Accounting Officers on the issues experienced by the Pensions Management Branch with respect to submissions, which result in delays in the processing of pensions and gratuities.

#### **xxxix. Recommendations to improve the efficiency of the AGD**

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

##### **Recommendations:**

- a. *the Comptroller of Accounts should request the assistance of the Attorney General for her initiative to adopt Public Sector Accounting Standards;*

See Response to x. above

- b. *Ministries and Departments with the assistance of the Treasury and the AGD, should strengthen Internal Audit function;*

See Responses to vii. and xxxvi. above



***c. an Integrated Financial System to be introduced by the Comptroller of Accounts:***

The IDB loan contract for the continuation of PFM reform was signed in December 2016. The Co-ordinator of the Public Financial Management Modernization Unit (PFMMU) was hired in October 2016. Expressions of Interest have been evaluated and the Evaluation Report was sent to the IDB for their non-objection and to the Central Tenders Board. The Request for Proposal (RFP) for the IFMIS is expected to be sent out in June 2017.