MINISTER OF FINANCE
The Honourable Colm Imbert
Government of the Republic of Trinidad and Tobago

MF: DPS 1/2/2

August 29 , 2017

The Honourable Bridgid Mary Annisette-George
Speaker of the House
Speaker's Chambers
Parliament
Level 2, Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Ms. Annisette-George

Re: Ninth Report of the Public Accounts Committee on the 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 Health

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Reference is made to your letter dated July 3, 2017 wherein you requested comments on the Issues and Recommendations in the Ninth Report of the Public Accounts Committee based on the Auditor General Report on the Public Accounts for financial years ended 2014 and 2015.

In this connection and attached at Appendix I are my comments.

Should you need additional information, please contact me.

Respectfully

Minister of Finance

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Appendix 1

NINTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE
SECOND SESSION OF THE 11TH PARLIAMENT

Responses to Recommendations

1. **Competencies of staff**

Competencies provide organizations with a way to define in behavioural terms what it is that people need to do to produce the results that the organization desires, in a way that is in keep with its culture. To be competent, a person would need to be able to interpret the situation in the context and have an arsenal of possible actions to resolve the issue. The MOH indicated that it does not have an adequate level of competent human capital resources to implement its strategic objectives. Gaps in the competencies of staff exists because in such a large Ministry, staff turnover is high. Where the departures of more experienced staff occurred, newer staff lose the opportunity to gain insight on how to effectively complete their tasks. The absence of that form of symbiotic relationship has been the reason for the gaps in the competencies of staff and the constant staff training conducted by the Ministry.

Recommendations:

- **The MOH should develop a succession plan so that the organization will continue to run smoothly after the more experienced employees move on to new opportunities, retire or pass away;**
- **The MOH should request that more departmental training for staff take place. This will enable staff to be more aware of the proper procedures authorized by the regulations and guidelines that govern their field of work.**

Comments:

The Treasury Division conducted training in the Systems of Accounting and Sub-Accounting Unit Functions on November 2, 9, 16, 23, and 30 2016, in which the Ministry of Health participated. This training will again be offered in the new Financial Year 2018.

2. Overpayments

Overpayments occur for a variety of reasons including, but are not limited to: administrative error, late terminations or job records not ended on time, overtime miscalculations, untimely processing of unpaid leaves of absence and etc. The HR and Payroll units should be responsible for overpayment prevention and resolution. Regardless of the reason for the overpayments, the MOH should pursue repayment of any overpaid amount in full. Prevention of overpayments and timely resolution of overpayment errors are important for the proper and responsible management of all Ministry funds. It was indicated that greater efforts are being made to reduce the number of overpayments. In putting those measures in place, the MOH recognized that there were gaps in the reporting of the overpayments. With the rigour of their oversight improving, the Ministry noticed that during the previous financial year, there was an increase in the numbers of reported cases. It was expected that the next step would be able to implement measures to reduce the numbers of the overpayments over time.

Recommendation:

- **Timely communication is key in preventing overpayments. It is the responsibility of all the Ministry's divisions, departments and units to implement effective systems and practices regarding communication of activities that affect employee pay;**
- **Employee time records should be reviewed in a timely manner to ensure that leave time taken is accurately recorded unless practice is conducted by HR Representative; and**
- **If an employee terminates unexpectedly an HR Representative should be contacted immediately so that a termination can be processed in the HR information system. This should be done preferably before if notified prior or on the date of termination.**

Comments:

Agreed. In cases of administrative errors, late terminations or job records not ended on time, untimely processing of unpaid leaves of absence and overtime miscalculations, it is the responsibility of the Heads of the Human Resource and Accounting Units to adhere to recommendations of the Comptroller of Accounts Circular No. 20, dated August 17, 1988, entitled "Overpayments and Unauthorised Payments". Further, the Daily Transaction Reports for both the HR and Payroll staff must be utilized to capture and verify the data representing monthly changes to the payroll. These reports will strengthen the system of internal controls and reduce the incidents of overpayment. Instructions on the IGP/IhRIS Daily Transaction Human Resource and Payroll Reports are detailed in Comptroller of Accounts Circular No. 5 dated July 05, 2011.

3. Internal Audit

The MOH officially has ten (10) established posts for Auditors on a permanent basis. Of the ten (10) positions at the MOH, three (3) persons were permanently appointed while the others were either acting or on a temporary basis. Although the ten (10) auditors were capable and competent to perform the duties of the internal audit function, at the Ministry, it required much more than the ten (10) staffing it currently has. Due to that level of deficiency, the internal audit team was incapable of completing an entire year's audit programme. It was indicated that the Internal Audit team tried to do as much as possible given their capacity despite of the large audit environment at the MOH. The MOH has approximately thirty-three (33) vertical services and each one of them warrants an audit examination, however, it was not possible to audit all 33 services, within a year. In addition to audit work, the Internal Audit Unit was responsible for pension and leave, and previous years' vouchers for payment for staff. While preparing for any particular audit, the audit team has to prioritise the processing of pension and leave, and previous years' vouchers for payment completed at a certain time to reduce backlogs in those areas.

Recommendations:

- **The Public Service Commission should hire more adequately qualified persons to fill the unit's vacancies so that the Internal Audit function can be executed with creditability; and**
- **An entirely separate unit for pensions and leave should be created. Internal Audit should not be burdened with an additional function which usually involves the creation of a unit specifically for pensions and leave.**

Comments:

Agreed. Additionally, the Treasury Division is collaborating with the Chief Personnel Officer on revised job descriptions and qualifications of Internal Auditors since the majority of them are not professionally qualified. These activities are directly related to Internal Audit Reform. It is expected that a Consultant in Internal Audit Reform will be hired by the Ministry of Finance toward the end of this year to guide the Internal Audit Reform process.

4. Pensions and Leave

The timely payment of pension benefits has been identified as a significant issue at the MOH and throughout the public service. It was noted that because of the movement of officers across Ministries and Department, pension information for the processing of pension and leave has been located at different Ministries. The MOH encounters a bigger problem, when persons who would have ended their service with the Ministry, and were employed at other Ministries over their career had loose ends with their P&L records. These may have included outstanding performance appraisal, overtime payments, leave payments and other increments that influence wages and ultimately stymie the timely payment of remunerations. At the time of final preparation of records to submit to Comptroller of Accounts, the preparers recognize that there were certain deficiencies in the pension and leave records. Even though the Ministry contacts the previous Ministry asking for the missing information, there were delays in receiving the information immediately. This problem hampered the MOH's ability to produce a complete P&L at the end of the employee's tenure to ensure a smooth transition in retirement.

Recommendations:

- **The MOH should make every effort to ensure that when an employee transfers from another Ministry that all relevant information has been documented in their Pension and Leave records. Follow up should be conducted in the event that the previous Ministry doesn't immediately forward the relevant information; and**
- **Pension and Leave records of all employees should be updated regularly and thoroughly checked and audited internally before submission to the Comptroller of Accounts within the stipulated deadlines in an attempt to eliminate any deficiencies to allow for the timely distribution of remunerations.**

Comments:

Agreed.

5. Procurement Management

Public Procurement is one of the most vital components of a country's public administration that links the financial system with economic and social outcomes. The execution of procurement policies and procedures reflects the degree of governance and performance regarding the delivery of goods and services to the communities. Procurement is not only accessing goods and services at the lowest cost from inputs to outputs, it should also add value to the outcomes of value for money. Efficient procurement should lead to the promotion of innovation and sustainability, the discovery of the optimum solutions to the issues and create greater correlations to national objectives. The MOH highlighted that a stronger procurement management team needs to be in place for the proclamation of the new procurement law. Presently, the MOH requires only one to two more established procurement posts and qualified officers in preparation for when the procurement legislation is proclaimed.

Recommendations:

- **To improve the procurement process, the MOH's procurement department should make itself aware of the specific guidelines which need to be followed before the proclamation of the new procurement law; and**

- **Mechanisms should be implemented to assist the Ministry with the achievement of value for money ensuring the most efficient use of Government funds.**

Comments

In April, 2017, the Minister of Finance issued Circular No. 4 dated April 3, 2017 advising Ministers, Permanent Secretaries and Heads of Department, including the Ministry of Health, in part:

"On March 10, 2017 the Ministry of Finance would have distributed a draft Internal Control Framework (ICF) and a draft model Handbook. To guide Ministries/Department/State Agencies in the use of the ICF, training took place for senior management for delivery on the basis of training of trainers. This was a one day course on **April 24, 2017** which provided an overview of the ICF including implications for its implementation.

Additionally, a course on compliance monitoring of the procurement function under the ICF and Public Procurement and Disposal of Public Property legislation was developed for internal auditors. This course was delivered to public officials around **May 5, 2017**, building on material developed and delivered in early 2015 but including an extra day of training on the modern risk-based approach to compliance monitoring.

The draft model Handbook distributed with the ICF, was updated to reflect particular amendments to the legislation and to refresh aspects of guidance as required. Simultaneously a template of procedural steps based on the draft Handbook was developed and distributed. The UNDP delivered workshops around **May 5, 2017** to support public bodies in adapting the template to the management of the procurement function and processes.

Consultations with Ministries on the development of Special Guidelines which are to be submitted to the OPR for approval, took place during the period **May 5 to 19, 2017**. Training up to Level 3 UNDP/CIPS Certification will continue up to October 2017. Ministries and Departments were asked to cooperate in this effort by allocating senior officers from each entity who will work directly with the consultant team including one Deputy PS and one senior manager who have been charged with leading the internal change process. These officers would:

i. Be the ongoing points of contact with the consulting team in their respective entities;

ii. Engage intensively with the consultant team to: validate the proposed configuration of the procurement function within their respective entities; customise the draft Model Handbook and develop applicable special guidelines; identify and facilitate the engagement of those to be trained in the ICF and compliance monitoring; and, provide feedback on the Level 1 training curriculum;

iii. Work with the consulting team to develop an implementation strategy and schedule for their respective entities;

iv. Identify and engage key stakeholders within their respective entities in delivering the implementation strategy; and,

v. Problem solve within groupings of entities with similar implementation issues

Two Special sessions were held with the UNDP Consultant, one with head office personnel of the Ministry of Health on April 7, 2017 and the other with the Ministry of Health and its Regional Health Authorities on April 21, 2017 to gain insight into:

- issues the sector currently faces in undertaking procurement; and
- challenges the Ministry of Health envisages in the implementation of the Act.

These sessions informed the development of Special Guidelines for the health sector which the Ministry of Health can use in customising its handbook for approval by the Procurement Regulator. In addition, five (5) officials from the Ministry of Health participated in UNDP Workshops on Developing and Implementation Strategy (April 24-28) and six (6) officials attended the session on Customizing the Handbook (May 1-5). In the period July 18-21, 2017, four (4) officials from the Ministry of Health participated in the Change Agents' training, facilitated again by the UNDP.