REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF FINANCE
Treasury Division
No. 1 St. Vincent Street
Port of Spain, Trinidad West Indies
Tel.# (868) 623-2513 Telefax: (868) 627-6625 E-Mail labanca@gov.tt

October 26, 2017

Clerk of the House
The Parliament of Trinidad and Tobago
Levels G -8, Tower D
The Port-of-Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Attention: Ms. Jacqui Sampson-Meiguel

Fourth Report of the Public Administration and Appropriations Committee on Examination of the System of Internal Audit within the Public Service

Reference is made to your letter Reference Parl.: 5/7/14 dated October 4, 2017 addressed to PS Dhanpaul, on the above subject.

2. The following is the response to the recommendation given at Issue (2) – Internal Audit Qualifications:

Recommendation:

The Comptroller of Accounts should submit to the Parliament:

- ***A status update on the progress made in the review of the internal audit function across the public service October 31, 2017***

Response:

(i) Cabinet by Minute No 1557 of June 25, 2015, agreed to the establishment of the Public Financial Management Modernization Unit (PFMMU) in the Ministry of Finance. The PFMMU is headed by a Chief Technical Coordinator whose responsibility includes the development of comprehensive strategies and policies as well as implementation of the reform of the Internal Audit function.

Accordingly, all 'policy-directed' change on Internal Audit Reform lies with the Ministry of Finance.

(ii) The current strategy includes sending invitations for a Long-term Consultant during the week of October 23-27, 2017. This was done and responses are expected to be received by the week of November 13-17, 2017. An Evaluation Committee is already existent. Finalization of the selection of the long-term Consultant is expected by November, 2017 with a contract signed by December, 2017 and the Consultancy to be operational from January 2018 to December 2019.

(iii) Activities of the Consultancy will include:

- Conduct broad stakeholder discussions at the level of Government Ministries and Departments. This is to obtain a consensus on the structure and content of an Internal Audit Charter, Internal Audit Standards and an Internal Audit Manual which were drafted after a diagnostic review of the Internal Audit function was done by the PFMMU through a Consultancy in 2015;
- Develop a training programme (including a risk-based approach);
- Begin work on a syllabus/curriculum for a specific Internal Audit certification for public servants which will take into consideration the required qualifications, and
- Finalize the structure and staffing of a Central Internal Audit Secretariat.

3. Submitted please.

Yours respectfully,

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Ms. Catherine Laban
Comptroller of Accounts

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MINISTRY OF FINANCE
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No. 1 St. Vincent Street
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FM: 9/1/1

November 14, 2017

The Clerk of the House
The Parliament of Trinidad and Tobago
Levels G -8, Tower D
The Port-of-Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Attention: Ms. Keiba Jacobs

Fourth Report of the Public Administration and Appropriations Committee on Examination of the System of Internal Audit within the Public Service

Reference is made to your letter Reference Parl.: 5/7/14 dated October 4, 2017 addressed to PS Dhanpaul, on the above subject.

2. The following is the response to the recommendations relevant to the Treasury Division, Ministry of Finance:

Recommendation:

1. Efficiency of Internal Audit Checks (page 13)

- ***The Ministry of Finance in collaboration with the Ministry of Public Administration and Communications and the Ministry of the Attorney General and Legal Affairs should draft the necessary amendments to the Exchequer and Audit Act, establishing a Central Internal Audit Authority with the sole responsibility of overseeing the Internal Audit function across the Public Service. The Ministry of Finance should then submit a report to Parliament on the Status of the Amendments to the Exchequer and Audit Act by November 30, 2017.***

Response:

(i) This relates to the Reform of the Internal Audit Function which is part of the larger Public Financial Management (PFM) reform agenda being undertaken by the Ministry of Finance via the Public Financial Management Modernization Unit (PFMMU) which was set up by Cabinet by Minute No. 1557 of June 25, 2015.
It is expected that a long term Consultant in Internal Audit Reform will be hired by the Ministry of Finance by January 2018 to guide the Internal Audit Reform process. This will include a legislative review and revised organizational structure as part of the fit-gap analysis.

(ii) Subsequently, communication will be made with the Ministry of the Attorney General and Legal Affairs to draft any necessary amendments to the Exchequer and Audit Act.

2. Internal Audit Qualifications (page 14)

The Comptroller of Accounts should submit to the Parliament:

- ***A status update on the progress made in the review of the internal audit function across the public service October 31, 2017.***

Response:

This information was submitted by letter dated October 26, 2017

- **A report on the timelines for completing the review as well as the subsequent implementation by November 30, 2017.**

Response:

(i) The timeline for implementation of the new organizational structure is dependent on the work of the Consultant mentioned in the response at (2) above.

3. Head 04 – Industrial Court (page 18)

- ***The Industrial Court should provide a report to Parliament on the Progress made in strengthening the manpower of the Internal Audit Unit by November 30, 2017.***

  The Comptroller of Accounts should review the auditing arrangement for the Tax Appeal Board, Environmental Commission, Public Service Appeal Board and the Equal Opportunity Tribunal to allow for a more cohesive and efficient internal audit function

among the institutions and provide a status update to the Committee on this review by November 30, 2017.

Response:

(i) In collaboration with the Public Management Consulting Division (PMCD) the establishment of the Industrial Court was increased by two (2) additional positions to supplement the existing staff of the Internal Audit Unit. These are: 1- Auditor II and 1- Auditing Assistant.

(ii) The Consultancy for Internal Audit reform entails the review of the structure of the Internal Audit Function in the Public Service. Please refer to the comments at issue (1) above.

4. <u>Head 09 - Tax Appeal Board (page 21)</u>

- ***The Comptroller of Accounts should review the auditing arrangement for the Tax Appeal Board, Environmental Commission, Public Service Appeal Board and the Equal Opportunity Tribunal to allow for a more cohesive and efficient internal audit function among the institutions and provide a status update to the Committee on this review by November 30, 2017.***

Response:

(i) Please refer to our comments at issue (1) above.

5. <u>Head 12 – Public Service Appeal Board (page 22)</u>

- ***The Comptroller of Accounts should review the auditing arrangement to allow for a more cohesive and efficient internal audit function among the institutions and provide a status update to the Committee on this review by November 30, 2017.***

Response:

(i) Please refer to our comments at issue (1) above.

6. <u>Head 18 – Ministry of Finance (pages 25 to 26)</u>

1. Staffing of Internal Audit Units:

- ***The Ministry of Finance should submit a report to Parliament on the status of the initiatives being taken to fill the vacancies within the Internal Audit Units by November 30, 2017.***

Response:

(i) Treasury Division

- As at January 2017 all vacancies in the internal Audit Unit of the Treasury Division were filled. However due to movement of staff (promotion, maternity leave) there are now three (3) vacancies which remain to be filled. We are liaising with the Service Commissions Department in this regard.

(ii) The Assistant Chairman of the Board of Inland Revenue has stated that all vacancies in their Internal Audit Unit have not yet been filled. They are liaising with the Service Commissions Department in this regard.

(iii) The Comptroller of Customs and Excise Division has stated that all vacancies in their Internal Audit Unit have been filled.

2. Training of Internal Audit Staff:

- ***The Ministry of Finance should commence training of its Internal Audit staff and submit to the Parliament, a Report on the Progress made in Training Internal Audit Staff by November 30, 2017.***

Response:

(i) The Treasury Division is liaising with the Public Service Academy, which is the relevant entity to deliver this training.

3. Efficiency of Internal audit checks on specific areas:

- ***The Ministry of Finance should complete its Internal Audit Charter for fiscal year 2017/2018 by October 30, 2017.***

Response:

(i) A draft Internal Audit Charter was produced by the Consultant on Internal Audit reformh in 2015. Finalization of the Internal Audit Charter for all Government Ministries and

Departments is a deliverable of the Consultant. Please see response in letter dated October 26, 2017.

- ***In preparation for the 2017/2018 fiscal year, the Ministry of Finance should revise its Internal Audit Work Programme to include all areas so that the Internal Audit Function can be adequately executed by October 30, 2017.***

Response:

(i) Noted.

- ***A copy of the fiscal year 2016/2017 work programme should be submitted to Parliament by September 30, 2017.***

Response:

(i) A copy of fiscal year 2016/2017 Internal Audit Work Programme is attached.

7. <u>Head 38 – Environmental Commission (page 32)</u>

- ***The Comptroller of Accounts should review the auditing arrangement for the Tax Appeal Board, Environmental Commission, Public Service Appeal Board and the Equal Opportunity Tribunal to allow for a more cohesive and efficient internal audit function among the institutions and provide a status update to the Committee on this review by November 30, 2017.***

Response:

(i) Please refer to our comments at issue (1) above.

3. Submitted please.

Yours respectfully,

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Ms. Catherine Laban
Comptroller of Accounts

MEMORANDUM

FROM : Auditor II (Ag.)

TO : Comptroller of Accounts

DATE : June 7, 2017

SUBJECT **: Internal Audit work programme for the financial year October 01, 2016 to September 30, 2017.**

Purpose

Pursuant to the Exchequer & Audit Act chapter 69:01 and Financial Instruction (1965), Internal Audit work programme for the financial year October 01, 2016 to September 30, 2017 is presented with the view to provide independent and objective reviews of the Division's activities, operations, financial systems, procedures and internal control in accordance with existing laws, regulations, audit standards and guidelines

Scope of work encompasses the following:

- The reliability and integrity of financial & other information developed.
- The effectiveness & efficiency of operations and activities.
- Safeguard of Assets.
- Compliance with relevant laws, regulations, policies, procedures and contracts.

Audit activities shall cover the Accounts and related records of Accounting Units 12, 22 & 28.

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Auditor II (Ag)

INTERNAL AUDIT – TREASURY DIVISION – MINISTRY OF FINANCE – PROGRAMME OF WORK FOR THE FINANCIAL YEAR OCTOBER 01, 2016 TO SEPTEMBER 30, 2017

1. **Finance and Accounts**

- General Warrants
- Releases of Funds
- Application for Credits on the Exchequer Account
- Payment Vouchers
- Schedule of Accounts
- Vote Book
- Cheque Lists
- Expenditure Notification
- Abstract of Payments
- Monthly Reconciliation
- Subsidiary Records

} Appendix 1

- ✓ Personal Emoluments Records and Pay Record Card
- ✓ Motor Vehicle Advances Ledger
- ✓ Travelling Claims Registers
- ✓ Register of blank cheque forms
- ✓ Overpayment Registers

} Appendix 2

2. **Pensions**

- General Warrants
- Releases of Funds
- Application for Credits on the Exchequer Account
- Payment Vouchers
- Schedule of Accounts
- Vote Book
- Cheque Lists
- Expenditure Notifications
- Abstract of Payments
- Monthly Reconciliation
- Subsidiary Records

} Appendix 1

- ✓ Personal Emoluments Record and Pay Record Card } Appendix 2

3. **Central Tenders Board (Sub Accounting Unit)**

- Schedules of Accounts
- Vote Book

} Appendix 1

- Subsidiary Records
  - ✓ Personal Emoluments Record and Pay Record Cards
  - ✓ Motor Vehicle Advances Ledger
  - ✓ Travelling Claims Register
  - ✓ Inventory (Office Equipment and Furniture)
  - ✓ Pension and Leave
  - ✓ Vehicle Records
  - ✓ Stores
  - ✓ Imprest Cash

  Appendix 2

4. **Investments (Sub Accounting Unit)**

- Releases of Fund
- Schedule of Accounts
- Vote Book

Appendix 1

4. **General Administration (Sub Accounting Unit)**

- Schedule of Accounts
- Vote Book

Appendix 1

- Imprest Cash
- Vehicle Records
- Pension and Leave Records
- Travelling Claims Register
- Stores
- Inventory (Office Equipment and Furniture

Appendix 2

- Pay Record Cards – officers on contract
- Verification of Contract Gratuity

Appendix 3

6. **Outstanding Arrears of Salary + Cola 2011-2015**

Examination of the relevant records to determine whether instructions contained in the various circulars and circular memoranda that were issued to Ministries and Departments, with respect to the quantification and payments of arrears of salary + cola for the period January 1st 2011 to 31st May 2015.

Appendix I

DETAILED WORK PLAN

MINISTRY OF FINANCE

INTERNAL AUDIT PROGRAMME

Description	Frequency	Nature/Examination
(A) General Warrants	Q	Perusal of General Warrant and Supplementary General Warrants and Estimates to ascertain the votes for which the various Accounting Units and Sub Accounting Units are responsible and the amounts provided under each vote
(B) Releases of Fund	Q	Examine to ensure that the releases of funds are being applied for, from the Budget Division on a monthly or quarterly basis.
(C) Application for Credit on the Exchequer Account	Q	Examination of application for Grant of Credits to ensure that sums applied for agree with the amounts stated on the approved Releases of Funds and that Application for Credits are prepared in accordance with Comptroller of Accounts Circular No.6 dated March 28, 1995.
(D) Payment Vouchers	M	Examine to ensure that sufficient details of the expenditure are given and supporting documents are attached as necessary. Check for classification of expenditure, i.e. appropriate Head, Sub-Heads, Item and Sub-Item. Ensure that the relevant authority is stated. Check for Certifying Officer's signature and Checking Officer's initial.
(E) Schedule of Accounts	M	Comparative check with relevant vouchers to ensure there is reconciliation with the classification of expenditure to date and balance of funds available are stated.
(F) Vote Book	M	Verify releases of funds from the Ministry of Finance. Ensure that total expenditure does not exceed total releases. Comparative checks with Schedules of Accounts for classification of expenditure and reconciliation of figures. Examine for certification. Examine for overall maintenance in accordance with the Financial Regulations and Instructions.

(G) Cheque Lists	M	Ascertain that Head, Sub-Head Items and Sub-Item are accurately recorded. Ascertain that the means of the Payees and the sums paid are accurately recorded.
(H) Expenditure Notification	M	Examine Expenditure Notification against relevant cheque lists to ensure that the totals of the cheque lists are accurately taken up in the Notification of Expenditure. Notification Verify the total credits available with the approved Application for Credit on the Exchequer Account. Ensure that all I.D.A. transactions Overseas Payments and notifications of Credit are accurately and promptly taken up. Verify the accuracy of computations.
(I) Daily Abstract of Payments	M	Ensure that postings from Vouchers are done promptly and that they reconcile with figures recorded on the Schedules of Accounts and Cheque Lists. Ensure that all "below the line" transactions are posted promptly and accurately, i.e. I.D.A Debits and Credits, Overseas Missions. Ensure that the total expenditure to Daily Abstract reconciles with the Expenditure Notification at the end of each month taking into account I.D.A. debits and credits.
(J) Monthly Reconciliation	M	Examines the Ministry's Monthly Reconciliation Statements to ensure that the total expenditure stated reconciles with the total expenditure according to the Daily Expenditure Abstract, the Notification of Expenditure and with Treasure's records. Ensure that the Statement of Unpaid cheques reconciles with the figures stated in Treasury Card.

DETAILED WORK PLAN
MINISTRY OF FINANCE
INTERNAL AUDIT PROGRAMME
SUBSIDIARY RECORDS

Description	Frequency	Nature/Examination
(K) (i) Personal Emolument Records and Pay Record Card	Q	Compare these records with those shown on pay-sheets and vouchers. Ensure that relevant information and authority relating to employees' appointments, salaries and salary deduction are stated on the cards. Verify that records are kept of all officers paid from the personal emolument votes and that the salary of officers are being properly adjusted in cases of promotions, increments and acting allowances etc...; and that pay record cards contain all the necessary information in accordance with section 80, Part 1x of the Financial Regulation of the Exchequer and Audit Act Chapter 69:01.
(ii) Motor Vehicle Advances Ledger	Q	Ensure that information from Treasury Notifications is correctly posted on ledger cards. Compare ledger entries with deduction vouchers.
(iii) Travelling Claims Register	Q	Examine records to ensure compliance with mileage allotted and payment of correct rates.
(iv) Register of Blank Cheque Forms	Q	Examine register for proper and accurate recording of cheque forms received and issued and balance stated. Check stock on hand against balance stated on register. Ensure cheques issued are used.
(v) Overpayment Registers	M	Examine register to ensure Overpayment of expenditure charged to a Head in the estimates of Expenditure is recovered in full in the same financial year, it shall be credited to the expenditure head and sub-head concerned, if previous financial year it shall be credited to the relevant revenue head and sub-head.
(vi) Inventory (Office Equipment and Furniture)	Y	Ensure that inventory is kept and maintained. Compare items with entries in ledgers. Conduct physical check to verify that items seen agree with information stated in inventory register.

Description	Frequency	Nature/Examination
(K) (vii) Pension and Leave Record	Y	Verify Pension and Leave computations. Compare information given with entries on relevant Pay Record Cards.
(viii) Vehicle Records	Q	Examine Vehicle Log Books for proper and accurate posting of records. Ensure that all trips are authorised. Verify expenditure related to a particular vehicle to assess the performance of that vehicle on an annual basis. Ensure that a vehicle inventory is kept and maintained.
(ix) Stores	Q	Examine system of control, recording an issuing of stocks in order to ensure that proper Accounting for items acquired exists.
(x) Imprest Cash	Q	Ensure proper and accurate postings in cash book. Examine cash book with sub-vouchers on hand. Verify sub-vouchers in-transit with vote book. Ensure that imprest has been redeemed in accordance with existing regulations.

Appendix 3

DETAILED WORK PLAN

MINISTRY OF FINANCE

INTERNAL AUDIT PROGRAMME

Description	Frequency	Nature/Examination
(L) Pay Record Card Officers on Contract	Y	Ensure the persons on contract, period of contract do not exceed (3) three years, every contact shall constitute a separate period of employment. Request for a contact position shall be submitted for the consideration of cabinet by the appropriate Minister.
(M) Verification of Contract Gratuity	Y	Examine to ensure that a person engaged is eligible for a gratuity equivalent to (20%) twenty percent of the gross salary earned over the period of employment.

KEY

Frequency

Y – Yearly

M – Monthly

Q - Quarterly