The Government of the Republic of Trinidad and Tobago

**MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT**

November 17, 2017

Ms. Jacqui Sampson-Meiguel
Clerk of the House
Parliament
Levels G-9, Tower D
The Port of Spain International
Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Ms. Sampson-Meiguel,

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

Your letter Parl: 5/7/30 dated October 4, 2017 on the subject, refers.

Consistent with Standing Orders 100(6) and 110(6) of the Senate and House of Representatives respectively, the Ministry of Rural Development and Local Government submits the attached written response to the recommendations contained in the Report.

Should you require any further information please feel free to contact Mrs. Sherry Hazel-Loney, Planning Officer I, at 622-1669 ext.3701 or via email at hazel-loneys@gov.tt.

Respectfully,

*Permanent Secretary*

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# RESPONSE FROM THE MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT

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

### BACKGROUND

Standing Orders 100(6) and 110(6) of the Senate and House of Representatives respectively, require the Minister with responsibility for the Ministry/Body reported on by a Joint Select Committee (JSC) to present to each House, a paper responding to the comments and recommendations contained in the Report. The recommendations of the Committee are outlined on pages thirteen (13) to seventeen (17) and page thirty-three (33) of the Report and are as follows:

Efficiency of Internal Audit Checks

- 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.

Internal Audit Qualifications

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

Filling Internal Audit Vacancies throughout the Public Service

- The SCD should submit to the Parliament, a status update on the efforts made in the filling of vacancies in Internal Audit Units by November 30, 2017.

Training of Internal Audit Staff

- The Ministry of Public Administration and Communications and the Public Service Academy should:
    - Design additional course(s) such as Value for Money Auditing or others as may be deemed necessary by November 30, 2017;
    - Liaise with the Auditor General's Department to ensure that all Internal Audit courses are relevant and;
    - Liaise with the Comptroller of Accounts to address the key issues identified in the Auditor General's Report.

Internal Audit Unit Performing other Administrative Functions

- The Personnel Department should submit to Parliament, a copy of the policy position and timelines for implementation by October 31, 2017.

Ministry of Rural Development and Local Government – Staffing of Internal Audit Units

- The Ministry should provide a Report to the Committee on the progress made with respect to the Ministry's reform and proposal by November 30, 2017.

The Committee's recommendation specifically with respect to the Ministry of Rural Development and Local Government is at bullet six (6) above.

## RESPONSE

**Recommendation:**

The Ministry should provide a Report to the Committee on the progress made with respect to the Ministry's reform and proposal by November 30, 2017.

**Response:**

The Local Government Reform Task Force has met on a number of occasions to discuss the way forward in the transitioning of Local Government. One component of this transitioning has been hosting a number of Outreach Sensitization Sessions with the Municipal Corporations (both Administration and Council Members) to discuss the Draft Policy on Local Government Reform and allow the stakeholders a forum to ask questions for clarification.

The Local Government Task Force has also met with Ministry of Finance, Ministry of Planning and Development, Ministry of Social Development and Family Services and the various Trade Unions; Amalgamated Workers' Union (AWU), National Union of Government and Federated Workers (NUGFW), Contracted and General Workers Trade Union (CGWTU), which are all agencies that have a direct relationship with the individual Municipal Corporations and will play an integral role in the reformed system. The Ministry of Rural Development and Local Government is further liaising with the Ministry of the Attorney General and Legal Affairs regarding the legislative amendments that are urgently required in order for the Reform to become fully operationalized.

In the Draft Policy for Local Government Reform, it has been proposed that the Ministry of Finance would be responsible for financial oversight of the Municipal Corporations through a well-designed Audit department relating to internal audit units at the Corporations. Internal accounting processes will be established to ensure that all Municipal Corporations adopt internationally acceptable accounting standards as well as the appropriate procurement procedures as outlined in the Procurement Legislation. The Corporations will also report to the Auditor General's Department for all monies received and expended.

Once the Municipal Corporations assume full autonomy, they will report on financial matters directly to the Minister of Finance and make direct submissions of their budget estimates. The Ministry of Finance, along with the Auditor General's Department, will work in conjunction with the Internal Audit Department of the Municipal Corporation to account for all monies received and expended. To accomplish this, an Audit Committee comprising of three (3) persons will be established within each Corporation. This committee will ensure accountability, adherence to law and regulations, and the efficiency and effectiveness in the collection, disbursement and use of funds and other resources. This will be done through audits targeting finance, compliance and value-for-money.