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

Request for written Submission in respect to the Statutory Authorities Service Commissions Department (SASCD) re: Examinations of the System of Internal Audit within the Public Service.

Head 07 – Statutory Authorities Service Commission Department

1. Efficiency of Internal Audit Checks on Specific Areas:
    - The Service Commissions Department audited the Commission's accounts. According to written evidence submitted by the Commission, the Accounting Officer had not received an Internal Audit Report within recent times.

Recommendation:

- The Service Commissions Department should submit to the Parliament, a report detailing the reasons for the non – submission of Internal Audit Reports to the Statutory Authorities Service Commissions by October 31, 2017.

Response:

The Service Commissions Department Internal Audit establishment consisted of four (4) persons:

(1) Auditor 11 – post created by Cabinet minute No. 389 dated December 3rd 2015 was subsequently filled on April, 10th 2017
(1) Auditor 1
(1) Auditing Assistant
(1) Clerk 1

The Public Service Commission, Teaching Service Commission, Judicial and Legal Service Commission, Police Service Commission, Service Commission Department Trinidad, Service Commission Department Tobago and the Statutory Authorities Service Commissions Department are all audited by this Internal Audit Unit.

The Auditable activities at the Statutory Authorities Service Commissions entails:-

Sub Accounting Unit

A. Expenditure Records:

1. General Warrants
2. Release of Funds/ Vote Book
3. Notification of Credit
4. Estimates/ Vote Book Commitments
5. Vouchers and Schedule of Accounts
6. Application for Grant of Credit on the Exchequer Account
7. Payment of Arrears re Increments, Acting Allowances, Salaries, and other Allowances
8. Contract Gratuity
9. Pension and Leave Records

B. Personal Emolument Records

1. Pay Record Cards
2. Paysheets
3. Personnel Emolument Statements
4. Return of Personnel
5. Integrated Human Resource Information Systems (IHRIS)

C. Subsidiary Records

1. Motor Vehicle Advances Ledger
2. Travelling Claims Register
3. Overpayment Register
4. Stores/ Stock Register
5. Vehicle Log Books/ Gas Chit Books
6. Vehicles Register
7. Telephone/ Electricity /Rental Registers
8. Furniture and Equipment Registers
9. Invoice Orders Stock Register
10. Information Technology (IT) Contracts and Licenses
11. Computer Inventory

The majority of audits performed were of the accounting nature such as Payment of Arrears re: Increments, Acting Allowances, Salaries, other Allowances, Pay Record Cards, Paysheets, Contract Gratuity and Pension and Leave Records. Whenever discrepancies were discovered; verbal recommendations by audit were made and adjustments were promptly addressed.

In light of the above, written queries and reports were not submitted to the Head of the Statutory Authorities Service Commissions Department.

It is noted that the Auditor General Reports from 2013 to 2016 reflected no adverse findings with respect to the Statutory Authorities Service Commissions Department. (Please see attached **Appendices 1 & 2**)

The observation made has been noted and the Internal Audit Reporting System would be reviewed.

Appendix I

05 – Parliament

Internal Audit

2.49 Minimal evidence of internal audit review was seen on the accounting records examined at the time of the audit in July 2015.

Documents Not Produced

2.50 Constituency Employee Data Forms required to record details of employees' terms and conditions were not produced at five Constituency Offices visited.

Expenditure Control

2.51 Supporting documents were not produced for vouchers totalling $242,080.73.

Overpayments

2.52 Forty-six cases of overpayments totalling $151,808.05 relating to Personnel Emoluments were not reported to the Auditor General as required by Financial Instruction 164 (1) and (2).

06 – Service Commissions Department

Void Cheques

2.53 A Reconciliation Statement showing Unpaid Cheques as at 31st March, 2015 was not submitted to the Auditor General as required by financial directives.

08 – Elections and Boundaries Commission

Inventory Control

2.54 An Inventory Register, as required by Financial Regulation (Stores) 102, was not produced for Minor Equipment.

Expenditure Control

2.55 A Reconciliation of Monthly Abstract and List of Unpaid Cheques as at 30th September, 2015 were not submitted to the Auditor General as required by financial directives.

Unoccupied Property

2.56 As reported in the prior year, additional premises were rented for one Registration Area office from 10th May, 2013 at a cost of $73,025.00 per month. However, the premises remained unoccupied, reportedly waiting to be outfitted and were used temporarily for election purposes in 2015. A total rental of $2,096,524.19 had been paid from inception to September, 2015. This contravenes Financial Regulation 34 which places the responsibility on the Accounting Officer to appendix 2

INDIVIDUAL AREAS OF CONCERN

2.19 The audit findings recorded in this section focus on individual Heads of Expenditure and the related allocations approved by Parliament in respect of the financial year 2016.

03 – JUDICIARY

Expenditure Control

2.20 Contracts pertaining to five service providers totalling $1,128,257.72 were not provided for audit examination.

Vehicle Control

2.21 A Vehicle Log Book as required for control of motor vehicle custody and maintenance for one vehicle did not record the dates of each journey. This is in violation of Ministry of Finance Circular No.16 dated 20th November, 1958.

Inventory Control

2.22 Four of the six vehicles examined bore no evidence of the official logo for identification as state property.

Document not produced

2.23 A Statement of Trust Fund Accounts was not received in the Auditor General's Department. The Judiciary's records as at 31st August, 2016 showed Investments held in trust totalled $208,097,408.28.

04 – INDUSTRIAL COURT

2.24 Signed Contracts were not produced for:

- National Insurance Property Development Company Limited for management services at $85,250.00 per month.
- National Maintenance Training and Security Company for security services at $444,257.00.

06 – SERVICE COMMISSIONS DEPARTMENT

Expenditure Control

2.25 Amounts totalling $1,244,201.68 were not committed in the Vote Book prior to payment, as required by Ministry of Finance Circular No. 23 of 1959.

Appendix 2

Procurement

2.26 The three quotes requirement relating to twenty-three items totalling $1,163,134.18 was not seen, in contravention of Central Tenders Board directive dated July 26, 2004.

13 – OFFICE OF THE PRIME MINISTER

Expenditure Control

2.27 There were several instances of incorrect classification of expenditure totalling $554,602.48 in contravention of Financial Regulation 65(1)-(2) which states: "Expenditure shall be classified in strict accordance with the estimates" and "A vote may not be applied to a purpose for which it is not intended."

Contract Employment

2.28 Documents were not produced to verify the entity's response to Auditor General's Circular Memorandum No. 9 dated 24th October, 2016, which stated that there were 184 contracted employees who were paid a total of $25,046,995.49 for the financial year ended 30th September, 2016. This contravened Financial Instruction 43 which states: "All vouchers, paid cheques and other relevant documents shall on request for audit examination be made available to the Auditor General or his nominee."

Commitments

2.29 Total commitments as per the Appropriation Account was stated as $4,043,163.91 whilst the audited figure as per Vote Books was $2,891,580.82 resulting in a difference of $1,151,583.09.

15 – TOBAGO HOUSE OF ASSEMBLY (ADMINISTERED BY CENTRAL ADMINISTRATIVE SERVICES - TOBAGO)

Expenditure

2.30 Actual Expenditure under Head 15/06 – Current Transfers to Statutory Boards and Similar Bodies totalled $2,134,973,173.00. The corresponding figure reflected on the Abstract of payments and the Vote Books amounted to $1,970,371,243.53, a difference of $164,601,929.47.