PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

PAC

TWELFTH REPORT OF THE

PUBLIC ACCOUNTS

COMMITTEE

SECOND SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year.

Public Accounts Committee[1]

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

"(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;

(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and

(c) the report of the Auditor General on any such accounts."

Current membership

Dr. Bhoendradatt Tewarie	Chairman[2]
Mr. Taharqa Obika	Vice - Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Adrian Leonce	Member
Ms. Melissa Ramkissoon	Member

Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary to the Committee
Ms Hema Bhagaloo	Assistant Secretary to the Committee
Mr. Darien Buckmire	Graduate Research Assistant

Publication

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

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[1] The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

[2] The Committee held its first meeting on Wednesday December 2, 2015. At this meeting the Committee elected Dr. Bhoendradatt Tewarie as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago. At that same meeting, the Committee resolved that its quorum should comprise of three (3) Members, inclusive of the Chairman and any other Opposition Member.

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MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE

ELEVENTH PARLIAMENT,

REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

Mr. Taharqa Obika
Vice- Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Randall Mitchell
Member

Mrs. Paula Gopee-Scoon
Member

Dr. Lester Henry
Member

Mr. Adrian Leonce
Member

Ms. Melissa Ramkissoon
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the issues outlined in the Auditor General's Report and audited financial statements of Ministries, Departments and Statutory Bodies. The PAC presents its Twelfth Report of the Eleventh Parliament which details its examination of the ***Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016***.

This report highlights the issues and recommendations made by the Committee in an attempt to assist the Auditor General's Department (AGD) in better performing its duties while also commending its initiatives.

During this examination, the following issues arose:

- Rental of Unoccupied Properties continues to be a major concern throughout the Public Service;
- The state of the internal audit function in Ministries and Departments is a matter of grave concern;
- Signed lease agreements were not produced with respect to certain properties for which rental payments were made;
- The improper maintenance of inventory records and the tagging of items continues to be a major area of concern for the Auditor General's Department when performing audits on the public accounts;
- Overpayments has been an ongoing problem identified and investigated at the Ministries and Departments;
- The breach of regulations in the procurement of goods and services was identified as a pervasive issue in the Ministries and Statutory Bodies;
- Proper accounting records were not being maintained at Customs and Excise Division;

- Storage of documents has become a challenge within the Public Service given the physical restrictions to store all documents belonging to the Ministries and Departments;
- Accounting Officers failed to comply with the rules and financial regulations;
- The submission of inaccurate pension and gratuities calculations creates delays in the processing of claims by the Comptroller of Accounts;
- Only seven out of one hundred and three quarries were reported to be operating with a mining license;
- The monitoring and oversight of the IT function in the Public Service by the Ministry of Public Administration and Communications was not evident at examined; and
- Chemicals entering the country were not subjected to any checks at the ports of entry.

Based on the Committee's examination the following recommendations were proposed:

- The process of entering the contractual arrangement between the Ministry seeking the property, PRESD and the provider of the rental accommodation needs to be mapped out, re-evaluated, and reviewed to identify the key weakness points as a means of eliminating the delays that result in Ministries paying rent for unoccupied properties. This should be done by February 28, 2018;
- Training sessions should be held by the Treasury in internal auditing and related disciplines such as auditing in a computerized environment as well as auditing of Information Technology systems at least on a yearly basis;
- A collaborative framework of functional interaction should be established and maintained between the PRESD, the property owners and the relevant Ministries so that the process for renewal doesn't drag on effective immediately so that better results are achieved;
- All accounting officers should ensure that State property is safeguarded at all locations in accordance with Financial Regulations (Stores). This exercise should commence no later than February 28, 2018;
- IhRIS' capabilities should be fully utilized to ensure the timely record of data and any other information to eliminate the timing differences which give rise to overpayments. A fully functional IhRIS system will eliminate this recurring problem entirely;

- All Ministries and Departments should put systems in place for the implementation of the Public Procurement and Disposal of Public Property Act, No. 1 of 2015 no later than February 28, 2018in the event that the Procurement Regulator is appointed;
- Immediate measures should be taken by the Customs and Excise Division to ensure all staff in the accounting department are properly trained and oversight mechanisms implemented. These measures should improve the preparation, reviewing and maintenance of records and should be enacted no later than February 28, 2018;
- The Ministry of Public Administration and Communication should ensure that Ministries and Departments take the necessary steps to train staff where there is lack of capacity in recording cash transactions via computing software;
- The AGD 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;
- Ministries and Departments should make every effort to ensure that Pension and Leave records of all officers are updated regularly, and that Pension and Leave files are thoroughly checked and audited internally, before submission to the Comptroller of Accounts or the Auditor General within the stipulated deadlines;
- All quarry operators should have in their possession a license to operate. There should be no unlicensed operators quarrying in Trinidad and Tobago. All licenced operators should pay their fair share of taxes and royalties to the state. The Ministry should submit a report to the Parliament on the status of the initiatives being undertaken to have all quarry operators, operating with licence and paying their contribution to taxes by February 28, 2018;
- MPAC should guide and monitor the IT activities of Ministries/Departments to ensure that robust IT Governance and controls exist to secure the economical, efficient and effective procurement and use of IT to improve service delivery and accountability; and
- The Ministry of Health (MOH) should rectify this problem and ensure that labels are placed on the chemicals to accurately identify what the chemical actually is by February 28, 2018.

Introduction

The PAC of the Eleventh Republican Parliament was established by resolution of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives also empower the Committee (but is not limited) to:

a) send for persons, papers and records;
b) have meetings whether or not the House is sitting;
c) meet in various locations;
d) report from time to time; and
e) communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr. Bhoendradatt Tewarie was elected Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

Determination of the Committee's Work Programme

The Committee agreed to a fifteen (15) entity work programme during its second meeting on Wednesday December 16, 2016. These entities included:

1. Judiciary of Trinidad and Tobago
2. Ministry of Agriculture, Land and Fisheries
3. Ministry of Education
4. Ministry of Energy and Energy Industries
5. Ministry of Finance
6. Ministry of Health
7. Ministry of Public Administration
8. Ministry of Public Utilities
9. Ministry of National Security
10. Ministry of Tourism
11. Ministry of Trade and Industry
12. Tobago House of Assembly
13. Land Settlement Agency
14. National Lotteries Control Board
15. Regional Corporations

After reviewing the proposed Work Schedule for the 2nd Session the Committee agreed to examine the following entities in the following order:

1. Ministry of Education;
2. Public Transport Service Corporation (PTSC);
3. Ministry of Health;
4. Eastern Regional Health Authority (ERHA);
5. Land Settlement Agency (LSA);
6. Judiciary of Trinidad and Tobago;

7. Ministry of Attorney General and Legal Affairs; and
8. Ministry of Public Administration and Communications.

Following the submission of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016 to the Parliament, the Committee agreed to invite the Auditor General's Department to a public hearing to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016 and postpone the examination of the 3 entities listed below. This public hearing was held on June 14, 2017.

1. Judiciary of Trinidad and Tobago;
2. Ministry of Attorney General and Legal Affairs; and
3. Ministry of Public Administration and Communications.

Following the public hearing held on June 14, 2017 with the Auditor General's Department, the Committee agreed to examine the Ministry of Finance on June 28, 2017 and the Ministry of Energy and Energy Industries on September 13, 2017.

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee when discussing the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016. The Inquiry Process agreed to by the PAC includes the following steps:

I. Identification of issues in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016;

II. Preparation of an Inquiry Proposal for the selected issues. The Inquiry Proposal outlines:
    a. Background;
    b. Objective of Inquiry; and
    c. Proposed Questions.

III. Approved questions were forwarded to the Auditor General's Department for proposed discussion;

IV. A public hearing was conducted and the relevant witnesses were invited to attend and provide evidence on Wednesday June 14, 2017.

V. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

Background: Auditor General

Vision

An audit institution of the highest international caliber championing good governance and protecting the interests of the people.

Mission

To effectively review the management and use of state resources by employing a variety of relevant auditing types and techniques and reporting to Parliament on a timely basis.

Core Values

Values are the principles that represent the key ideas and ideals through which the Auditor General's Department is governed. They are the fundamental thoughts that shape behaviour and operations. In this context, and based on its Beliefs and Philosophy, the Department's core values include:

1. Integrity - The Auditor General's Department has built its image on this platform. All staff will contribute to the furtherance of this value.
2. Accountability and Transparency - These values will be foremost in the operations of the Auditor General's Department on a daily basis.
3. Endorsement of open communication - Employee participation and involvement in the business of the Auditor General's Department is a basic principle of its operations.
4. Confidentiality - This is in force at all times.
5. Professionalism - All staff would operate with professionalism at all times.
6. Participatory Leadership - Leadership in the Auditor General's Department goes beyond the 'open door policy.' Key staff are empowered to make decisions.
7. Service Orientation - Superior service to the Government and people of Trinidad and Tobago will be the strongest orientation of the Auditor General's Department.

The Auditor General is required by law to examine and report annually to Parliament on the accounts of Ministries, Departments, Regional Health Authorities, Regional Corporations and such State Controlled Enterprises and Statutory Boards for which the Auditor General is the statutory auditor. The portfolio also includes the audit of:

- The accounts of projects funded partly or wholly by International Lending Agencies;
- All pensions, gratuities and other separation benefits paid by the State in accordance with the Pensions Acts and other Agreements; and
- The grant of credit on the Exchequer Account in accordance with the requirements of section 18 of the Exchequer and Audit Act, chapter 69:01.

The audit services take the form of financial audits, compliance audits and value for money audits intended to promote:

- Accountability;
- Adherence to laws and regulations; and
- Economy, efficiency and effectiveness in the collection, disbursement and use of funds and other resources. [3]

Auditor General (Accounting Officer): Mr. Majeed Ali

[3] Constitution of the Republic of Trinidad and Tobago http://rgd.legalaffairs.gov.tt/Laws2/Constitution.pdf

Issues and Recommendations

During the examination of the Reports of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial years ended September 30, 2016, the following issues were identified and recommendations proposed:

i. Rental of Unoccupied Properties

Rental of Unoccupied Properties continues to be a major concern. A total of $65.3million was paid for the rental of four unoccupied properties by Ministries and Departments. The Personnel Department had paid a total of $53.5 million from December 2012 to July 2016 for an unoccupied premises which was reportedly waiting to be outfitted. This contravenes Financial Regulation 34 which places the responsibility on the Accounting Officer (AO) to eliminate non-essential services and to ensure that public funds were utilized to the best advantage. The process of getting the property equipped and fully furnished has been is a long and arduous. The process involves:

- A Ministry first indicating the need for a particular rental space in an area of choice to the Property and Real Estate Services Division (PRESD) where the Ministry may even identify some particular options.
- PRESD then works with the Valuation Division - Ministry of Finance to determine the correct rate of value on the space that should be applied.
- PRESD then writes back to the Ministry identifying the appropriate value and asking for any objections.
- If no objections arise, the terms of the rental agreement were negotiated.
- PRESD then drafts the Cabinet Note seeking Cabinet's approval.
- Upon Cabinet approval, a contractual arrangement will be entered between the Ministry and the PRESD and the provider of the rental accommodation.

The entire process can be somewhat lengthy and time-consuming and in fact could account for some of the delays arising from the rental of unoccupied properties.

Recommendations:

- ***There needs to be a coordinated effort between all parties concerned to get the terms of the contractual arrangement negotiated and approved to reduce the lengthy and time-consuming process;***
- ***PRESD should implement a robust system that would be geared towards keeping with up to date trends to improve efficiency by February 28, 2018; and***
- ***The process of entering the contractual arrangement between the Ministry seeking the property, PRESD and the provider of the rental accommodation needs to be mapped out, re-evaluated, and reviewed to identify the key weakness points as a means of eliminating the delays that result in Ministries paying rent for unoccupied properties. This should be done by February 28, 2018.***

ii. Weaknesses in the Internal Audit Function

The state of the internal audit function in Ministries and Departments is a matter of grave concern and has been raised by the AGD on a number of occasions. Internal Audit has been identified as an ongoing problem of major concern within the Public Service. The internal audit function is a key component of the internal control system of any entity. An effective internal audit function contributes greatly to achieving and maintaining accountability and good governance and ultimately, to effective service delivery. Based on the Auditor General's Report, "Evaluations conducted at certain Ministries and Departments revealed, as in the prior year, common problems such as understaffing and assignment of internal audit resources to routine functions or diversion to non-audit duties or ad hoc assignments. As a result, audit coverage of the typical areas of Internal Audit activity is often limited." Also, "Internal Audit staff at various Ministries did not possess any IT audit certifications or the necessary training and experience required to audit in an IT environment. Staff also had no training in the use of Computer Assisted Audit Techniques (CAATs) to facilitate their audit of the information generated. The inability of Internal Audit to review the selection, implementation and operation of IT systems could result in ineffective systems being procured or system weaknesses remaining undetected. This could compromise the reliability of information generated." The AGD indicated that this matter is being addressed by the Ministry of Finance and the Comptroller of Accounts with the aim that accountability, transparency and good governance can be achieved.

Recommendations:

- ***Training sessions should be held by the Treasury in internal auditing and related disciplines such as auditing in a computerized environment as well as auditing of Information Technology systems at least on a yearly basis; and***
- ***The Public Service Commission (PSC) should improve its screening process so that only the most competent and experienced individuals are hired to perform the duties of internal auditors appropriately.***

iii. Lease Agreements not produced

According to the Auditor General's Report, "Signed lease agreements were not produced with respect to certain properties for which rental payments were made. This matter was also raised in previous years and has been attributed to the length of time taken by the (PRESD) under the Ministry of Public Administration and Communications (MPAC) to have leases executed. The result was that rental payments were made without formalization of leases." The issue has been quite pervasive across the public service especially when rent paid by Ministries and Departments during 2016 was in excess of $480 million. Currently, Ministries are residing in without lease agreements because the process for renewal of contracts is the same process involved when initially renting the property. When renewal processes are dragging on, the PRESD gives the Ministries and Departments permission to occupy the property under the previous contractual obligations on a month to month basis until a revaluation is done on whether or not rental payments should increase or continue. Because the process is very time consuming, it impacts on Ministries' and Departments' ability to actually comply with the legislation.

Recommendation:

- ***A collaborative framework of functional interaction should be established and maintained between the PRESD, the property owners and the relevant Ministries so that the process for renewal doesn't drag on effective immediately so that better results are achieved.***

iv. Lack of proper Maintenance of Inventory Control

The improper maintenance of inventory records and the tagging of items continues to be a major area of concern for the AGD when performing audits on the public accounts. Safeguarding of State property to ensure efficient and effective service delivery has been the main aim of inventory control. Proper maintenance of inventory records and tagging of items in accordance with guidelines provided by the Financial Regulations (Stores) are crucial elements of this function. Weaknesses in inventory control were raised each year by the Auditor General through management letters and in the Auditor General's Report on the Public Accounts. However, breaches continue to be noted at a number of Ministries/Departments.

Recommendation:

- ***All accounting officers should ensure that State property is safeguarded at all locations in accordance with Financial Regulations (Stores). This exercise should commence no later than February 28, 2018.***

v. Overpayments

Overpayments has been an ongoing problem identified and investigated at Ministries and Departments. It was especially a problem in the larger Ministries where a lot of outstations or sub-offices exist. As a result, the transfer of information from persons going on sick leave, extended sick leave, vacation, maternity/paternity leave does not reach the head office in a timely manner. Officials from the AGD indicated IHRIS closes off at a certain time and the data that is required to stop the payment from sub-offices and outstations reaches the head office after the fact. Overpayments not only represent a leakage of public funds, time and other resources must be spent on accounting, recovery, reporting and auditing. At times, emotional factors also get involved in the recovery process. Financial Regulation 83 states that "Every unauthorized payment and overpayment of salary, pension, allowance, wages or other moneys constitutes a debt which is recoverable in full from the payee." Comptroller of Accounts Circular No. 20 dated 17th August, 1988 gives guidelines for reducing the incidence of Overpayments and Unauthorized Payments in the form of determining correct incremental points. Officials from the AGD also indicated that the process for the accounting of overpayments has remained the same.

Throughout the region, the majority of the Auditor Generals or departments of audits, directors of audits, prepare a Treasury Single Account, which has been prepared on a cash basis. However, two countries in the region adopted accrual accounting thus far namely the Cayman Islands and Barbados. Jamaica is practicing cash basis, but also presenting their information in a different format. Cash basis accounting has been used by the Public Service since the adoption of the financial accounting principles in 1959 which have many shortfalls. The adoption of the process for accrual accounting is being considered however, the entire process needs to be examined to determine the existing deficiencies and the best ways to improve the system.

Recommendations:

- ***Monthly checks should be performed by the Ministries and Departments accounting units to ensure early detection of overpayments so that it can be dealt with immediately;***
- ***Ministries and Departments need to review and re-evaluate the whole system of recording the transference of information from outstations or sub-offices to the main offices no later than February 28, 2018;***
- ***IhRIS' capabilities should be fully utilized to ensure the timely record of data and any other information to eliminate the timing differences which give rise to overpayments. A fully functional IhRIS system will eliminate this recurring problem entirely; and***
- ***The AGD should submit a report to the Parliament on the status of the initiatives being undertaken to reduce the occurrence of overpayments amongst Ministries and Departments by February 28, 2018.***

vi. Public Procurement

The breach of regulations in the procurement of goods and services was identified as a pervasive issue in the Ministries and Statutory Bodies. This stemmed largely from weak internal controls. For future accounting periods, Government organizations need to be cognizant of the new Public Procurement and Disposal of Public Property Act (No. 1 of 2015), certain sections of which were proclaimed on 31st July, 2015. This legislation seeks to strengthen the public procurement systems covering all public bodies (including State-controlled enterprises) and improving transparency and accountability in all government agencies and establishes an Office of the Procurement Regulator (OPR) to do so.

Recommendations:

- ***All Ministries and Departments should put systems in place for the implementation of the Public Procurement and Disposal of Public Property Act, No. 1 of 2015 no later than February 28, 2018in the event that the Procurement Regulator is appointed;***
- ***The MOF should put measures in place to ensure that the Ministries and Departments adhere to the procurement process outlined in the legislation when the Act is proclaimed and ensure all staff in the procurement units are offered training in the area of procurement to reduce errors and discrepancies;***
- ***On the establishment of the OPR, the Procurement Regulator should ensure that all AOs and Procurement Units are briefed and aware of steps to be taken during the procurement process to eliminate any instances of error.***

vii. Status of the amendment to the Income Tax Act

Limited access to relevant data, hampers the effectiveness of the work of the Auditor General. Section 4 of the Income Tax Act makes it an offence for employees at the Board of Inland Revenue to reveal information to persons not involved in the administration of the Act. This secrecy provision limits the access of the AGD to specific data which may be crucial to its investigation. Both the AGD and Board of Inland Revenue have sought legal advice on this matter, but to date there has been no positive resolution. Following the recommendations of the Public Accounts Committee in the first quarter of 2017, the Chairman of the Board of Inland Revenue and the Auditor General met under the auspices of the Ministry of the Attorney General and Legal Affairs (AGLA). This meeting was intended to chart the way forward pending amendment to section 4 of the Income Tax Act, Chapter 75:01.

Endorsement:

- ***The PAC endorses the ongoing discussions to amend Section 4 of the Income Tax Act, Chapter 75:01 thereby granting the AGD access to relevant data at the Inland Revenue Division.***

viii. Outstanding Commitments - Customs and Excise Division

The Customs and Excise Division through the laws under which the Division is empowered to act, seeks to facilitate trade, protect and collect all revenue due to the state, eliminate unfair trade practices and smuggling of illicit drugs, arms and ammunition. Revenue generating divisions such as the Customs and Excise Division should be placed as pinnacle importance as they monitor the finances accumulated by the country. Despite having a significant role in this country's revenue collection and verification, proper records were not being maintained at Customs and Excise Division. The Auditor General's Report on the Public Accounts for 2016 showed that the total commitments of $38,005,918.00 at Note 2.*l*.i. to the Appropriation Account differed from the Vote Book figure of $725,487.05 by $37,280,430.95, the List of Outstanding Commitments figure of $25,629,815.53 by $12,376,102.47 and the Schedule of Accounts figure of $826,907.64 by $37,179,010.36. In addition, examination of the 2016/2017 Vote Books revealed that commitments totalling $24,908,628.50 had not been committed in the 2015/2016 Vote Books. The AGD cited problems with training of staff who were supposed to oversee the check staff function. Essentially, the staff attached to the accounts department who have oversight over the records were not performing to the level expected of them and as a result, errors and omissions were being made in the records. Proper training with a view to enhancing accountability and good governance has been expressed as a necessity at most Ministries and Departments. A number of accounting units were reportedly still understaffed where succession planning for accounting personnel was also identified as weak in many instances.

Recommendation:

- ***Immediate measures should be taken by the Customs and Excise Division to ensure all staff in the accounting department are properly trained and oversight mechanisms implemented. These measures should improve the preparation, reviewing and maintenance of records and should be enacted no later than February 28, 2018.***

ix. Storage of documents - Transport Commissioner, Ministry of Works and Transport

Several constraints were encountered in an attempt to verify the accuracy of figures reflected on the Statement of Receipts and Disbursements, as the Revenue Records were not properly maintained as required by Financial Regulation 55. Some of the details the AGD identified at the Transport Commissioner include:

- Machine generated receipts issued were faded and illegible in some cases.
- Cash transactions were recorded on numerous loose pages which were not filed in chronological sequence. They were strewn at various locations within the office wherever space was found, such as under counters and in the storeroom.

Storage of documents has become a challenge within the Public Service given the physical restrictions to store all documents belonging to the Ministries and Departments. The Ministries and Departments currently follow the Exchequer and Audit Act which does not provide for updated amenities or more efficient ways of storage. Even though computer technology provides more efficient ways to maintain records and documents an in electronic form, the financial regulations require the maintenance of records in hard copy for significant periods of time which requires adequate physical storage space. Officials of the AGD indicated that part of this issue was a result of a lack of training and supervision and recommended that in terms of cash being recorded, computerization would be the most reasonable solution.

Recommendations:

- ***The Ministry of Public Administration and Communication should ensure that Ministries and Departments take the necessary steps to train staff where there is lack of capacity in recording cash transactions via computing software; and***
- ***The AGD 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.***

x. Status on the Implementation of Integrated Financial Management Information System (IFMIS) and the Upgrading of Integrated Human Resource Information Systems (IHRIS)

Officials from the AGD indicated that the status of IFMIS is being addressed by the Ministry of Finance. The Ministry sent out a circular to all accounting officers signaling the introduction of International Public Sector Accounting Standards (IPSAS), where the format in which financial reporting on a monthly basis was conducted, now has to be in compliance with the IPSAS standards. Also, officials from the AGD highlighted that with effect from April of 2017, Ministries and Departments were required to present monthly statements certified by the accounting officer which showed both revenue and expenditure as one statement. The AGD further indicated that the MPAC was in the process of upgrading the IHRIS system to ensure proper controls are in place. IHRIS system encompasses: the Service Commissions which are in charge of the human resources aspect; the Treasury Division which is responsible for the payroll and the MPAC which is responsible for IHRIS's overall functioning.

Endorsements/Recommendation:

- ***The Committee endorses the steps being made by the MOF to ensure the implementation of the IFMIS.***
- ***The Committee endorses the steps being made by the MPAC to ensure that IHRIS receives the necessary upgrades to become properly implemented to address the issues of overpayments, pension and gratuities and human resource weaknesses.***
- ***Dedicated efforts must be made and resources assigned to complete the process of integration over the next eighteen (18) months.***

xi. Efficiency and Accountability of Accounting Officers

The Committee sought clarification on the factors contributing to the inability of accounting officers to comply with the rules and financial regulations and the possible penalties for non-adherence. Officials from the AGD indicated that AOs should be properly trained to understand their roles and responsibilities with regards to the entire accounting function since there are a lot of inexperienced accounting officers. Also, there have been a lot of changes with regards to Permanent Secretaries (PS), moving from one Ministry to the next. This creates disorganization because often times, the PS does not understand the operations of the new Ministry. The constant change of AOs has caused difficulties throughout the Public Service including the hindrance of the progress of mechanisms introduced. Furthermore AOs should be properly trained with the execution of their duties in accordance to the Financial Instructions/Regulations. Officials from the AGD indicated that the MOF is responsible for bringing accounting officers in line to ensure that rules and regulations are followed to ensure there is more efficiency and accountability in the Public Service.

Recommendations:

- ***The MOF should implement stringent checks and measures to ensure Ministries and Departments adhere to rules and regulations no later than February 28, 2018; and***
- ***The AGD should collaborate with the MPAC to determine a way forward and ensure that Accounting Officers receive the necessary training and development.***

xii. The Status of the Treasury Auditing the Auditor General's Department and the Auditor General's Department auditing the Office of the Procurement Regulator

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. Officials from the AGD indicated that discussions were ongoing, but there was no firm date with respect to having the necessary amendments done. Another conflict of interest that arose was the AGD auditing the OPR. According to the Public Procurement and Disposal of Public Property Act 2015, Section 22 of the Act references that Section 116 of the Constitution shall apply to the accounts of the OPR. This therefore means that the AGD would be the auditors of the OPR. Officials from the AGD highlighted that at the same time, the AGD also has to be in compliance with the requirements of the Act. However, the situation was raised with the persons with responsibility for the Act to see what alternatives exist.

Endorsement:

- ***The Committee endorses the ongoing discussions between the MOF and the AGD to rectify the issue of conflict of interest of the Treasury auditing the AGD and the AGD in turn auditing the OPR.***

xiii. Pension and Gratuities

Calculations of pension and gratuities for the majority of public officers were completed by the Comptroller of Accounts and subsequently submitted to the AGD for pre-audit before payments were made. Delays were often noted due to discrepancies in the documents/computations after being submitted to the Comptroller. The AGD indicated that discrepancies in pension gratuities exist because of the frequent movement of public officers from one Ministry to another Ministry. The officer's pension and leave records do not immediately transfer to the new Ministry which causes a lot of relevant information to be undocumented.

Recommendation:

- ***Ministries and Departments should make every effort to ensure that Pension and Leave records of all officers are updated regularly, and that Pension and Leave files are thoroughly checked and audited internally, before submission to the Comptroller of Accounts or the Auditor General within the stipulated deadlines.***

xiv. Operational Quarries

Based on the AGD's summary of the Status of Operational Quarries, only seven out of one hundred and three quarries were reported to be operating with a mining license. After holding a meeting with The Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI), it was learnt that the process to become a licensed quarry owner and operator was extremely onerous and time consuming. The AGD indicated that work was being done in terms of assisting owners with the licensing process.

Recommendations:

- ***The entire process involved to attain a mining license should be mapped from start to finish, re-evaluated and improvements inserted to speed up the process of granting licenses. This process should be documented and made available to any individual willing to become a quarry operator and done no later than February 28, 2018.***
- ***All quarry operators should have in their possession a license to operate. There should be no unlicensed operators quarrying in Trinidad and Tobago. All licenced operators should pay their fair share of taxes and royalties to the state. The Ministry of Energy and Energy Industries should submit a report to the Parliament on the status of the initiatives being undertaken to have all quarry operators, operating with licence and paying their contribution to taxes by February 28, 2018.***

xv. Finding of Review – Lack of IT governance

IT Governance sets the foundation for establishing sound internal control practices and reporting mechanisms which facilitate management oversight and review. An organizational structure with well-defined roles for the responsibility of information, processes, applications and infrastructure is essential to ensure value is received from the investment in IT and that the risks associated with IT are mitigated. The monitoring and oversight of the IT function in the Public Service by the MPAC was not evident at examined. The, IT Units appeared to operate without clear direction and defined goals and objectives. Officials from the AGD indicated that based on the findings of the department audit of general controls in a few selected Ministries and Departments there was an overall strategic plan but no specific approved IT strategic plan, which would have been aligned to their Ministry's strategic plan. In most instances some parts of the strategic plan alludes to IT and their objectives, but not a separate IT strategic plan. A lot of the issues identified dealt with IT governance and lack of policies and procedures. There was one draft policy done by MPAC in 1997, and that was the last approved policy. IT staff at the Ministries follow, informally, international guidelines and hence recommend that the Ministry should seek to adopt an international standard such as the COBIT governance framework – the framework for the governance and management of enterprise IT, Information Security ISO Standards, 27001 requirements and 27002 implementation, so at least Ministries and Department could start with the basic policy, especially relating to information security.

Recommendations:

- ***MPAC should institute strict measures to ensure IT Governance structures such as an IT Strategic Plan and an IT Policy are instituted for the Public Service;***
- ***MPAC should guide and monitor the IT activities of Ministries/Departments to ensure that robust IT Governance and controls exist to secure the economical, efficient and effective procurement and use of IT to improve service delivery and accountability;***
- ***MPAC should ensure that the IT Units in Ministries/Departments be adequately resourced with permanent staff possessing the specialist IT skills necessary to ensure the continuity of business operations;***

- ***MPAC must ensure that Ministries/Departments information processing facilities are secured and conform to international best practice;***
- ***Comptroller of Accounts should ensure that the Internal Audit Units in Ministries/Departments strengthened their capacity and to include staff with the requisite competencies to audit information systems***

xvi. Lack of controls at Ports of Entry – Ministry of Health's Chemistry Food and Drugs Division

Chemicals entering the country were not subjected to any checks at the ports of entry but were checked after relocation to the importer's premises. This contravenes with Regulation 53 of the Pesticides and Toxic Chemicals Act, Chapter 30:03 of 1979. Also, the laboratory used for testing of imported chemicals has been closed since 2014.

Recommendation:

- ***The Ministry of Health (MOH) should rectify this problem and ensure that labels are placed on the chemicals to accurately identify what the chemical actually is by February 28, 2018.***

Auditor General Report 2016 – Concluding Remarks

Based on issues reported by the AGD, the PAC has made a number of recommendations relating to the internal audit, procurement practices, improper maintenance of inventory records, the oversight of the IT function in the public service, overpayments, pensions and gratuities and the proper maintenance of accounting records.

The need for the urgent implementation for IFMIS is of paramount importance. The upgrading of IHRIS to enhance its scope of operations is especially worthwhile. There must also be a concerted effort made by the Government to strengthen the internal audit function in every entity across the public service.

Divisions under the MOF such as the Board of Inland Revenue (BIR), Customs and Excise and Comptroller of Accounts need to adhere to the financial regulations and instructions especially since they should be setting the standard for financial compliance. All Ministries and Departments should be prepared for the proclamation of the procurement legislation and if not, the MOF should institute measures to ensure guidelines in the legislation ore adhered to.

Proper records should be maintained by Ministries and Departments to ensure that Pension and Leave records are updated regularly, and that files are thoroughly checked and audited internally, before submission to the Comptroller of Accounts. MPAC should ensure that IT Governance structures such as an IT Strategic Plan and an IT Policy are instituted for the Public Service to ensure that controls exist to secure the economical, efficient and effective procurement and use of IT to improve service delivery and accountability.

One the other hand, the PAC wishes to highlight that following the recommendations made within the First Report of the PAC on the Audit Reports for 2014 and 2015, the Chairman of the BIR and the Auditor General met under the auspices of the Ministry of the Attorney General. This meeting was intended to discuss the way forward pending amendment to section 4 of the Income Tax Act, Chapter 75:01 which would allow the AGD access to certain data at the BIR which was previously denied. This matter needs to be resolved in the public interest

This Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Taharqa Obika
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Ms. Melissa Ramkissoon
Member

APPENDIX II
Meetings

At the meeting held on Wednesday June 28, 2017, the witnesses attending on behalf of the Auditor General's Department (AGD) were:

Auditor General's Department (AGD)

- Mr. Majeed Ali - Auditor General
- Ms. Lorelly Pujadas - Deputy Auditor General
- Mr. Gary Peters - Assistant Auditor General
- Ms. Nicole Cockburn - Legal Officer
- Ms. Gale Serville - Audit Executive II
- Mr. Brian Caesar - Audit Executive II (Ag.)
- Ms. Rajkoomari Mohammed - Audit Executive II (Ag.)
- Ms. Nela Dwarika-Ali - Audit Director

APPENDIX II
Minutes of Meeting

THE PUBLIC ACCOUNTS COMMITTEE –
SECOND SESSION, ELEVENTH PARLIAMENT

MINUTES OF THE NINTEENTH MEETING HELD ON WEDNESDAY, JUNE 28, 2017 AT 10:15 A.M. IN THE ARNOLD THOMASOS MEETING ROOM (WEST) AND IN THE A.N.R ROBINSON (EAST) MEETING ROOM, LEVEL 9, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Rodger Samuel	-	Vice- Chairman
Ms. Jennifer Raffoul	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary

Excused were:

Mr. Randall Mitchell	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Dr. Lester Henry	-	Member
Mrs. Ayanna Webster-Roy	-	Member

Absent was:

Ms. Marlene McDonald	-	Member

COMMENCEMENT

1.1 At 10:41 a.m. the Chairman called the meeting to order and welcomed those present. Mr. Randall Mitchell, Ms. Jennifer Raffoul and Mrs. Paula Gopee-Scoon were excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE SEVENTEENTH MEETING

2.1 The Committee examined the Minutes of the Seventeenth (17th) Meeting held on Wednesday June 14, 2017.

2.2 There being no further omissions or corrections, Minutes were confirmed on a motion moved by Mr. Rodger Samuel and seconded by Dr. Lester Henry.

MATTERS ARISING FROM THE MINUTES OF THE SEVENTEENTH MEETING

3.1 The Committee agreed that a press conference will be held during the tea-break at the next sitting of the House of Representatives, to highlight the findings and recommendations in the Seventh Report of the PAC with specific reference to the Ministry of Education.

PRE-HEARING DISCUSSION RE: AUDITOR GENERAL'S DEPARTMENT (AGD)

4.1 The Committee agreed on the focus of the meeting which were the concerns raised in the Report of the Auditor General of the Republic of Trinidad and Tobago on the Public Accounts of Trinidad and Tobago for the financial year ended September 30, 2016.

4.2 Members discussed the issues of concern and the general approach for the Public Hearing.

4.3 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:35 a.m.

DISCUSSION WITH THE AUDITOR GENERAL'S DEPARTMENT (AGD)

5.1 The Chairman called the public meeting to order at 10:42 a.m.

5.2 The Chairman welcomed officials from the Auditor General's Department (AGD), members of the media and the public to the Eighteenth (18th) public hearing with the PAC and introductions were exchanged.

5.3 The following officials joined the meeting:

Auditor General's Department (AGD)

- Mr. Majeed Ali - Auditor General
- Ms. Lorelly Pujadas - Deputy Auditor General
- Mr. Gary Peters - Assistant Auditor General
- Ms. Nicole Cockburn - Legal Officer
- Ms. Gale Serville - Audit Executive II
- Mr. Brian Caesar - Audit Executive II (Ag.)
- Ms. Rajkoomari Mohammed - Audit Executive II (Ag.)
- Ms. Nela Dwarika-Ali - Audit Director

5.4 The following issues arose from the discussion with the AGD:

- The pervasive issues identified across Ministries and Departments;
- The reasons for the persistence of the pervasive issues;
- The recommendations to improve the non-submission of lease agreements;
- The status of the AGD's access to revenue information from the Board of Inland Revenue (BIR);
- The weaknesses in the internal control system across Ministries and departments;
- The pervasive issue of weak internal audit function throughout the public service;
- The recommendations to improve the internal audit function across Ministries and Departments;
- The recommendations to improve the revenue control problem at the Ministry of Energy and Energy Industries;
- The improvements identified by the AGD in the processing of pension and leave claims throughout Ministries and Departments;
- The reasons for the delays in the processing of pension and leave claims;
- The efficiency of Accounting Officers in performing their duties, roles and functions;
- The status of overpayments across the Ministries and Departments;
- The status of the implementation of the Integrated Financial Management Information System (IFMIS) by the Ministry of Finance;
- The implementation and integration of the Integrated Human Resource Information System (IHRIS);
- The status of rental payments for unoccupied property at Barataria;
- The reoccurrence of outstanding commitments at the Customs and Excise Division;
- The legality of the operations of one hundred and three quarries in the country;
- The reasons for only seven (7) quarries having operation licenses;
- The deficiencies in the Information Technology Governance across the Ministries and Departments;
- The lack of physical checks at the Chemistry Food and Drug Division;
- The status of the process for auditing the AGD;
- The AGD's involvement in the Procurement Law and Procurement Practices; and
- The resource and capacity limitations experienced by the AGD.

Please see the attached verbatim notes for the detailed oral submission by the witnesses.

SUSPENSION

6.1 At 12:24 p.m., the Chairman suspended the *public* meeting.

ADJOURNMENT

7.1 The Committee agreed to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2016 with respect to the Ministry of Finance at the next meeting.

7.2 The Chairman thanked Members for their attendance and the meeting was adjourned to **Wednesday June 28, 2017.**

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

June 14, 2017

APPENDIX III
Notes of Evidence

VERBATIM NOTES OF THE EIGHTEENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, JUNE 14, 2017, AT 10.42 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Rodger Samuel	Vice-Chairman
Dr. Lester Henry	Member
Mrs. Ayanna Webster-Roy	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Assistant Secretary

ABSENT

Mrs. Paula Gopee-Scoon	Member [*Excused*]
Mr. Randall Mitchell	Member [*Excused*]
Miss Marlene Mc Donald	Member [*Excused*]
Miss Jennifer Raffoul	Member [*Excused*]

AUDITOR GENERAL'S DEPARTMENT

Mr. Majeed Ali	Auditor General
Ms. Lorelly Pujadas	Deputy Auditor General
Mr. Gary Peters	Assistant Auditor General
Ms. Nicole Cockburn	Legal Officer
Ms. Gale Serville	Audit Executive II
Mr. Brian Caesar	Audit Executive II (Ag)

Ms. Rajkoomari Mohammed	Audit Executive II (Ag)
Ms. Nela Dwarika-Ali	Assistant Audit Director

Mr. Chairman: Good morning everybody.

Members: Good morning.

Mr. Chairman: I will now take the opportunity to call this meeting to order. I want to say a special welcome to the Auditor General and all the members of his department for being here this morning, and I also want to thank the members of the public who are in the public gallery and the members of the media who are present.

The purpose of this meeting and all Public Accounts Committee meetings is to discuss reports that are before us provided by the Auditor General. In this particular case, we are engaging, and this is for the citizens of the country to understand, the Auditor General himself and the report for the fiscal year 2015/16 and, basically that report deals with the public accounts of Trinidad and Tobago, and it takes us from the 30th of August. Is that right?

Members: 1st of October.

Mr. Chairman: 1st of October, 2015 to September30, 2016. What we will explore, since we have the benefit of the Auditor General here, who basically monitors the performance of government in financial terms and all the sectors of government, certainly the Ministries and the statutory agencies, since he is here with us, we want to get from him the benefit of his knowledge and his exposure over the last year and exposure over the last several years, so that we can understand what kinds of issues persist, what has gotten better, what might have gotten worse, and we certainly want to take into account the recommendations that he may have or members of his staff may have, in which we can continue to improve, in terms of managing the accounts of the country. So we will be hearing from the Auditor General, the challenges that are being faced by him and other key stakeholders at the Office of the Auditor

General's Department. And we would like to be able to propose possible solutions to some of these challenges.

The role of this Committee is to help the Auditor General's Department, the Ministries and other Government Departments improve the delivery of services in an efficient and effective and economic manner and we take that particular job seriously.

I say to the members who might be listening or hearing or somehow connected with this programme that this meeting is being held in public and it is being broadcast live on the Parliament's Channel 11 and on Radio 105.5 FM and on Parliament's YouTube Channel ParlView. And if viewers are interested in making their comments known, related to today's programme, you can send an email to Parl 101 @ttParliament.org or on Facebook, facebook.com/ttparliament or twitter@ttparliament.

So what I would do is first of all is ask the Auditor General and his team if they would introduce themselves. And secondly, I would have the Auditor General follow that by making a statement before we start the questions.

Mr. Ali: Thank you, Mr. Chairman. Good morning to you and members of your committee and support staff. I am Majeed Ali, Auditor General.

[*Introductions made*]

Mr. Chairman: Okay, Auditor General, could you make your opening statement and then, as I start the questions I would have members of our committee introduce themselves.

Mr. Ali: Thank you, Mr. Chairman. Mr. Chairman, it is a pleasure being here to discuss my report on the public accounts for 2016, with you and your committee.

Mr. Chairman, in my examination of the public accounts for 2016, it was observed that there had not been much improvement in certain areas, which were reported on in the 2015 report. These areas certainly continue to draw attention.

The first area of concern is the Rental of Unoccupied Properties. A total of $65.3million was paid for the rental of four unoccupied properties by Ministries and Departments over a period of time. One of these Ministries paid a total of $53.5 million from December2012 to July2016. However, payments have since ceased. Two entities continue to pay rental while one took up occupancy in March 2017. As you all can see, public funds were not and still are not being utilized in the most efficient way.

Another critical area is the internal audit function in Ministries and Departments, which appears to be very weak. I understood that this matter is being addressed with the aim that accountability, transparency and good governance can be achieved.

Rental payment without lease agreements, proper maintenance of inventory records and the tagging of items, as well as overpayments continue to be a major concern for my department.

Finally, my Department anxiously awaits the full implementation of the Public Procurement and Disposal of Public Property Act, which promises to improve transparency and accountability in all government agencies.

I thank you, Mr. Chairman.

Mr. Chairman: Thank you very much, Auditor General, Mr. Majeed Ali, and I will ask the members of my team to introduce themselves. My name is Bhoe Tewarie. I am the Chair of the Committee.

[*Introductions made*]

Mr. Chairman: Okay, we have excuses from some members of the Committee who are caught in Cabinet and one is unwell. But we start the questions this morning and we begin to engage you, Auditor General, and the team.

I will start with some of the issues that you yourself flagged. I mean, you mentioned the Rental of Unoccupied Properties. You mentioned the weakness of the internal audit function. You mentioned the inventory records, the repeated overpayments. You mentioned the anxiety with which you hope for the proclamation of the procurement legislation to allow that to function. All of these issues were flagged last year, based on the report, and we examined some of those issues in relation to individual Ministries, as we did the engagement of those Ministries. What do you think accounts for the persistence of these bad practices and the fact that they are just not going away? What is the problem and do you have a solution for it? You can take them on by one.

Mr. Ali: Well, first with the Rental of Unoccupied Properties, I think it is taking too long for these Ministries to get into the agreement to occupy these properties. The process of getting it equipped and getting Cabinet's approval is a long period of time and that is why they have payments being made to this amount for these properties.

Mr. Chairman: Okay. I mean, as I understand the structure of this, a Ministry would want a building. They would indicate that to Property Management or Property Management may give them an option of what buildings they might use, and then it is then up to Property Management to arrange the contract. Is that it—after Cabinet approves?

Ms. Pujadas: Chair, if I may? Property Real Estate Division is there to facilitate the process of Ministries and Departments getting rental accommodation. However, what is required is that a Ministry would indicate that they need a particular rental of a particular space in a particular area in a location. They may even identify some particular options. The real estate division is then working with the Valuation Division. They will determine what is the correct rate of value that is supposed to be applicated and then they would write back to the Ministry and the department and say: "Okay, this is the value. Do you have any objection? Do you have any objection to the location?" So there is a negotiation, in terms of that process.

After that process has been sorted out, Property and Real Estate Division is actually the division that is responsible for crafting the Cabinet Note and seeking the Cabinet approval. Once that has been done, a contractual arrangement is entered into but the contractual arrangement is between the Ministry and the Department and the provider of the rental accommodation. That entire process can be somewhat lengthy and time-consuming. And that in fact could account for some of the delays and the issues that we have seen arising.

Mr. Chairman: No, but could not a simpler adjustment be made so that the contract is organized for rent to be paid from the time the building is outfitted, according to specifications? And that would put additional pressure on the property owner to do it quickly, because his rental will be determined by how quickly he completes the building, rather than to have a situation where he really does not care how long it takes to outfit the building, as long as he is getting his rent. So could not that simple matter be addressed?

Ms. Pujadas: I agree with you that the process needs to be evaluated and reviewed. I think what needs to happen though, Chair, and I think Mr. Ali would agree, is that there needs to be a look at it holistically and look at the—map out the entire process—

Mr. Chairman: Yes.

Ms. Pujadas:—in terms of what takes place, identify the key weakness points. So it needs to be a coordinated effort between all the parties concerned. So to develop a system that would be more in keeping with up-to-date trends that could account for things happening in a more efficient manner.

I think right now, I think Mr. Peters may want to comment on that, but we tend to function in all aspects, in Ministries and Departments in a sense of silos. So we deal with our bit. Somebody else deals with their bit and somebody else deals with their bit and the silos are not necessarily coordinated or speaking directly.

Mr. Chairman: I mean, if a private sector person were getting a property to rent, I do not think that private sector person would pay for the time of outfitting from the property owner. The private sector person would either establish the contract with his right to fix the building however he wants, inside, or he will have the building outfitted according to specifications and pay from that point. Would it not?

Mr. Ali: No, in the case where they had spent the $53.5 million, they were paying for a shell, and the Ministry needs to outfit the building to their specification.

Mr. Chairman: They were going to do it themselves?

Mr. Ali: Yes. And that is the process. It was taking a bit long because they had to obtain the necessary partitions and all the furniture and fixtures, and each time they have to go back to Parliament to get new approval while the rent is being paid for that shell.

Mr. Peters: Mr. Chairman, if I could. Any move of that magnitude has to take a lot of planning. I think that is where it is a bit deficient. So they need to examine exactly what they need, when they need to move, establish some key milestones. That is what is missing, I think.

Mr. Chairman: So you are flagging two issues: one, coordination and the other one is planning.

Dr. Henry: Just a follow-up. I am trying to understand then what is the legal basis for the payments? If you do not have a lease or whatever, how does this work?

Mr. Ali: No, well they have a lease because they already found the property, a contract has been drawn up, but it is up to the Ministry to furnish that building.

Dr. Henry: Yeah, in the case of the empty building, the shell, right, I understand that is how it worked in that case. But in the other cases, how does that work, where they actually a rent building, let us say that is fully furnished? Does that happen?

Ms. Cockburn: Yes, that does occur. And in that situation the basis would be an existing contract but just not finalized in writing. But the contract would exist, based on the exchange of documents with the relevant details. But the finalized approved contract would be missing, in most cases.

But the mere, I do not want to say occupation, but the access that is needed by the tenant for potentially outfitting the building, the access itself is the point at which the contract would be deemed to start, and even to secure the property to prevent the landlord from advertising elsewhere or granting a lease elsewhere and for your right of access to do what you need to do to see about outfitting the building. That is the point from which the payments would have to start, whether the final contract document is ready or not.

Dr. Henry: Okay.

Mr. Chairman: Can I? Is there an unwritten understanding, from your point of view? I mean, you have been examining these things for years. Is there an unwritten understanding that the choice of a building by Government is somehow an act equivalent to an act of patronage and that the landlord's—what can I say?—treatment of the Government in that case whether it is a Ministry or some other governmental institution, is less—what can I say?—less in terms of accountability and service and responsibility than it would be in the private sector market?

Mr. Ali: I cannot comment on that because we actually look at what the Ministries' process is, in terms of occupying the building and we do not look at the landlord or any other aspect.

Mr. Chairman: Okay, but I mean, if something persists like this, there must be some endemic problem. I mean, it cannot, you know, if you have a problem that just will not go away and no matter what you do, it persists, then it seems to me that there are extenuating circumstances that need to be taken into account, and if we want to solve the problem, then we have to clinically assess what the problems are and what they might be. So I am just asking, given your own experience and your scrutiny power on all of these things.

Mr. Ali: Well, I cannot say at this moment, because this is a matter that we have not looked at when we conduct our audit.

Mr. Chairman: Okay, fine. I would just spread around the questions.

Mr. Samuel: Through you, Chair. I know we have been discussing the issue of the lease arrangements, as well as the rental arrangements and you reiterated that there were situations where there were leases but the occupation problem was the issue. What about those times when no signed leases came, but they were paying rent? How is that possible?

Ms. Cockburn: If I may. Well, I guess what is being overlooked is that contracts exist in law without necessarily written documents. A binding contract could exist orally, not in writing, or even not with the final formal contractual documents and the documents, which are exchanged between the parties and the Cabinet approvals, et cetera, to occupy certain premises at certain rates are deemed sufficient and payments start on that basis, which is permissible in law, but not best practice for Government, to protect the Government's interest, of course.

Mr. Samuel: But it would seem that, though the Auditor General's Department has been flagging this issue for many, many years, because this has reoccurred from year to year, there seems to be no real improvement in the process, because over the period of time you have flagged this in all of your reports; that Ministries and agencies are not, having signed leases and stuff like that and now we realize it is reoccurring again in 2016, the fact that it has not improved. What are your recommendations?

Ms. Pujadas: I would just want to add to what Ms. Cockburn has said. You also have instances, which is actually quite prevalent in the public service at this point in time, that Ministries are existing in current accommodation which previously had contracts. But the process for renewal requires them to go back over the same process. And that same process could be time-consuming. So, in the meantime they have already been occupying the process under previous contractual obligations and so Property Real Estate will give them permission to continue to exist on a month-to-month basis. So they will have a month-to-month basis until such time as the valuation has been done as to whether or not there should be an increase in the payment of rental. So that too is also another component. So I think, again it comes back to what we have been saying, that the endemic problem really I think, it has to be reviewed from a process point of view. Because the process in itself is very time-consuming and it impacts on Ministries' and Departments' ability to actually comply with the legislation.

Mr. Samuel: And I understand what you just said. But if you revisit the Auditor General's Report for previous years you would find that if you traced the Ministries that are culpable, you are saying that in some instances the Ministries takes five, six and seven years to get a lease arrangement for a building that they occupy already, that they are in, and something has to be absolutely wrong.

Ms. Cockburn: If I may. There is, apparently, one government department or division with responsibility for processing leases across Government and it seems as though that department continues to be plagued with public service issues such as staff shortages, lack of training, inefficient processes, et cetera.

So, I remember on the last occasion we did explore somewhat the possibility of decentralizing that responsibility for processing leases and have that responsibility lie with each Ministry or Department. But I think at present it continues to reside with one department having responsibility for so many entities and simply not enough staff and resources to process in a more timely manner.

Mrs. Webster-Roy: Thank you. Actually the question would be both for the legal officer and the Deputy Auditor General. You noted the process as the main concern. The Legal Officer just mentioned that a recommendation was made on how the process could be improved.

Ms. Cockburn: I believe on the last occasion here, more or less informally—

Mrs. Webster-Roy: Informally, okay.

Ms. Cockburn:—between the committee and us, yes it was this, the possibility was discussed.

Mrs. Webster-Roy: Okay, my question was, did the Auditor General's Office make any formal recommendation as to how the process could be improved and if any Ministry, any Department, any attempts were made to implement the recommendations?

Ms. Pujadas: I think at this point our recommendations have just been contained within the recommendations of the report itself. We recognize that over the last year, since this report was done and since we appeared, various other committees, the Joint Select Committee on Public Administration, of course, has taken up dealing with this particular issue and they have since made some recommendations which, I believe that as an office we are overviewing and reviewing to see how best that can be implanted into our programmes as well. But for a formal approach, we have not yet done, except for what is here in the report.

Mr. Chairman: Okay. A couple of questions. I want to ask a question on Inland Revenue. The first issue is a follow-up question to the continuing tension between Auditor General's Office and Inland Revenue Division. The tension has to do with your access to information to be able to do, from your point of view, your work properly. What is the status of that now, because I know on the last occasion suggestions were made, that is a year ago, and we as a committee made recommendations to support your position. What is the situation now?

Ms. Cockburn: On behalf of the Auditor General, I am very happy to report that the necessary amendment has in fact been drafted by the Ministry of the Attorney General, the amendment to section 4 of the Income Tax Act, which does promise to grant the level of access that the Auditor General deems fit to the information held by the BIR.

11.10 a.m.

Our office, we have met several times. We have met more than once on this issue with the Ministry of the Attorney General to fine-tune the amendment to make sure it meets all our needs. We actually have another meeting carded for next week Tuesday with them, and the amendment is moving full steam ahead.

Mr. Chairman: Okay, so you are making process there?

Ms. Cockburn: Yes.

Mr. Chairman: And this is by collaborative decision and support?

Mr. Ali: Yes. We are working together with the Board of Inland Revenue and the Attorney General's office.

Mr. Chairman: Okay. Now, what you would require or what that amendment would enable you to do would involve more intensive investigation into the operations of what is essentially a major revenue collector who deals with both corporate and private individuals in this society, having to do with the implementation of taxation policy. Right? Not so?

Mr. Ali: Yes.

Mr. Chairman: Now, are there any issues that need to be resolved that have to do—

because the original thing had to do with privacy issues. Not so? Are there issues that are going to come up with the clause that amends the section 4?

Ms. Cockburn: When you say issues, you mean privacy issues?

Mr. Chairman: Yes.

Ms. Cockburn: Well, yes but those issues have been adequately addressed in the sense that the Income Tax Act requires employees at the BIR itself to take an oath of secrecy and Exchequer and Audit Act actually empowers the Auditor General to require his own staff to take that same oath. So, the protection will be as good as the protection that exists at the BIR itself.

Mr. Chairman: Okay. The other thing I want to say is that your report, the Auditor General's reports, talks about weaknesses in internal control, in addition to lack of access to information that you highlight in the report. Now, I find it surprising that you will have the issue of weaknesses in internal controls arise in the Inland Revenue Department. Can you elaborate a little bit about that?

Mr. Peters: Chairman, the weaknesses I think arose from the expenditure side of the financial statement.

Mr. Chairman: Okay. Only on the expenditure side?

Mr. Peters: Well, we have not taken an in-depth look at the revenue, else we would have known, but from the expenditure side, like in any other Ministry, Department, there will be some weaknesses as a result of staffing, training and these kinds of things.

Mr. Chairman: Well, I mean the Auditor General in his presentation highlighted the weakness—the persistent weaknesses of the internal audit function across the governmental system. I just found it surprising that that would also exist at Inland Revenue, and that if it is so pervasive, what are we going to do about these internal audit capabilities in the Ministry? What recommendation can we make that would help you and that would help the Ministries?

Mr. Ali: I think that matter is being dealt with by the Comptroller of Accounts, and they are looking at it when they are implementing the information management system, the IFMIS system. So they are looking at it from that point of view in terms of getting qualified people in the internal audit units.

Mr. Chairman: So you think technology would be part of the solution, is what you are saying?

Mr. Ali: Yes, technology plus qualified personnel both in IT and financial audit.

Mr. Chairman: And you are satisfied that that would make a big difference?

Mr. Ali: It would make a big difference because right now we are just using the internal audit as a checking unit.

Mr. Chairman: Okay. The other question I want to ask has to do with the Ministry of Energy and Energy Industries and that is because it came up last time and I just want to follow up. You know, in your report on page 52:

> No evidence was seen that oil and gas production data received from the companies and used in the calculation of revenue collectible was verified by the Ministry.

So that was something that now persists. The response from the Ministry stated that:

> Verification of oil and gas data is undertaken by ensuring the witnessing and testing of calibration of meters at fiscalisation points and witnessing of meters at loading of crude at ports. The following were noted:
>
> - There is no collaboration between the Measurement Unit and the Contract Management Unit.
> - A log is not maintained to reflect the queries raised by the Contract Management Unit with the Operators and the resolutions made.
> - The Measurement Unit is constrained by a shortage of manpower and

a lack of measurement training. As a result, 75% of the planned activities was not done.

I mean, 75 per cent is a high number.

As a result, the accuracy of revenue from royalties and share of profits from oil companies could not be assessed.

At the time of the audit in January 2017, royalties from eleven oil companies as at 30 September, 2016 were still outstanding.

Quarterly and Annual Reconciliations of Royalties due and received were not produced for nine of the eleven oil companies. These are required by the Petroleum Regulations, Chap. 62:01 paragraphs 70(1)—(2) and 71(1)—(3).

Now, I mean, this may sound more alarming than it is, but it does sound alarming. It means that the governmental system has no way of verifying the accuracy of the revenues that are due to it. Now, I would say that at the very minimum this is a little disconcerting, I mean really downright disturbing. I mean, how can we solve this? This is not something that we should wait until next year to bring another report and say the same thing happening.

Mr. Peters: Chairman, I think the Ministry of Energy and Energy Industries would be the proper people to—

Mr. Chairman: But have you recommended anything to them besides highlighting the issues here? Because we examined the Ministry of Energy and Energy Industries and we raised these issues with them very strongly last year and we are going to raise it again.

Mr. Peters: Well, actually, for this financial year we will be going deeper into the revenue. We are expanding our scope into revenue, and this particular oil and gas production data, we will be going into more detail this year.

Mr. Chairman: As an aside question, is the Auditor General's Department being consulted or do you consider that you should be consulted on the transfer pricing issues that are likely to emerge in the energy sector for consideration and decision?

Mr. Peters: It is something worth considering, but we will have to acquire some expertise in that area. We have no resident oil and gas experts on our side. So it is something we would need to contract outside.

Mr. Chairman: Okay. But I mean, do you think that you should know something about what is happening there in order to properly assess whether we are getting—

Mr. Peters: It would be helpful to delve into something like that.

Mr. Chairman: Okay. I have some other questions, but I would share with my colleagues. Minister Webster-Roy, do you have questions?

Mrs. Webster-Roy: Mr. Auditor General, in your opening statement you noted that there was not much improvement to previous years, right? The accounting officer is not the politician, but in the public domain it is the politician who usually gets the criticism, and the public usually would look at the politician as the one who is at fault. In terms of the report and you identified that there was not much improvement, what would you recommend as a way of bringing accounting officers in line to ensure that they follow the rules and regulations and to ensure there is more efficiency and more accountability?

Mr. Ali: I think that is a matter for the Minister of Finance to address because this information is all the rules and regulations that come out from the Minister of Finance so he has to address all these problems.

Ms. Cockburn: If I may add, as we may know, there are existing penalties for accounting officers and other persons not complying with regulations governing financial management. The Executive, well the legislation which allows for the penalties under the jurisdiction of the Minister of Finance, that Ministry may want to look at possibly enforcing the penalty in certain cases where the necessary—and currently also the penalties are quite low. So even if it is enforced, it may not have much of an effect. That Ministry also has the power to amend the penalty to make it more serious, more grave.

And also, one final thing—in terms of accounting officers—just one side point—quite often these officers also have other issues to contend with, re resources that they do not always have full control over. So maybe a holistic view of what exactly is contributing to the inability to comply with the regulations could also be looked at, hand in hand with the possibility of a penalty.

Mrs. Webster-Roy: In terms of the penalties, internationally, what is a best practice?

Ms. Cockburn: Well, international best practice is actually moving away from penalizing accounting officers. They are moving away from micromanagement in terms of many little rules to follow. They are more looking at macromanagement control and assisting accounting officers to come up with policies that would—to sum it up, they are looking more at macro-level controls as opposed to micromanagement and adherence to many small rules, not small but—

Ms. Serville: If I may add, before we reach the level of penalties, I would want to say that we properly train our accounting officers so that they really understand their roles and responsibilities with regard to the whole accounting function, because I think we have a lot of inexperienced accounting officers, Permanent Secretaries, now, so that may be adding to the problem. So I think the first step in the whole process should be looking at training so that they really understand their roles and responsibilities before we get to even talking about penalties.

Mrs. Webster-Roy: So, we have to look at more capacity building.

Ms. Serville: Yes. That is what I am seeing, capacity building.

Mrs. Webster-Roy: Another question I want to raise because I want to ask my questions and move on. Every time I meet constituents—I know this is an issue I always raise. I guess you know where I am coming from and that is the whole issue of the pension and leave. It seems to be pervasive. It is every report, it is every time I visit a community that issue would come up. Are we seeing any improvements at all in that line?

Ms. Pujadas: At present, I would just tell you at present where we are at, because we are like the final stage it comes for, for verification. So, at present, I would give you like just what we have. I am to tell you that we have 864 files with us at present. The majority of those files are actually not for people who have yet to be paid; 770 of those are revised. So what does that mean? It basically means that this is the issue that is arising that causes the delay.

An employee has a pension and leave record. That pension and leave record goes with that employee from Department to Department, Ministry to Ministry. That pension and leave record is required to be updated annually. Right? Now, that pension and leave record, if I am acting and I go to another Ministry, and I have not gotten my delegated approval or my first approval from service commission, so I go to another Ministry, they put me at the lowest point, that is not necessarily the point where I am supposed to be because I am acting further up. All of these things, therefore, when it comes to your end point and have to be computated and evaluated have to be verified. If you are at the wrong point from way back when, your record has to be adjusted.

Added to which, let us say, for example, we have—our union agreements are not timely. So I have retired and retroactively things happened. It means that your pension and leave record has to be adjusted; it means your pension and leave record has to go back to the Treasury; and it means your pension and leave record has to come back to audit. That is why we have revised because it means that you now have to get a revision to your gratuity and a revision to your monthly payments.

So if you look at it, what is really happening is because of the way we do our records, which is the pension and leave record, manually—manually—oftentimes the delay is not with Treasury or with the Auditor General. The delay might be Ministries, because I might be at four or five different Ministries down the road, Ministry number two has not done what they were supposed to do and that impacts all the way through my service.

So we are looking at the fact that we have an IHRIS system. The IHRIS system does have the facility, but it is not being utilized at this point in time to put what you call the return of personnel onto the IHRIS system. It also has a module that deals with pension and leave. So it would basically mean that at source the data goes in at source, and then therefore whether I go to a next Ministry, my record is automatically transferred and the information is already up to date, but with this manual system it has a significant impact, and basically this is what is happening and this is what has happened throughout time. This is basically the delay. So like, for example, we have maybe a two-month delay. I cannot say what delay Treasury has, but the point is that the real issue is from someone's pension and leave record from source.

Mrs. Webster-Roy: But what is causing the delay in implementing an electronic system?

Ms. Pujadas: You would have to probably address that question to Public Admin.

Mr. Ali: This matter was first addressed when they implemented the IHRIS system. They said that if it was implemented, at that time, when an employee leaves 33 years from now, he would have gotten his cheque in his hand when he left. So far that module has not been implemented. So it is the Ministry of Public Admin that needs to answer those questions.

Mrs. Webster-Roy: Thank you.

Mr. Samuel: It is a sad time in our existence where computers have existed for so long and software have been developed and advanced so much, but the public service when it comes to a simple thing like gratuity you are struggling. It is tough. I have had people just recently retired, five years ago, died last week. Nothing. It is a sad state of affairs.

I am looking at the construction of the Couva Children's Hospital. It is on page 65 of the report. We have two Ministries based on a Cabinet Note—well the Ministry of Housing and Urban Development was responsible for a project and UDeCOTT was appointed as the executing agency, but at the end of your statements here on page 66, it says that:

> As at the date of the signing of this report, no update was received. Both Ministries—meaning the Ministry of Health and the Ministry of Housing and Urban Development—have denied responsibility for the project.

How is that possible? That is madness.

Mr. Peters: I think the problem is, they both denied responsibility for submitting a status. Maybe it was worded wrong, but we just ask for a status on the project. We were referred to—each one referred us to the other one and that is how it went. We just could not get a status as at that particular date.

Mr. Samuel: But is that not crazy?

Mr. Peters: That is why it found its way into the report.

Mr. Samuel: But this is embarrassing. This is an embarrassment to an institution, to administration. This is embarrassing where people have responsibilities for things cannot give you a status report as the Auditor General's Department. I wish you could fine them; I wish you could penalize them; and I wish you could tell them pay, because if this continues—it does not have to be just the Couva Children's Hospital, it could be anything, any other major construction in the country. Here it is, the Auditor General's Department requests a status report and you are being thrown from side to side. What does that say to the system? What does that say to the public that is looking on that are struggling, the pubic that has issues? What does that say to them? Have you written them severe letters?

The second question to you, while you contemplate on that one, you spoke about—Ms. Lorelly spoke about the deficiencies of accounting officers or was it Ms. Gale? The deficiencies of accounting officers because of the immaturity and lack of experience. They fall under the remit probably of training through the Ministry of Public Administration. Am I right? Have you written the Ministry of Public Administration and Communications reiterating your findings that there is a deficiency and that the Ministry of Public Administration and Communications needs to do something urgently with regard to the training and development and the accounting processes of their accounting officers who you are saying lack experience? I know there is a changing of accounting officers on a regular basis now. People are retiring rapidly. What have you done to inform the Ministry of Public Administration and Communications?

Ms. Serville: Well, I do not think that we have written to the Ministry but I thought that this was the purpose of this Committee here to understand the things that prevent us from meeting our mandate and doing our work and to bring solutions and maybe to have these solutions transmitted to these people, the necessary entities. I thought that this was the purpose of this. This is what we do in this forum.

Mr. Samuel: And this has been an ongoing issue over a period of time.

Ms. Serville: Well, we have noticed there have been a lot of changes with regard to Permanent Secretaries being moved from one Ministry to the next, and that has caused some problems, because they do not understand the Ministry. When you move a Permanent Secretary too often that causes problems in itself. We have also observed that some of them are lacking experience and they need to build capacity. So we are bringing these things and airing these things in this forum so that maybe something can be done, and this Committee can have these things addressed.

Mr. Samuel: Okay, thank you.

Dr. Henry: I wanted to deal with the question of the overpayments again. I know that this came up, I think before, when you were with us. Could you tell us: Where are the major issues of overpayment coming from? Where is that arising most frequently and has there been any improvement in terms of trying to resolve this problem?

Mr. Peters: You would find that problem with some of the larger Ministries with a lot of outstations or sub-offices where the transfer of information, let us say people going on sick leave, extended sick leave, that kind of thing, it does not reach the head office at the required time. IHRIS closes off at a certain time and the data that is required to stop the payment would not reach there until probably months after the time. So these are the things that contribute to overpayments. We have not found any incidents of fraud or fraudulent activity. It seems to be more of a timing problem.

Dr. Henry: What Ministries would be big? You said big Ministry.

Mr. Peters: The top of the list would be the Ministry of Education and the Ministry of Health.

Dr. Henry: It is large numbers over there. We had the Ministry of Finance here some time ago and they were talking about implementing a financial management information system. Have you seen any impact of that? Has there been any progress on that?

Mr. Peters: I do not think so. They have secured a loan. There is a project manager in place, but we are not aware of anything further that that is happening in that regard.

Ms. Pujadas: I think we just want to add though that while—I think the issue of where they have progressed with IFMIS should be addressed to the Ministry of Finance. But what the Minister of Finance has done is that they have sent out a circular to all accounting officers that they are moving towards—well, they have introduced IPSAS, which is International Public Sector Accounting Standards, and as a result of that the format and the way we report on a monthly basis has now to be in compliance with the IPSAS standards.

So with effect from April of this year, Ministries and Departments are required to present monthly statements certified by the accounting officer which show both revenue and expenditure on one statement. So they are moving towards having things in place to facilitate the IFMIS system on the ground. I can speak of that in terms of how we are being affected in terms of our reporting as well.

Dr. Henry: Could you quantify the amount of overpayments if you could, in general, so let us understand how big the problem is?

Mr. Caesar: In this year's report, we did not do a quantification for various reasons. I know last year there was one, but in this year's report we did not have a quantification. We had a table as is presented in the report.

Dr. Henry: Okay. What was last year's own, the year before?

Mr. Caesar: Sorry, I do not have that figure with us.

Dr. Henry: You do not have the figure.

Mr. Caesar: But I could speak on some of the remedial measures which have been posted since August 1988 when it comes to overpayments. This thing has been well studied and documented over the years and they are quoted in the Comptroller of Accounts Circular No. 20 dated 17 August, 1988. It speaks about the probable duplication of the payroll section of changes in salary. It talks about the correct determination of incremental points and so on. So it is not as if the Ministries are not aware of what is required in order to rectify the problem.

What they need to do is, within each Ministry, they need to look at their systems and determine which are their weaknesses when it comes to overpayment and try to tweak it as much as possible in order for the system to be improved. They may not necessarily be eradicated completely, but certainly some action could be taken to improve and reduce the amount of overpayments within each Ministry on a case-by-case basis.

Dr. Henry: Because you keep flagging it, so we assume it is a big problem; otherwise you would not be mentioning it so often.

Ms. Pujadas: Mr. Henry, I just want to add to what Mr. Caesar has alluded to. If you would notice what he has indicated that some of the issues with overpayment, one as Mr. Peters has indicated, is a timing, but we come back to the same issue again of increments being put in the correct place, which comes back to again about the whole acting, about getting the necessary authorizations in a timely manner, about promotions being done.

So the solution is really a solution that has to be looked at as a whole system of a way of doing business, of a way of recording. Because as we alluded to, Mr. Ali alluded to since last year in his opening address, we have been doing business before most of us who are present with you here today were born, and so we are doing business in that same manner. We are tweaking it here and there by trying to create little software here, software there, but you know we are not looking, in my view—and I am only speaking for myself at this point—in a holistic manner at the things that impact on the whole way the system is done. So I think that basically is an issue that needs to be looked at.

11.40 a.m.

Dr. Henry: But, I mean, we are not the only country in the world with a public service, I mean, so what is the international standard? I mean, what are we missing here?

Ms. Pujadas: But you do realize that, international, even if we look in our own Caribbean region, that a lot of the public servants in the Caribbean have moved forward in a number of ways. If we look at Barbados, Barbados is no longer presenting financial statements on a cash basis. Barbados' financial statements are being presented on an accrual basis. You look at the Cayman Islands, the Cayman Islands is also presenting their financial statements on an accrual basis. If we look at Jamaica, while Jamaica is doing a cash basis, they are also presenting their information in a different format. Moreover, in Jamaica, their financial statements, each Ministry's separate accounts are certified by the Auditor General, as well as their consolidated account. So that, if you look at even within our own region there are moves towards modernizing their processes. Somehow, somewhere along the line we have not really moved with the same level of speed as others in terms of modernizing the processes, our processes.

Ms. Serville: And I would want to add, Dr. Henry, that maybe we need to more fully utilize our IT systems, because we have an IHRIS system already, and where we speak about a timing difference, creating these overpayments, I do not see that it is rocket science to have these outstations, like Agriculture, Ministry of Health, Ministry of Education, whatever, input information that would hit the system in real time to prevent these overpayments. I think that is being done worldwide, internationally, so I do not see the reason why we cannot implement that system here and fully utilize our IT systems that already exist.

Dr. Henry: Okay, that is a good point, I mean, because, I would hope that all these Ministries are somehow connected, I mean, even if it is just Wi-Fi, or just like normal

Internet. Yes, so the days for the excuse of taking six months, or whatever, to get information just seems to be very lame right now, and we have to find a way to upgrade to modern systems. But I take your point that given our existing technology we should be able to overcome these problems.

Mr. Chairman: Auditor General, you mentioned last time that the IHRIS system, properly implemented, would take care of the pension issue, would that also take care of this overpayment issue?

Mr. Ali: Yes, it would.

Mr. Chairman: Okay. Who is in charge of the overall IHRIS system?

Mr. Ali: It is the Ministry of Public Administration.

Mr. Chairman: Okay. Is there a special department in there that is in charge of it? Is it ICT, or IT, or something like that?

Mr. Ali: No, I do not know.

Mr. Chairman: You do not know.

Ms. Dwarika-Ali: Could I answer?

Mr. Chairman: Do you know, Ma'am?

Ms. Dwarika-Ali: Mr. Chairman, if I may, the IHRIS system, they are currently doing an upgrade of the system, because for years they were requesting funding for an upgrade, but I am happy to report that recently they are in the progress, in progress is an upgrade. IHRIS system encompasses three entities, which is Service Commissions, they are in charge of the IHRIS, the human resources aspect; then we have IGP, which is the payroll aspect, and that is—

Mr. Chairman: So, Service Commissions would really be outside of Public Administration?

Ms. Dwarika-Ali: Yeah, but the Ministry of Public Administration is also part of the three or four entities that will be responsible for the upgrade.

Mr. Chairman: Okay. So it is Service Commissions, entities within Public Administration, and what else?

Ms. Dwarika-Ali: Treasury Division. They are responsible for the payroll aspect.

Mr. Chairman: Treasury, so I think that makes the money.

Ms. Dwarika-Ali: Yeah.

Mr. Chairman: Okay, I understand. So it really is an implementation and integration issue. Yes. Okay, I want to get back to a couple of things here, you know, we dealt with the whole issue of Rental of Unoccupied Property, and on page 32 here, you have the $53million that you mentioned was paid over a period of time for a property that was unoccupied in Barataria, waiting to be outfitted. Is that still continuing or is that finished now?

Mr. Ali: It has since ceased since July 2016.

Mr. Chairman: Okay. What institution is that, may I ask?

Mr. Ali: It is the Chief Personnel Officer's office.

Mr. Chairman: Okay, CPO's office, under the CPO's remit. Okay. I wanted to ask some other questions that are related to, basically, revenue and concerns about issues of revenue. When you look at Customs and Excise Division on page 33, you have total commitments $38million-plus, and then you have the Vote Book $725,000, a difference of $37million, all right? The list of outstanding commitments figure of $25 million-plus by $12million, and the schedule of accounts figure of $826,907.64 by $37.1 million. How do you explain something like that? And what goes on there that makes this possible and recurrent from year to year?—because I remember asking questions last year about Customs and Excise Division.

Mr. Caesar: I would like to cite problems with training of staff, lack of—

Mr. Chairman: But that is a $37million discrepancy, accounted for by lack of training of staff?

Mr. Caesar: Yeah, because, I think the check staff function, the people in the accounts department who have oversight over the records are not performing as they should, and errors are being made in the records. So incomplete records, as the case may be, the records are not being properly updated. So it is more a function of inadequate training, or supervision, as far as the record handling is concerned, and as a result a lot of errors and omissions.

Mr. Chairman: The people who are responsible for this, do they balance the books every day? Are they supposed do?

Mr. Caesar: Ideally, they have a check staff function—

Mr. Chairman: Do they have any other job but to make sure that these numbers are reconciled and inputted so that they can be reconciled?

Mr. Caesar: From where I speak, it is supposed to be a main function of their job spec.

Mr. Chairman: They have other aspects of their jobs is what I am asking.

Mr. Caesar: Yes, they will have other aspects of their job to do as well.

Mr. Chairman: All right, so it is not a dedicated—

Mr. Caesar: No.

Mr. Chairman: All right. So that is where the problem is then. You do not have a dedicated function.

Mr. Peters: Mr. Chairman, may I? There is also the problem of acting coming up all across the public service, and there is a lot—

Mr. Chairman: Of what?

Mr. Peters: There is a lot of movement across the public service, so that is one of the problems contributing to that.

Mr. Chairman: Yes. And that issue has come up before too, that when you move people, especially in accounting and internal audit, you cause particular problems, you know. So we take that into account. Then another issue that I wanted to flag is on page 53, having to do with the operation of the quarries. Now, the status of 103 operational quarries, is that today an accurate number of what is happening, or is it likely to be more than 103? Are all the quarries that are operational accounted for in this number of 103? So there might be more?

Mr. Peters: Yeah, there will be more.

Mr. Chairman: All right. How would we know that? It would take us another audit to do that? Would we know by the next audit? Or would the audits continue to be less accurate than the reality because they proliferate and you do not know?

Mr. Peters: Well, one thing we are going to do is expand the scope when it comes to revenue. This would fall under revenue, and we will be taking a closer look at quarries as well when we go to the Ministry of Energy and Energy Industries.

Mr. Chairman: Okay. How does the breakdown here, and the meaning of the breakdown, affect the effective management of this sector? So you have expired licences, 76; I suspect they continue to operate with expired licences, then you have operating without licences, so they are unlicensed but there are operating. Then you have operating with licences only seven, and then you have new application, one. So out of the 103, there are only seven quarries operating legally. All right? I mean, is this a persistent situation, or is this something that happened just so, or is it likely to get worse, how can it get better? Because is it not the operation of these entities, legally, an important part of being able to generate the revenue that you need to generate in the country?

And there is another side too of quarries that is quite disturbing, because when you are a quarry owner you have access to dynamite, and all kinds of things, and I think that that is a national security situation that we need to take into account in the operation of quarries. I mean, this a different world we are dealing with. Today in

London we had another problem, three in a row, one in Manchester and two in London. It is something that one needs to take into account. We cannot operate like how we operated 20 years ago. This is a serious matter. Go ahead.

Ms. Cockburn: Mr. Chairman, relatively recently we meet with the TTEITI, Trinidad and Tobago Extractive Industries Transparency Initiative—

Mr. Chairman: Right, I know that we signed on to that now, yes.

Ms. Cockburn: Yes. And they informed us that, currently, the process to become licensed as a quarry owner is extremely onerous, extremely burdensome, very protracted, very drawn out, and while some persons are somewhat willing to become licensed they need assistance from the persons overseeing the process, and, apparently, the relevant bodies—I am not certain at this point who—but they are, apparently, in a process right now where they are working along with quarry owners to assist them in becoming licensed, so that they could be on the books so that the necessary royalties could be tracked and paid. Work is being done in terms of assisting owners with the licensing process.

Mr. Chairman: Okay, some new infrastructure, or better infrastructure needs to be done to facilitate the process.

Ms. Cockburn: Yes.

Mr. Chairman: But I think a regime like this, it is important to bring it under legal jurisdiction, you know. To me, there are too many risks, not just the revenue risk but there are other risks.

Ms. Cockburn: Yes.

Mr. Chairman:—Environment, I mentioned the national security issues, you know, that needs to be addressed here.

Ms. Cockburn: That is true. And, apparently, they mentioned they are also working on regulations regulating it in a more efficient way.

Mr. Chairman: You see, and from a sample of 20 operational quarries, I mean, and that is your work, it says here, production data relating to the quantity of minerals, mined, processed and sold for 17 operators was not submitted. That means they do not even know how much they dug out. Then, royalties were not collected from 16 operators, so that means they have not paid, and then five operators mining on private land did not provide proof of ownership. Well, I suspect that is part of the illegal quarrying that is going on. But from every point of view this is an important sector.

You know, we once used to have the Ministry called Petroleum and Mines, you know, because it was an important sector for construction and other things, and the mining for petroleum was seen as a certain kind of activity. And then we have another one here, Ministry of Works though, page 55:

> Several constraints were encountered in an attempt to verify the accuracy of figures reflected.

Then you have machine-generated receipts issues were faded and illegible, and imagine that is a storage issue, so I would not dwell on that, and that could be fixed.

Cash transactions were recorded on numerous loose pages. Now, this is problematic, cash transactions were recorded on numerous loose pages which were not filed in chronological sequence, they were strewn at various locations within the office wherever space was found, such as under counters and in the storeroom. Monthly cumulative totals were not recorded in the cashbook for each of the 43 items of revenue. I imagine what this is saying is that there are 43 items of revenue under the Ministry of Work and Transport, and each one of them had a problem—is that what it means?

A difference of $15 million-plus—I would not read all the numbers—was noted between the total revenue of the Treasury card of $138.8 million, and the statement, receipts and disbursement, which was 123, so that is upwards of what?—12, 13, 14 million. You know, how do we deal with these things?—because I am sure that the issue is not an issue of, you know, corruption or stealing money, but one cannot be sure when you see numbers like these. And then the second thing is, how do you get it right so that it does not give this impression, you know?

Mr. Peters: Chairman, let me just correct something here, this is just that the Transport Commissioner, that falls within the Ministry of Works and Transport, not the Ministry of Works—

Mr. Chairman: Yes. Okay.

Mr. Peters: But the issue, it is coming back down to training, supervision, the right people in the right place; that kind of thing.

Mr. Chairman: No, but, remember, I am not doing these things by guess, eh. When you deal with quarries, I think that we know that there is an issue in the public domain about how these things operate and whether Government gets any decent revenue from it. Okay? I think that is an issue. I think people complain all the time about the Transport Commissioner's Office and the Licensing Office, and fact that there are not just discrepancies, but people have alleged acts of corruption involving those institutions. So, I mean, I would think that if you have discrepancies like these showing up for areas in which in the public domain there is a feeling that things are not right, that we should try and find a way of making sure that we do not leave loopholes through dysfunctionalities to make the reputation that they have gained a reality in fact. You know, this is what I am getting at with some of these institutions. You see, if we tighten up this and get them to do what is required and reconcile their accounts, and to have their paperwork done properly, then, you know, chances are that we could solve some of the problems that people feel are taking place inside of these institutions, do you not think?

Mr. Ali: Yes, Mr. Chairman, but I think also that computerization would solve that problem in most of these cases in terms that cash being recorded, you can apply for your licence online, all these things.

Mr. Chairman: Yes. But I—anyway, go ahead.

Dr. Henry: My last area of enquiry is looking at the issue you were just alluding to with computerization, and some of your findings in terms of the IT governance, I see that we have problems with no strategic plans were found for many of the entities, and no kind of policies or procedures were in place to govern the use of IT in many of the entities. I find that hard to believe though, that there must be something in place. I mean, could you help me out here, what did you actually find?

Ms. Dwarika-Ali: Based on the findings of our audit, we had conducted an audit of general controls in a few selected Ministries and Departments. What we found that although there is a strategic plan they had not developed an IT strategic plan, which would have been aligned to their Ministry's strategic plan. In most instances their might be some parts of their strategic plan that alludes to IT and their objectives, but not a separate IT strategic plan. A lot of the issues identified dealt with IT governance, in that a lot of the policies and procedures were lacking. There was one draft policy done by the Ministry of Public Admin in 1997, and that was the last approved policy that we saw—

Dr. Henry: 1997?

Ms. Dwarika-Ali: Yeah. Most of the policies that existed at the Ministries were draft policies.

Dr. Henry: So even then it was still draft, and it has remained a draft 20 years later?

Ms. Dwarika-Ali: No. The approved policies in 1997. Subsequent to that, sometimes each Ministry, what we have found, is that they had their own draft policies, and what we are saying, in order to ensure proper IT governance then the

Ministry of Public Administration needs to fulfil their role as in monitoring in terms of ICT, where they can have an overarching policy, and then each Ministry could customize the policy, depending on the uniqueness of their information systems. Since we are seeing the increasing in ICT at the Ministries, and with the upgrade of IHRIS, just for an example, or the introduction of IFMIS then we would have to have all those policies approved, those polices shared with the users of the information system to ensure that we have proper controls in place.

Dr. Henry: Okay. So I was trying to get an idea, well, what obtains now, what is the state of play, but do these Ministries follow basic guideline?

Ms. Dwarika-Ali: In most instances, they have informal procedures that they do follow. I must say the IT staff at the Ministries, although, as I said, they were not approved policy, they do follow, informally, international guidelines. So what we recommend is that the Ministry should seek to adopt an international standard. Now, there is the COBIT governance framework that they could adopt, and what we also recommend is the Information Security ISO Standards, 27001 requirements and 27002 implementation, so at least they could start with the basic policy, especially relating to information security.

Dr. Henry: Okay.

Mr. Samuel: Chair, through you, I am on page 36, the Ministry of Health again, and there is something in your report here that is alarming, that chemicals entering the country are not subjected to any checks at the port of entry, but are checked after relocation to the importer's premises. It is a contravention based upon regulation 53. Does that still exist?

Mr. Peters: We will check it through in this audit cycle. Nothing has improved to our knowledge since, but we will follow up on it.

Mr. Samuel: Should this not have gotten a triple red flag and not just a red flag. I mean, there should have been a triple red flag because you are talking about importers importing chemicals and pesticides into our country, there are no checks at the port of entry, anything can happen between the port of entry, and it being on the importer's location or business place. That is a dangerous entity.

Mr. Peters: Well, we have raised it with the accounting officer, and, again, we will follow up to see what has been done. But I understand the need for expediency in this particular area.

Mr. Samuel: Especially in the time we are living in. And not only that, you have also reiterated the fact that the laboratory used for testing was shut down since 2014, so who is certifying the chemicals? What agencies are being used by the Ministry of Health to certify that these chemicals are what they were imported to be, and the intention for which these chemicals are imported? That is a dangerous entity. That is a real loophole in the system.

Mr. Chairman: Mrs. Webster-Roy.

Mrs. Webster-Roy: Thank you, Mr. Chairman. Auditor General, in an earlier response to the Chairman you noted that the next audit cycle you would look more in-depth, take a more in-depth look at the revenue side, I wanted to know if the inability to do it this time, was it because of staffing?

Mr. Peters: Well, some of the obstacles with respect to the Board of Inland Revenue, some of those obstacles will be removed, and we had some bilateral discussions with the board, the chairman of the board, to have some of the obstacles removed prior to the implementation of the amendment to the Income Tax Act. And given the whole revenue situation we thought it wise to start taking a closer look at the whole revenue from the public accounts side.

Mrs. Webster-Roy: Okay. All right. Thanks.

Ms. Cockburn: Just to clarify, and just to add to that, the main obstacle so far has been the legal challenge, access to the information, which we reported, is being addressed.

Mr. Chairman: All right, any questions.

Dr. Henry: No.

Mr. Samuel: No.

Mr. Chairman: All right. A couple of things, the issue of procurement, I noticed you had two references to it here, in anticipation of new procurement regulation, and so on, have there been any concerns by the Auditor General about procurement practices by any of the Ministries under review in this 2016 report? Have issues come up that need to be paid attention to, or need to be corrected?

Ms. Serville: Yes, we had one such issue arise at the High Commission, South Africa—it is in the report—where we raised concerns about the procurement process. So it is an area that we have red-flagged, and, you know, we have recommended that these controls, controls be put in place, or to treat with the whole issue there, especially in South Africa where we visited last year.

Mr. Chairman: So that it does not recur?

Ms. Serville: Yes.

Mr. Chairman: Do you anticipate that the—well, first of all, are you involved at all in anything related to the establishment of the procurement agency, and should you be?

Mr. Peters: No, we are not involved at this time.

Mr. Chairman: But should you be? I am asking.

Ms. Pujadas: I think if you have to look at it, what our role is, remember that we have to go in and assess what is taking place, evaluate whether or not good governance is taking place. So, therefore, one would assume from that particular role that we more have an oversight role. However, I think we need to be involved in the loop to assess where it is going so that we can know how to position ourselves and what we need to do to retool ourselves with regard to the implementation of this new particular policy and Act. I would say though that, by and large, the Comptroller of Accounts and the Ministry of Finance have sought to keep us in the loop. They have sought to involve our staff, per se, in particular, training initiatives that they have initiated, and they continue to do so.

And we at the higher level have been exposed to the implications of the Act, if, when it comes into being. We did have one great concern, and I think legal would address to that, in that that we, according to the Act, would be the auditors of the procurement regulator. At the same time, we also have to be in compliance with the requirements of the Act. So I think we had raised it at a particular forum. I do know if Ms. Cockburn would want to expand on that.

Mr. Chairman: Well, is there a contradiction?

Ms. Pujadas: It is a conflict of interest, I would think, yes.

Mr. Chairman: All right, let us examine this for just a minute. You were going to say something, Ms. Cockburn.

Ms. Cockburn: Not particularly, that is more or less the situation, and it was raised with the persons with responsibility for the Act, and they indicated they would look into it to see what alternative may exist.

Mr. Chairman: Okay. No, but, I mean, if there is a procurement law, and the Auditor General's Department is a department that procures?

Ms. Pujadas: Correct.

Mr. Chairman: Obviously you have to comply with the law.

Ms. Pujadas: Correct.

Mr. Chairman: But the Auditor General's Department is—remember, the procurement regulatory agencies, as it is established by law, are accountable to the

Parliament. So they would come to the Parliament and they provide all the information, they give it to Parliament, and then it has some kind of scrutiny. Parliament has some scrutiny of it, but the actual functioning of the procurement regulatory agency, and their income, their expenditure, their operations, et cetera, would that not normally be under the jurisdiction of the Auditor General? And would that constitute a conflict of interest? I do not see it.

12.10 p.m.

Ms. Pujadas: It is as we speak right now, when we were peer-reviewed, for example, we are the auditors of the—we were peer-reviewed by our international—by Austria.

Mr. Chairman: Yes.

Ms. Pujadas: We are the auditors of the Treasury. The Treasury is our auditor. They deemed that to be a conflict of interest.

Mr. Chairman: Yeah. Well, we raised that, remember, last year.

Ms. Pujadas: Yes. Correct.

Mr. Chairman: What is the situation with that? Let me just follow up that. What has happened since then? Because we, in fact, made a recommendation that that should not be so. All right? What has happened in the follow-up?

Ms. Cockburn: So far we have met with the Ministry of Finance on the issue because the law which requires that to be the set-up for now is under their purview and they would have to seek to amend it to create a change. We have met with them, discussions are ongoing, but no firm move to date with respect to having the necessary amendments done.

Mr. Chairman: Okay. All right.

Ms. Cockburn: So the situation persists.

Mr. Chairman: So it is ongoing dialogue.

Ms. Cockburn: Yes.

Mr. Chairman: But unresolved.

Ms. Cockburn: Yes. Yes.

Mr. Chairman: Okay. All right. Now that you have flagged the issue of the Procurement Regulator, we will look at it and see, we may need to have another conversation, not necessarily in this forum, but just to kind of clarify it. And I wanted to ask, we have talked about some things that have persisted, we have talked about some things that are not so good, maybe they got worse, I do not know. But are there things that have gotten better that you can flag and things that we can do that could improve this system such as we have?

Ms. Serville: Well, one area that comes to my mind immediately is that we have seen improvements in that I find that PSs are responding promptly, more or less, most of them I would say, to our management letters. We are no longer being ignored. So I would say, yes, I would say that is a major improvement.

Mr. Chairman: Okay. So you are getting better response to your management letters.

Ms. Serville: Yes. And more timely responses to our management letters.

Ms. Pujadas: I think too that when the Committee raises certain issues and not only with us, but when the particular Ministries and Departments come, I mean, we are seeing efforts being made at a much higher level—

Mr. Chairman: To make progress.

Ms. Pujadas:—to make the necessary progress and changes. Yes.

Mr. Chairman: Okay. So, well, I mean, that is valuable feedback I think. What are some of the things that you think might be—I mean, I do not want you to get a whole long list, I know you have done things. I mean, you mentioned in 1988, for instance, you made certain recommendations that have not all been implemented and so on, but I mean, if you had to say maybe two or three things that we could actually sort of action and insist upon that would make a decisive difference in the system, what would those be?

Mr. Ali: Well, I think the first one would be their getting the IHRIS system implementational.

Mr. Chairman: So IHRIS. Okay. That is good, that is very tangible. Okay.

Mr. Ali: And we are looking, as they have said, we are looking to get access to the Board of Inland Revenue records so we will be able to give you a better idea of the revenue collection in the next financial year. And then the IFMIS system also, we need to get that going in order to have everything fully computerized.

Mr. Chairman: Okay.

Mr. Ali: Well, those are the three areas.

Mr. Chairman: Well we really made the recommendations on BIR and you have made some progress, I think, but certainly the IHRIS and the IFMIS, I think we made a strong recommendation on IFMIS the last time, it is just that, I mean, I do not know if it has progressed as fast as it needed to be, and we will certainly make the recommendation on IHRIS. What about the Ministry of Energy and Energy Industries revenue issue I raised with you? I mean, what that we can do about that?—because it seems to me that is an important thing. You see, it is not anybody is doing anything wrong, I am not saying that anybody is doing anything wrong. It is just that you do not have the knowledge which you should have.

Ms. Pujadas: I think, Sir, just to speak about the quarrying and the Ministry of Energy and Energy Industries. I think when we were assessing the risk profile of that particular Ministry, this is the reason why we decided to expand on the revenue scope and to get a more detailed, first of all, from our own understanding we are seeking to have a better knowledge of how this Ministry works, how it functions.

Mr. Chairman: All right.

Ms. Pujadas: I think we really need to understand that what goes into it so that we could better do a better programme of work to assess whether or not revenue collection, whether there are leakages in terms of revenue collection. But Mr. Peters, in further breaking down the analysis, has noted too that there seems to be an overarching problem in terms of the governance in terms of monitoring. And I do not know if Mr. Peters wishes to speak on that part.

Mr. Peters: Okay. It all comes down to the Ministry of Energy and Energy Industries and building their capacity to monitor the various areas, because I think we spoke about some staffing issues there as well so they will need some—

Mr. Chairman: Some?

Mr. Peters:—staffing issues. So they will need to deal with that.

Mr. Chairman: All right. Okay. Yeah. Ms. Cockburn.

Ms. Cockburn: Just one very minor point, not that it may be any consolation, but TTEITI informed us that the problem of Governments not being able to ascertain exactly how much is due to them from companies in the energy sector, et cetera, is not unique to Trinidad and Tobago and it is a problem, it is an issue worldwide which is being addressed by the relevant international bodies. So, just as we know it is not unique to us.

Mr. Chairman: I agree.

Ms. Cockburn: No consolation, but.

Mr. Chairman: I agree and I know that, but I mean, we should do better. Yeah. [*Laughter*] Okay. All right. Are there any questions you would like to ask us or anything you feel we can help you with? We would like to continue to collaborate with the Auditor General's Department. I think we have had a good constructive mutually-supportive relationship, and we are getting some results, I mean, not as much as we would like and not as intense as we would like, but we are making some progress, and I would like to deepen and strengthen that relationship so that we can make the system better. Because, I mean, the world is changing at a rapid rate, you know, and we are really, really sort of lagging behind. Any things you would like to raise with us?

Mr. Ali: Well, as I mentioned before, Mr. Chairman, the IHRIS system is very critical here in terms of people getting their pension on time. That is a critical area for our citizens of our country because people are crying out for their pension. I get lots of calls every day in terms of trying to help people, you know, dealing with the Comptroller of Accounts and that area needs to be stepped up.

Mr. Chairman: Okay. All right. Well, thank you very much.

Ms. Serville: I will just like to ask, Mr. Chairman, before we end. When the Ministries are called before you all in the same manner that we have been called today and you ask them about concerns that we are raised, does the Committee have the power to insist that the changes or the solutions that we come up with have been implemented or is it just a matter of moral suasion?

Mr. Chairman: Well, it is a mix. The Committee does not have the power because we do not have the Executive authority that is required, but I mean we do make a report to Parliament and, I mean, the Executive responds to Parliament, I mean, that is how it works, and the Ministries actually respond to the recommendations that we make and say what they have done or why they disagree or why they cannot do it or how long it will take to do so and so. So that they are responsive, I will not say that they do not respond. They do not ignore us, is what I would say. All right? And generally if we set a deadline or something and they cannot meet it, they will write, they will communicate and say we would like a longer period. So which means they are actively pursuing or considering what we are going. All right? So at that level something happens. Yes.

Ms. Pujadas: We just wanted to draw attention to the fact that, you know, as you alluded to things are changing in a rapid pace and therefore, we as an organization as the Auditor General's Department, we need to be continuously keeping abreast of the standards that exist, not only in the auditing area and accounting world, but in terms of the standards that exist for the various Ministries and entities in terms of what they are required to do. As a result of that, you know, we have some resource limitations and we have recognized that we have some resource limitations.

We are seeking at present and we are working to receive the particular funding to really take a holistic look at our organization with a view to what is perhaps an organizational review of ourselves and what we do and how we retool.

The Auditor General over time has been seeking to get assistance from larger audit offices like the National Audit Office of the UK to provide us with certain upgraded tools, and we want to really continue in that endeavour because, I mean, we recognize that we are here for the public and we are here, you know, to facilitate the public accounts on all the various committees to ensuring that good delivery is really done in terms of the services that are being offered by the State. And so we are recognizing that we do have some limitations as well in terms of resource limitations; in terms of capacity limitation; in terms of current tools and methodologies that are being applied that need to be strengthen, but we are working towards improving those things.

Mr. Chairman: Yes. And I think you should and we will encourage you to proceed. I want to say that from this Committee's point of view, in the first report that we did, we actually—and it was laid in Parliament, we recommended autonomy for the Auditor General's office, we recommended autonomy with independence including appropriations strategy and allocation and independence, and we have also, I think, we included in that report the fact that the Auditor General's office, the procurement regulatory office, based on the new legislation and campaign finance reform were critical elements to ensure that we have some degree of sanity, so to speak, in terms of accountability in the national system.

So the Committee has been very good from that point of view and we have been basically, by consensus, agreed that strengthening the Auditor General's office, having a strong procurement office and dealing with campaign finance reform could make a big difference in the country. I mean, you know, all the problems will not go away, but you could minimize the problems and you could lessen their occurrence, and you know, if you have sanctions for violation, I mean, well then the police, the courts, et cetera, will deal with those matters; that is not our business, you know.

Mr. Caesar: I will just like to get back quickly to the Ministry of Energy and Energy Industries. There is one issue I would like you all to raise if they do come before this panel as to determine why, what is the reason why they have this manpower shortage when it comes to verification of the production data at source. They say they have a manpower shortage and, I mean, it is a critical area. It is the main revenue earner of the country and they claim that they have only 25 per cent of the verification of the source, of the production data at source. To determine why it is they have this manpower shortage and why they have not filled the shortage so as to improve the revenue collection within the Ministry of Energy and Energy Industries.

Mr. Chairman: We will do that when we call them here, but when you do your next report, based on your engagement, you must flag the issue as a real issue that needs to be addressed so we will have a double opportunity to deal with it. Okay?

All right. Thank you very, very much. I want to thank my colleagues, they were all very alert and focused today and I thought from the public's point of view the public would have gotten a lot of important information about the functioning of the system. I want to thank the media for being here and we hope that they will cover the material so more people will be aware of what is happening. Members of the public gallery, we thank you for coming.

And you Auditor General and your entire team, I want to thank you very much. And as I said, we want to strengthen and deepen the relationship in the national interest and in the interest of the entire state system really and accountability and performance in the state system. And we thank you for your engagement this morning and for your candid answers and responses. Thank you very, very much.

12.25 p.m.: *Meeting adjourned*.