# MINISTRY OF HOUSING AND URBAN DEVELOPMENT

**The Fifth Report of the Public Administration and Appropriations Committee on an Examination into the Ministry of Housing and Urban Development with specific reference to Accountability and Transparency, Inventory Control, Internal Audit, Sub-Head 02 – Goods and Services, Sub Head 03 - Minor Equipment Purchases, Sub-Head 09 - Development Programme - Consolidated Fund and Infrastructure Development Fund**

## Head 61 – Ministry of Housing and Urban Development

### 1. Inventory Control

### 1.1 Recommendation

**The Committee endorses the efforts made by the MHUD to ensure that all items are accounted for within the Ministry through the development of an Electronic Monitoring System. This system should be completed and in full operation by November 30, 2017.**

**Status**

The Electronic Monitoring System has been implemented. The system for monitoring stationery was implemented with effect from April, 2017 and the system for inventory management was implemented with effect from September, 2017.

### 1.2 Recommendation

**The Ministry should develop a system to assist in accounting for the Inventory on Vehicles purchased and utilized by the offices and Departments for which it is responsible. This should be developed by November 30, 2017.**

**Status**

The Ministry's current inventory system captures all vehicles utilized by the Ministry.

**1.3 Recommendation**

**The Ministry should adopt a more stringent approach to be taken against the unauthorized removal of inventory. Procedures for the removal of inventory must be developed in order for items to be properly accounted for.**

**Status**

Before any item/s can be removed from any area/office to another, a written request must be made to the Administrative Officer IV, General Administration, who would then both authorize and arrange for its/their removal. The Administrative Officer IV will then make the necessary adjustment in the inventory system. This procedure has been communicated to the Heads of Departments.

**1.4 Recommendation**

**Provide a Report to the Committee on these procedures by November 30, 2017.**

**Status**

The procedures have been outlined in the response to Recommendation 1.3 above.

**2. Training**

**2.1 Recommendation**

**Priority should be given to seeking training from the Ministry of Public Administration and Communications for persons within the Inventory Management Department and the Internal Audit Department.**

**Status**

Persons have accessed Procurement Training, which included Inventory Management.

### 2.2 Recommendation

**The Ministry should request the necessary training from the Public Service Academy by November 30, 2017.**

**Status**

Training programmes have been and will be sourced from the Public Service Academy (PSA), Ministry of Public Administration and Communications. The PSA offers the training programmes to the Ministry, which will then nominate persons who are sole- selected by the PSA to access the training. Although it is not norm, the Ministry will submit a request for relevant training programmes if necessary.

### 2.3 Recommendation

**The Ministry's Training Policy should be developed and completed by November 30, 2017. Provide a copy of the policy to the Committee by December 01, 2017.**

**Status**

A Draft Training Plan was developed and is attached as **Appendix I**.

### 2.4 Recommendation

**Can a copy of this Training Policy be provided to the Committee by December 01, 2017?**

**Status**

A draft of the Training Plan was prepared, detailing the needs assessment and objectives with an attached cost for each. A copy is attached as **Appendix I**.

### 3. Internal Audit

### 3.1 Recommendation

**The HDC should liaise with the Service Commission to request the necessary Internal Audit position(s) by November 30, 2017.**

**Status**

HDC, being a statutory body, does not address its human resources requirements through the Service Commission Department. Further, the HDC does have an internal audit function and Internal Auditors. (See response to Recommendation 3.3, paragraph 3.)

### 3.2 Recommendation:

**The Public Service Commission must be contacted to fill the vacant positions in the Internal Audit Unit of the Ministry by November 30, 2017.**

**Status**

All vacant positions in the Internal Audit Unit of the Ministry have been filled. However, the Ministry is in the process of retaining an Auditor III (See response to Recommendation 3.3, paragraph 7).

### 3.3 Recommendation:

**The Ministry should make greater effort to develop and implement rigorous systems to oversee all agencies under its purview.**

**Status**

The development and implementation of rigorous systems to oversee agencies are being put in place:

- Land Settlement Agency (LSA) – LSA has been using the services of the Audit Staff/Personnel of the Ministry of Housing and Urban Development to provide Internal Audit services. The LSA has provision for two (2) audit positions, one (1) Internal Auditor and one (1) Audit Assistant. The Ministry, by letter dated January 11, 2017 and follow up letter dated October 30, 2017, informed the LSA of the need to implement an internal audit function and retain relevant staff. The positions were advertised on March 9 and 12, 2017 in the Daily Newspapers and subsequently interviews were held on June 29, 2017. LSA, however, was unable to find suitable candidates. In the interim, LSA will continue to use the services of the Ministry's Internal Audit Staff.

- On the instructions of the Permanent Secretary of the Ministry to acquire the services of an Internal Auditor, New City Mall and East Side Plaza are seeking to acquire the services of a private, independent Auditor from a reputable organization so as to assist with auditing all outstanding financial statements as well as implementing the auditing system. Quotes for these auditing companies have been procured and will be submitted for the Permanent Secretary's approval.

- Housing Development Corporation (HDC) – HDC's Internal Audit processes were developed in tandem with the framework outlined by the Institute of Internal Auditors (IIA), the international body that regulates the Standards for all Internal Auditing (Standards) which came into effect January 2017. Further, the Internal Audit Charter was completed to align to the approved guidelines outlined by the IIA in October 2012. HDC revised their Internal Manual which contains a comprehensive framework and structure for Internal Audit Services and is designed to be flexible and shall be revised when new Standards are issued. HDC's Internal Auditors are encouraged to use the principles within the Manual as a practical guide.

- Sugar Industry Labour Welfare Committee (SILWC) – Audits are conducted on a monthly basis using staff from the Ministry's Internal Audit Department.

- Urban Development Corporation of Trinidad and Tobago (UDeCOTT) – KPMG has been contracted as the auditor. An annual audit plan is developed for approval by the Audit Committee and then the Board of Directors of UDeCOTT.

- East Port of Spain Development Company Limited (EPOS) – The Company does not have an Internal Auditor on staff and this function was previously outsourced to Anthony Pierre and Company in 2010. In 2014, an advertisement for Expression of Interest to provide Internal Audit services to EPOS yielded several responses. Following an evaluation of proposals, the Board retained Price Waterhouse Cooper (PwC) to provide internal audit services to EPOS. Unfortunately, the process of finalizing the engagement has been hindered by delays in receiving funding, miscommunication with PwC and misinformation to the EPOS Management.

- The Ministry is in the process of preparing a Cabinet Note for the establishment of an Auditor III position. The Ministry is required to exercise financial control and oversight over its Agencies. The Auditor II, which is not a positon requiring professional Accounting qualifications, is responsible for the auditing of the Ministry's departments, and supervision and training of subordinate Auditors. There is therefore a need for an Auditor III position, to assist in monitoring, as it relates to the audit function, the State Enterprises and Agencies under the purview of the Ministry. With the training required as evidenced by a professional qualification in accountancy, the Auditor III would be able to undertake the more difficult audits, especially those relating to Statutory Boards and Agencies and where commercial accounting systems are in use.

## 4. HDC Outstanding Audited Financial Statement

### 4.1 Recommendation

**The HDC should provide a status report on the progress of the audited financial statements by September 30, 2017.**

**<u>Status of Audited Accounts for 2005-2016:</u>**

- Audited accounts for 2007-2016 are currently outstanding

- Audits for 2007-2009 are ongoing, expected to be completed by January 2018; KPMG has been contracted to complete these audits
- The Audits for 2005 and 2006 are completed, awaiting issuance of final Audit opinion from Auditor.
- Approval obtained by Auditor General to source 3rd party audit firms for 2010-2013 Audits. Tendering process was initiated.
- Approval required from the Auditor General to source external Auditors for 2014-2017 Audits.

### 4.2 Recommendation

**The Ministry should include in the performance standards of the Chief Financial Officer of the HDC that financial statements should be audited every year.**

**Status**

The update of the audits of all outstanding Financial Statements to the present and period, is one of the current Strategic Goals of the HDC, and its execution has been assigned to the post of the Divisional Manager – Finance accordingly. As such, the coordination and completion of the outstanding audits in a reasonable timeframe is a benchmark measure of that officer's performance, and what progress is made is therefore included for consideration at each performance assessment and evaluation period.

It is also anticipated that once these audited Financial Statements for the HDC have been made current, the performance measure will change from one of update, to one of annual maintenance, and will include yearly timeframes for completion and expected quality of audit opinion.

## 5. Revenue Collection

### 5.1 Recommendation

**The Ministry should implement more stringent measures to reduce the large sum of arrears owed to the HDC and submit to Parliament a report on progress made by November 30, 2017.**

**Status**

The Ministry of Housing and Urban Development does not implement measures for the agencies as it relates to arrears. The measures to decrease the debt owed to the HDC are approved by the Board of Directors of the HDC. However, the HDC has commenced efforts to reduce these arrears.

**<u>Strategies implemented in fiscal 2017 to recoup losses or stem defaults in payments by homeowners:</u>**

- Increased communication between HDC and delinquent clients. Initiatives included:
  - Notice of arrears sent to clients advising of possible eviction.
  - Door to door visits advising of overdue account statuses.
- Engagement of Debt Collectors.
- Increased emphasis on screening and means testing for potential tenants as regards the allocation of HDC's rental stock to ensure a minimization of potential delinquencies.
- Conversion of License to Occupy/Rent to Own to mortgages

**6. Monitoring and Evaluation Unit**

**6.1 Recommendation:**

**The Ministry should develop a Monitoring and Evaluation Unit to be developed by November 30, 2017. A Report on the steps taken and the status of the development of this Unit should be submitted to the Parliament by November 30, 2017**

**Status**

The development of this Unit is in progress. A Draft Cabinet Note has been prepared and will be submitted to the Public Management Consulting Division (PMCD), Ministry of Public Administration and Communication, shortly.

### 6.2 Recommendation:

**The Ministry should also familiarize itself with the National Monitoring and Evaluation Policy which serves as a guide for carrying out monitoring and evaluation in government Ministries and Departments.**

**Status**

The Ministry of Housing and Urban Development will adhere to the policies and standards of the National Monitoring and Evaluation Policy, 2014.

## 7. Illegal/Unauthorised Occupancy of HDC Homes

### 7.1 Recommendation

**The Ministry should collaborate with the HDC to develop procedures to avoid these instances from occurring in the future. A Report should be submitted to the Parliament by November 30, 2017.**

**Status**

To resolve the issue of illegal or unauthorized occupancy, the HDC has employed a prudent approach to the selection of applicants for allocation and placement in the housing units. Illegal or unauthorized occupation of HDC housing units occur in:

- Vandalised and abandoned HDC housing units – HDC issues eviction notices through joint eviction exercises with the TTPS. Once evicted, HDC evaluates the housing unit and undertake remedial work where necessary. Upon remediation of the units the selected applicants are then immediately allocated to prevent the repeat vandalism. The HDC also engages in an ongoing exercise spearheaded by the HDC's Social and Community Services Department which stymies the illegal or unauthorized occupation of HDC units.

- Recently completed HDC housing units that remain occupied, usually due to incomplete infrastructure – HDC has equipped units that have not been completely occupied with Bmobile's Blink Vigilance home security alarm systems. In the case where units' infrastructure is incomplete, HDC have temporarily contracted security firms to patrol the Housing Development to ensure that the units are not vandalized and occupied illegally or without HDC authorization.

  Verification exercises are also conducted throughout the Housing Development.

**7.2 Recommendation**

**The HDC should engage the Trinidad and Tobago Police Service and the Ministry of Attorney General and Legal Affairs to formulate strategies to address this situation and derive solutions to avoid it from occurring going forward. A Report should be submitted to the Parliament by November 30, 2017.**

**Status**

**Engaging the Trinidad and Tobago Police Service (TTPS) and the Ministry of Housing and Urban Development**

The TTPS and the Ministry of Housing and Urban Development, through the Office of the Director of Public Prosecutors (DPP), will address the issue of illegal or unauthorized occupancy of HDC housing units. The HDC engages the TTPS to conduct joint eviction exercises and, largely aided by the TTPS, consults the Office of the DPP on the issue of laying charges. Persons found occupying HDC housing units illegally or without leave or consent of the HDC can be charged under Section 45(c) of the Summary Offences Act, Chap. 11:02 of the Laws of the Republic of Trinidad and Tobago.

## 8. Educating the Public

### 8.1 Recommendation

**The HDC should refocus and re-implement their Public Education Program to ensure the mandate of the corporation is met. A status report on the progress of this program should be presented to the Committee by November 30, 2017.**

**Status**

The Ministry and the HDC have recognized that there are misconceptions about the HDC's processes and procedures, especially where applicants believe that state housing is allocated sequentially. It is in this regard that the Ministry has formulated a Public Education Programme, in an effort to provide the public with a detailed understanding of the various ways state housing is distributed and the weighting system for housing allocation. The Programme aims also to inform the public about the Ministry and the HDC, their individual mandates and responsibilities, as well as provide information on the housing market relevant to current and potential homeowners generally, and more specifically to applicants for HDC housing units. This Programme will be launched in the new year 2018.

### 8.2 Recommendation

**The Ministry should develop a more efficient system to inform citizens of their current status in obtaining a home. This system should come on-stream by December 31, 2017.**

**Status**

A low cost, high impact communications campaign has been designed to disseminate information on the application and allocation process. This campaign will outline the different stages in the application process which also seeks to bring clarity to the ways state housing is allocated.

### 8.3 Recommendation

**The Ministry should provide to the Parliament a report on the system of informing citizens of their status by January 05, 2018.**

**Status**

A Report on the proposed Public Education Programme (mentioned above), was prepared detailing the objectives of the HDC, and it will be launched in the first quarter of the year 2018.

APPENDIX I

**MINISTRY OF HOUSING AND URBAN DEVELOPMENT**
**Training Estimates for Fiscal Year 2017-2018**

| Training Initiative | Training Objectives | Target Group | Competencies Needed | Training institution | Name of Consultant | Duration | No of Persons | Unit Cost $ | Total Cost $ |
|---|---|---|---|---|---|---|---|---|---|
| Strategic Planning and Implementation | a.Use of strategic planning tools to develop strategic plans<br>b. Monitoring and evaluating the implementation of the strategic plan | Senior Human Resource officers / Research and Planning Officers | To develop the capacity to use strategic planning tools to develop strategic plans | Arthur Lok Jack, Graduate School of Business | | 3 days | 10 | $6,000.00 | $60,000.00 |
| Conflict Resolution and Negotiation /Mediation | a. Use of techniques/ tools of conflict resolution to resolve disputes<br>b. Identify factors that create conflict in the work place<br>c. Implement procedure to resolve problems | Human Resource / Administrative Officers / Planning Officers /Legal officers | Ability to manage and resolve conflict / Techniques to deal with difficult clients | DAVIRM International Limited / Dispute Resolution Centre | | 2 days | 20 | $3,500.00 | $70,000.00 |
| **Carried forward** | | | | | | | | | **$130,000.00** |

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| Training Initiative | Training Objectives | Target Group | Competencies Needed | Training institution | Name of Consultant | Duration | No of Persons | Unit Cost $ | Total Cost $ |
|---|---|---|---|---|---|---|---|---|---|
| **Brought forward** | | | | | | | | | **$130,000.00** |
| Communications Skills/Effective People Skills | (a) Use the principles of effective communciation<br>(b) Eliminate barriers and miscommunication in the workplace<br>(c) Develop active listening and responding skills | All staff | Ability to communicate and serve effectively | Arthur Lok Jack, Graduate School of Business | | 1 day | 40 | $1,500.00 | $60,000.00 |
| Emotional Intelligence | a. Introduce the principles of Emotional Intelligence<br>b. Access your level of Emotional Intelligence<br>c. Identify link between Emotional Intelligence and leadership | All staff | Ability to apply emotional intelligence knowledge to the benefit of the organisation | Waveney Richards | Waveney Richards | 3 days | 8 | $3,500.00 | $28,000.00 |
| **Carried forward** | | | | | | | | | **$218,000.00** |

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| Training Initiative | Training Objectives | Target Group | Competencies Needed | Training institution | Name of Consultant | Duration | No of Persons | Unit Cost $ | Total Cost $ |
|---|---|---|---|---|---|---|---|---|---|
| **Brought forward** | | | | | | | | | **$218, 000.00** |
| Effective Business Writing | To learn the basics of writing letters, memoranda reports, business emails | Communications / HR staff | Ability to write effective business letters, memos and reports | Roy Narinesingh | Roy Narinesingh | 2 days | 20 | $2,000.00 | $40,000.00 |
| Critical Thinking | To improve the quality of decision making and problem solving skills | Senior Human Resource and Planning staff | Decision making and problem solving skills | Arthur Lok Jack | | 2 days | 10 | $3,500.00 | $35,000.00 |
| Presentation Skills | To learn the principles of effective presentation | Research, Planning and HR Officers | Improvement in presentation skills | DAVIRM International Limited | | 2 days | 5 | $2,500.00 | $12,500.00 |
| Risk Based Auditing | To increase the capacity of the Audit department in this Ministry | Audit staff | | UWI (Open Campus) | | 5 days | 4 | $3,500.00 | $14,000.00 |
| Inventory Management | To improve the quality of the inventory systems | Audit and General Administration staff | | Arthur Lok Jack | | 4 days | 8 | $1,200.00 | $9,600.00 |
| Procurement | To increase the capacity and knowledge of staff to carry out procurement functions in line with current legislation | Audit, Legal, General Administration and Planning staff | | Arthur Lok Jack | | 1 month | 12 | $3,500.00 | $42,000.00 |
| Library Services | To improve the quality of service provided by staff attached to the Library | Library staff | | UWI | | 3 days | 2 | $2,500.00 | $5000.00 |
| **TOTAL** | | | | | | | | | **$376 100.00** |