Government of the Republic of Trinidad and Tobago

MINISTRY OF FINANCE

OFFICE OF THE PERMANENT SECRETARY

MF: DPS 1/2/2

March 26 , 2018

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

Dear Ms. Sampson-Meiguel

Re: Response to the Twelfth Report of the Public Accounts Committee on the Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2016.

Reference is made to your letter dated January 25, 2018 wherein you requested a written response to the recommendations/comments contained in the Twelfth Report of the Public Accounts Committee on the examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2016.

In this connection, and attached, are the Comments on the Issues and Recommendations highlighted in the Twelfth Report of the Public Accounts Committee.

Should you need additional information, please contact me.

Respectfully

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Permanent Secretary

(868) 612-9700 ext. 1813-1814 | (868) 627-6108 | SpenceS@gov.tt | www.finance.gov.tt

Level 8, Finance Building, Eric Williams Financial Complex, Independence Square, Port of Spain, Trinidad and Tobago, W.I.

Comments on the Issues and Recommendations for the 12th Report of Public Accounts Committee on the Examination of the Auditor General on the Public Accounts of the REPUBLIC OF T&T FOR THE FINANCIAL YEAR 2016

I. 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, reevaluated, 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.

Comment

MOF will support PRESD in any efforts to provide a more efficient system.

II. WEAKNESSES IN THE INTERNAL AUDIT FUNCTION

Recommendation

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.

Comment

The Treasury Division (TD) does not have the expertise to conduct training in internal auditing including auditing in a computerized environment and Information Technology systems. The TD is continuing to collaborate with the Public Service Academy (PSA) on internal audit training.

IV. LACK OF PROPER MAINTENANCE INVENTORY CONTROL

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.

Comment

All Divisions of the MOF are reviewing current systems to ensure that State property is safeguarded at all locations.

V. OVERPAYMENTS

Recommendations

(i) 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;

(ii) Ministries and Departments need to review and re-evaluate the whole system of recording the transference of information from outstations of sub-offices to the main offices no later than February 28, 2018;

(iii) 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

Comments

- Every effort is being made to minimize the occurrence of overpayments and to deal with this expeditiously from discovery to recovery.

- A fully functional system does not guarantee the elimination of the problem. Existing HR practices also contribute to the occurrence of overpayments in Ministries and Departments. For example, the late classification of extended sick leave; errors in the award of increments; monitoring of contract employees who have either left the engagement before the end of term or whose engagement was terminated but the record on the IhRIS is still active.

VI. PUBLIC PROCUREMENT

Recommendations

(i) 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, 2018 in the event that the Procurement Regulator is appointed;

(ii) 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.

Comments

A total of 73 Change Agents were trained in the issues to be addressed in procuring entities towards readiness of the full implementation of the new procurement regime. The following list of activities was presented by UNDP Consultants for each entity to assess its readiness for the regime:

- Establish an implementation team
- An implementation plan
- Customisation of the handbook
- Establishment of a procurement unit
- Engagement with related procuring entities (State Enterprises, NGOs and/or Corporations)
- Engagement with existing suppliers/contractors
- Delivery of Level 1 Procurement Awareness Training
- Procurement records integrity
- Supplier due diligence
- Transition from Bonded Supply Arrangements to new framework agreements

Change Agents across the Public Service are now equipped with this list of activities and other tools as follows:

- Draft Handbook to be customized by each procuring entity; and
- Special Guidelines for Works procurement, Health sector, Local Government sector, NGO engagement and State Owned Enterprises.

VII. Status of the Amendment to the Income Tax Act

Recommendation

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.

Comment

Noted.

VIII. Outstanding Commitments – Customs and Excise Division

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.

Comment

The necessary steps are being taken to teach and enforce accounting fundamentals. A review of the existing systems is being undertaken to strengthen oversight mechanisms.

IX. Storage of documents – Transport Commissioner, Ministry of Works and Transport

Recommendation

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.

Comment

Provision is made for the electronic storage of data for Public Bodies in the Electronic Transactions Act, 2011. The development of the associated Regulations is under the remit of the Ministry of Public Administration and Communications (MPAC).

X. STATUS ON THE IMPLEMENTATION OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM (IFMIS) AND THE UPGRADE OF INTEGRATED HUMAN RESOURCE INFORMATION SYSTEM (IHRIS)

Recommendations

- 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.

Comments

- The Committee is reminded that the Ministry of Finance is responsible for the **technical upgrade** of the IhRIS. The estimated date for completion of this upgrade is September 2018. This project is being monitored by a Cabinet recommended Steering Committee, chaired by the Ministry of Finance and includes MPAC.

- Addressing overpayments, pension and gratuities and human resource weaknesses are business related rather than technical issues which cannot be fully achieved through the upgrade of the IhRIS.

XI. EFFICIENCY AND ACCOUNTABILITY OF ACCOUNTING OFFICERS

Recommendation

The MOF should implement stringent checks and measures to ensure Ministries and Departments adhere to rules and regulations no later than February 28, 2018.

Comment

The Treasury Division conducts the following activities:

(a) Training to Ministries and Departments twice per year in the months of March and November. This includes the distribution of a comprehensive package of relevant Circulars and templates as well as references to relevant legislation, Financial Regulations and Financial Instructions;

(b) Annual training to Accounting Officers;

(c) Annual surveys in Ministries and Departments based on a schedule. Follow up surveys are also scheduled six (6) months after the despatch of the Management Letter for the annual survey; and

(d) Ongoing communication with Ministries and Departments when advice is requested.

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

Endorsement

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

Comment

Endorsement noted.

XIII. PENSIONS AND GRATUITIES

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 annually, before submission to the Comptroller of Accounts or the Auditor General within the specified deadlines.

Comment

MOF has embarked on an exercise to have Pension and Leave records prepared as a matter of priority for persons about to retire and a system has been put in place to work with the Comptroller of Accounts to have records submitted in a timelier manner.

XV. FINDING OF REVIEW – LACK OF IT GOVERNANCE

Recommendation

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.

Comment

The Treasury Division does not have the expertise to conduct internal audit training, however, it continues to collaborate with the Public Service Academy (PSA) to do same.