



Government of the Republic of Trinidad and Tobago

Ministry of Trade and Industry

TI: 4/4/92

October 16, 2018

The Honourable Bridgid Annisette-George
Speaker of the House
Parliament of Trinidad and Tobago
Level 2, Tower D
International Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Madam Speaker,

Seventeenth Report of the Public Accounts Committee on the Examination of the Audited Financial Statements of the Trinidad and Tobago Bureau of Standards for the financial years 2009 to 2013

Reference is made to your correspondence dated July 11, 2018 on the above subject.

The responses to the recommendations outlined in the Report of the Public Accounts Committee on its examination of audited financial statements of the Trinidad and Tobago Bureau of Standards (TTBS) are at the attached Appendix for reference.

The Ministry of Trade and Industry (MTI) has duly noted the comments and recommendations of the Committee and is fully committed to ensuring the adoption of corrective measures by the TTBS.

The MTI is readily available to submit any additional information that may assist the Committee in its deliberations.

Yours sincerely

Paula Gopee-Scoon
Minister

Encl.



RESPONSE OF THE TRINIDAD AND TOBAGO BUREAU OF STANDARDS TO RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE

1. *TTBS should provide a status update on the implementation of the process mapping and job analysis exercise of the Accounting Unit by August 30, 2018*

The process maps for the Accounting Unit have been completed. The job descriptions have been developed and submitted for review by the respective incumbents in the positions. It is to be noted that the TTBS is in the process of recruiting a suitable candidate for the position of Financial Comptroller and this is expected to be completed by November 5, 2018. The Financial Comptroller will be responsible for the review and approval of the current process mapping and job analysis outputs of the Accounting Unit by March 31, 2019.

2. *TTBS should take urgent steps to establish a proper Internal Audit Department to oversee its accounting function by August 30, 2018;*

The position of Internal Auditor was approved by Cabinet Minute No. 1197 of May 13, 2010 and was excluded from the Bargaining Unit by the Registration Recognition and Certification Board (RRCB), letter dated November 02, 2015 refers.

The draft job description for the position has been developed for the consideration and approval of the Board of the TTBS. Following this, the matter would be forwarded to the Ministry of Trade and Industry (MTI) for onward submission to the Chief Personnel Officer (CPO). The position of Internal Auditor will be filled following the approval of terms and condition of employment by the Human Resource Advisory Committee.

3. *TTBS should take urgent steps thereafter to implement an effective Internal Audit function;*

The filling of the position of Internal Auditor is under active consideration by the Board of Directors of TTBS. The Board is in the process of reviewing the costing of the new Management Structure before a submission can be made to the Ministry of Trade and

Industry for forwarding to the Chief Personnel Officer (CPO) for approved terms and conditions. The matter is to be considered by the Board at its October 2018 meeting.

4. The Audit Committee of the Board should immediately increase its monitoring capacity over the internal controls and Internal Audit functions of the TTBS;

The Audit subcommittee of the TTBS shall receive monthly operational performance reports for each Divisions/Units from August 2018.

5. TTBS should immediately develop a new internal audit policy which would clearly outline targets, goals and standards in order to improve the efficiency of the Internal Audit function;

Given that the recruitment of the Internal Auditor will be a medium-term strategy, the short-term strategy by the TTBS is to contract a firm to develop the internal audit policy with targets, goals and standards as well as to fulfil the internal auditing process until the position of the Internal Auditor is filled. The contracting of the firm is expected to be completed by December 31, 2018.

6. TTBS should urgently establish key performance indicators in order to measure the Bureau's Internal Audit Performance.

The contracted firm, in the short-term, will be required to establish key performance indicators (KPIs) for the internal audit function. Further, following the recruitment of the Internal Auditor, these KPIs would be reviewed.

7. TTBS should provide an update on the status of the Bureau's debt collection initiatives and credit policy by August 30, 2018

Debt Collection - The TTBS has collated a list of bad debtors and has communicated verbally in the first instance to its debtors requesting payment. In the second instance, the TTBS has communicated in writing requesting the settlement of outstanding payments. The TTBS is currently in the process of developing communication templates to recover funds and thereafter legal steps will be taken, where applicable.

Credit Policy - In the absence of a Financial Comptroller, the Management has established a Committee to develop a credit policy which will subsequently be submitted to the Board for approval.

8. *The TTBS, MTI and MOH in collaboration with the Ministry of the Attorney General and Legal Affairs should take the requisite steps to determine the best possible option available for assignment of food and drug standards responsibility given international best practice and our local circumstances.*

International Best Practice options available for the development or adoption of Standards, Technical Regulations and Conformity Assessment Procedures are guided by the requirements and implementation guidelines of the World Trade Organization's (WTOs) Agreement on Technical Barriers to Trade (TBT). Responsibilities are also determined based on whether the organization is the national standards body (Central Government body), local government or non-government body. As such, the responsibilities of the under-mentioned bodies are as follows:

Trinidad and Tobago Bureau of Standards

- To declare all national standards for all sectors including food, drug, cosmetics, agricultural products, telecommunications, environment *inter alia*
- To be involved in the development of national standards for all sectors.
- To notify the national standards work programme for all sectors to ISO/WTO every six (6) months.
- To advise on Good Regulatory Practice (GRP) for the development of regulations in all sectors.
- To notify all technical regulations and conformity assessment procedures to be enforced in Trinidad and Tobago allowing for a WTO (60) day comment period.

Ministry of Trade and Industry (MTI)

- To facilitate the amendment of the Standards Act to allow for the increased sectoral coverage and compliance with the WTO/ TBT agreement.

- To facilitate inter ministry and agency cooperation for addressing food related and other trade concerns.

Ministry of Health

- Allow for TTBS collaboration in the development, adoption and declaration of all related standards, regulations and conformity assessment procedures
- Include legislation for the adoption of **regional** standards related to food, drugs and cosmetics

Ministry of the Attorney General and Legal Affairs

- To draft amendments/revisions to the Standards Act governing TTBS activities taking into account the responsibilities that are required to be carried out and requirements for compliance with the TO/TBT agreement
- To signal at an early stage all national technical regulations proposed (gazetted before adoption)
- To advise on and facilitate amendments to Acts governing other sectors' regulators who develop or adopt standards, technical regulations or conformity assessment procedures to allow for TTBS' required collaborations and interventions.

The TTBS has initiated discussions internally to derive a position with regards to the capability and capacity of the TTBS to service the needs of Trinidad and Tobago prior to start of discussions with the MTI and Ministry of Health (MOH). In this regard, the TTBS will be submitting the position paper to the Ministry of Trade and Industry by November 30, 2018.

9. In the absence of mandatory standards for medical laboratories, the TTBS when certifying medical laboratories should create a rating system to classify medical laboratories according to quality so that laboratories that are not accredited by the TTBS will be enticed to acquire a rating in an effort to gain clients because the operations weren't rated by the TTBS;

TTBS is of the view that a rating system is not suitable for the management of medical laboratories. The requirement for accreditation should be mandatory as this demonstrates

the basic benchmarking of a medical laboratory by international norms, including WHO and insurance companies. However, other mechanisms to facilitate this process should be considered such as licensing or procurement restrictions. Therefore, the recommendation could consider the following:

“A mandatory licensing system with accreditation to ISO 15189 as one of the basic criteria for licensing. Given the current situation, it is also recommended that the licensing programme have a phased process for about three (3) years where laboratories can build to meet the requirements of licensing including achieving accreditation to ISO 15189. Other criteria can be considered such as being registered as a company with the Ministry of the Attorney General and Legal Affairs, having liability insurance to cover the potential for malpractice, and all technologists and advisory consultants being registered with the relevant associations.”

In addition, the Government of Trinidad and Tobago could consider establishing a regulation under the Ministry of Health (MOH) to mandate all medical laboratories to be licensed in Trinidad and Tobago under the MOH with the accreditation of the medical laboratories being a requirement in the process. This service will be offered by TTLABS and eventually the new independent accreditation body.

10. MOH in collaboration with the TTBS should take the requisite steps to accredit all medical, chemical and testing laboratories in Trinidad and Tobago and submit a report on the initiatives taken by August 30, 2018

“The Ministry of Health is only responsible for medical laboratories. The testing and calibration laboratories can be managed through other regulators depending on their use of the laboratories. TTLABS, a division of the TTBS, has been engaged in the following activities since 2011 to improve the results produced by laboratories in Trinidad and Tobago. In this regard, the following is to be noted:

1. TTLABS has been facilitating the medical proficiency testing programme on behalf of the Ministry of Health, which has seen the growth in the number of participating laboratories from 6 public and 6 private medical laboratories in 2011 to 12 public and 22 private medical laboratories in fiscal year 2017/2018.

2. TTLABS has been working with the Ministry of Health for the establishment of the requirement for the licensing of medical laboratories to ensure that reliable medical results can be obtained for diagnosis and the management of public health issues.
3. There have been discussions with the Ministry of Energy and Energy Affairs since 2011 to encourage the establishment of a policy for the laboratories that provide results to the Ministry for the approval of chemicals to be used in the industry, be accredited. This could be done in a phased or project process.
4. TTLABS submitted a project for donor funding to the MTI for the accreditation of two laboratories in Trinidad and Tobago in support of trade. This project is currently being considered for funding.

11. TTBS should actively pursue other ventures to expand its revenue streams to become self-sufficient;

The TTBS has several ventures being championed by its respective Revenue Generation Divisions to expand its revenue streams.

- Certification of repainted roofing sheets;
- Certification of concrete blocks;
- Registration of Metrology Practitioners;
- Revision and re-launch of the Standards Information Centre Membership Programme; and
- Marketing of testing services within the CARICOM region.

TTBS is developing a position paper on its financial sustainability to be submitted to the Ministry of Trade and Industry by January 31, 2019.

12. TTBS should submit a status report to the Parliament on the initiatives being taken to ensure that total revenues sufficiently cover its operating expenditure;

Proposals to increase revenues by expanding TTBS activities are under active consideration by the Board of Directors. As such, a report will be submitted to the MTI for onward transmission to the Parliament by January 31, 2019.

13. TTBS and the Ministry of Trade and Industry should engage in discussion with the Ministry of the Attorney General and Legal Affairs with respect to the proposed amendment of the Standards Act to grant the TTBS greater jurisdictional responsibility over its own business.

The granting of greater jurisdiction for TTBS is related to its responsibilities and mandates.

The Trinidad and Tobago Bureau of Standards (TTBS) in addition to the mandates stated in the Standards Act 18 of 1997 is charged with the responsibility for the implementation and administration of the World Trade Organization's (WTOs) agreement on Technical Barriers to Trade (TBT) which includes the operation of the related WTO national Enquiry Point. This mandate is governed by Cabinet Minute No. 553 effected 30th January 1996. The TBT agreement sets out several responsibilities for the National Standards body and the implementing agency both of which are under the remit of TTBS. These responsibilities include:

- declaring all national standards for all sectors including for food, drug, cosmetics, agricultural and industrial products, chemicals, telecommunications, environment;
- notifying the national standards work programme every six (6) months all proposed standards to be developed in Trinidad and Tobago to ISO/WTO;
- collaborating on the development of all standards ensuring compliance to the Code of Good Practice;
- advising on the development of Technical Regulations and enforced in all sectors in Trinidad and Tobago following Good Regulatory Practice (GRP);

- giving early notice of intent to trading partners and the national community of proposed technical regulations and conformity assessment procedures;
- notifying all draft technical regulations and conformity assessment procedures enforced or proposed in Trinidad and Tobago to the WTO.

The Standards Act in its present form does not comply with the TBT agreement and it does not allow for the governance of TBT activities under the purview of other agencies/ministries or regulators which is a part of its responsibility. In addition, the trade policy measures related to TBT are very dynamic and require greater autonomy of TTBS in order to stay relevant and to honour its commitments especially as it relates to trade facilitation and commitments in Trade Agreements of which Trinidad and Tobago is a signatory. The revision of Standards Acts by several other CARICOM members is also an activity being coordinated by CROSQ.

A policy document or Regulatory Impact Assessment (RIA) is required by the Ministry of the Attorney General and Legal Affairs with respect to any proposed amendments in order to inform the drafting process, to state the intent, to identify the effect on other legislation/agencies/ministries and to state plans for the effective implementation of the end document. As such, TTBS has conducted internal consultations with the various disciplines under its purview and drafted a policy document which was submitted to the Board of Directors in April 2018 for approval before forwarding to the Ministry of Trade and Industry (MTI). On the receipt of comments and subsequent approval from MTI on the need to revise the Act, TTBS will then draft a proposal for the accompanying Regulations to the Act. MTI will be responsible for forwarding all relevant documents to the Ministry of the Attorney General and Legal Affairs with respect to any proposed amendments.

It must be noted that amendments of the Standards Act to allow for greater autonomy may not be effective unless the governing Acts of other sectors and regulators developing or adopting standards, technical regulations or conformity assessment procedures allows for collaborations on these measures. The additional capability and capacity needed by TTBS to service the needs of Trinidad and Tobago in relation to its mandates and responsibilities still has to be determined, developed and increased.