Government of the Republic of Trinidad and Tobago

MINISTRY OF FINANCE

OFFICE OF THE PERMANENT SECRETARY

January 17, 2019

Parliament
Public Administration and
Appropriation Committee
Levels G-, Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Ms. Jacob,

Request for Written Submission

Reference is made to the Interim Report of the Committee on Public Administration and Appropriations, Third Session of the 11th Parliament dated November 20, 2018 on the processing of payment of pensions and gratuity to retired public officers and contracted employees.

2. Following is the Ministry's response to the recommendations made by the Committee as it pertains to the matters above.

Recommendations:

- **The Ministry of Finance shall create a comprehensive strategy which must include short-term, medium-term and long-term measures to address all issues relating to the timely payment of pension and gratuity to Public Officers and Contracted Employees.**

Response:

The Treasury Division has crafted a strategy to address the issues relating to the timely payment of pension and gratuity to retired public officers and contracted employees which is broken down into short, medium and long term measures.

(868) 612-9700
ext. 1813/1814
(868) 627-6108
dhanpaulv@gov.tt
www.finance.gov.tt
Level 8, Finance Building, Eric Williams Financial Complex, Independence Square,
Port of Spain, Trinidad and Tobago, W.I.

(a) Some of the short and medium term measures which have been implemented or are in progress are:

i. The re-engineering of some of our processes to make processing more efficient and timely;
ii. A comprehensive Circular regarding the timely submission of accurate records of service and Pension and Leave Records was issued to Ministries and Departments with given timelines to be complied with. If the instructions given in this Circular are complied with, problems can be identified and resolved early well before the retirement date of an officer;
iii. A template to capture and monitor the P&L status of officers was circulated to Ministries and Departments. This form is to be completed by the HR Unit and submitted to Permanent Secretaries for reporting purposes. In this way they can enforce the timely preparation and submission of these Records to the Treasury Division;
iv. Meetings were held with Permanent Secretaries and the HR Officers at the respective Forums to promote accountability and responsibility in respect of the preparation and submission of Pension and Leave Records and other relevant documents;
v. Retired Treasury Offices were hired on short term to assist with the backlog, deal with the more complex files and to serve as resource personnel in the training of the Pensions staff;
vi. In conjunction with the Chief Personnel Officer, Treasury Officers have been serving as resource personnel at training conducted by the Ministry of Public Administration for Ministries and Departments on the preparation of Pension and Leave Records;
vii. Established Liaison Officers from Ministries and Departments to work in conjunction with the Treasury to fast track issues that may arise while processing an officer's retirement benefit;
viii. The decentralization of the payment of contract gratuities. The necessary steps are being undertaken with a view to implementation in 2020, and
ix. The implementation of an interim pension payment of $3,500 to qualifying retirees who would have retired compulsorily from the Public Service and whose documents are incomplete or inaccurate resulting in the delayed payment of their benefits. This measure will take effect at the end of January 2019.

(b) Long term measures:

i. The full automation of the process to pay an officer's retirement benefits. However, the intended benefit of full automation from input of data to the generation of a cheque is largely dependent on the HR aspect. That is, the input of relevant, timely and accurate information of an officer's service by the HR Units. These records are instrumental in the calculation of the retirement benefits.

   In this regard the Ministry of Public Administration has embarked on a project to streamline the Human Resource processes aimed at increasing the efficiency of the pensions payment process.

ii. Most Caribbean countries have moved away from the fully funded defined benefit scheme which our current system is based on. A defined benefit scheme is a plan in which pensions and gratuities are calculated using a set formula. Under this scheme the Pension and Leave Record is the key document used as the basis for the calculation of retirement benefits.

   The completeness and accuracy of this Record is dependent on many factors for example Realignment of Ministries, periods of acting, extended sick leave, no pay leave, unclassified leave, leave of absence without pay, incremental dates, changing of streams, misinterpretation of CPO Circulars etc. Any information pertaining to an officer's record of service must be accurately captured in order to correctly pay an officer his pension and gratuity.

   It is therefore recommended that we move towards contributory pension schemes which is what most Caribbean countries have adopted, whereby pension and gratuity is calculated based on the contributions made to the scheme. With this scheme the Pension and Leave Record with its related components will be not relevant. However, the decision to move towards contributory pension schemes is an executive decision and would require changes to the current legislation, and

iii. Review the organizational structure of the Pensions Management Branch to determine optimal staffing. The Treasury Division has submitted a draft Cabinet Note to the Public Management Consulting Division (PMCD) for an increase in the staffing of the Pensions Management Branch. PMCD is currently finalizing their amendments to the Note.

- **The Ministry of Finance shall devise a mechanism within the existing legislative framework to hold Accounting Officers liable for contravening Section 33 (1) and (2) of the Civil Service Regulations. This Ministerial Response must also include the Ministry's proposed sanctions for the aforementioned Accounting Officers.**

Response:

(a) Section 121 of the Constitution of the Republic of Trinidad and Tobago empowers the Public Service Commission to exercise disciplinary control over public officers holding the position of Permanent Secretary or Head of a Department of Government. It is therefore the responsibility of the Commission to hold Accounting Officers liable or impose sanctions on Accounting Officers related to a contravention of Regulation 33(1) and (2) of the Civil Service Regulations.

i. There currently exists mechanisms within the existing legislative framework to hold public officers, including Accounting Officers, responsible for contravening the Civil Service Regulations. Pursuant to Regulation 149 of the Civil Service Regulations, an officer who without reasonable excuse does an act which contravenes any of the Regulations commits an act of misconduct. Where an act of misconduct is alleged disciplinary action in accordance with the disciplinary procedures set out in Chapter VIII of the Public Service Commission Regulations may be initiated.

ii. In order to initiate disciplinary proceeding in circumstances related to a breach of Regulation 33 of the Civil Service Regulations, an allegation would have to be reported to the Public Service Commission. Since the Permanent Secretary is the most senior officer in his Ministry, the Head of the Public Service should be the person responsible for reporting the matter to the Commission. Once the Commission becomes aware of the allegation of indiscipline or misconduct of an officer being a Permanent Secretary or Head of Department, pursuant to Regulation 84B of the Public Service Regulations, the Commission will appoint an officer to investigate such allegation.

iii. The officer appointed by the Commission will conduct the investigation in accordance with Regulation 90 and submit a report to the Commission detailing his or her findings. Once in receipt of the report, the Commission must decide whether the officer should be charged with an offence. If the officer is charged and does not admit the charge, a Disciplinary Tribunal hearing would be held to hear and find the facts. At such a hearing the officer charged will have the opportunity to call witnesses on his behalf and present evidence before the Tribunal. Since the allegation would have arisen from Pensions Branch, the Ministry of Finance would be required to prosecute the officer and will also be expected to call witnesses and present evidence before the Tribunal. Once the hearing is completed, the Tribunal will prepare and submit a report to the Commission on its findings.

The Commission will then determine whether the charge is proven or not. If the charge is not proven, the officer will be exonerated. If it is proven, the Commission must inform the officer of the guilty verdict and which of the penalties listed in Regulation 110 of the Public Service Commission Regulations it intends to impose. The officer may then appeal to the Public Service Appeal Board.

iv. It should be noted that, based on the disciplinary process, a detailed report by the Pensions Branch would have to be prepared for each person or Pension and Leave Record that was not submitted complete, accurate and on time. This approach will result in a significant diversion of resources of Pensions Branch officers in preparing detailed reports to support allegations of misconduct and will also result in personal action being taken against Accounting Officers for what amounts to an administrative issue. Additionally, this approach will negatively impact on the processing of files as essential time will be spent providing information for numerous reports instead of processing retirees' files. This can adversely affect the retiree instead of speeding up the time taken to get their pensions and gratuities.

v. It is recommended that the Pensions Branch be allowed to follow up on the short to medium term strategies indicated above and continue meeting directly and regularly with Permanent Secretaries and Human Resource officers on outstanding matters which prevent files from being processed. This strategy is intended to deal with the source of the administrative issues that has led to the proliferation of the problem.

vi. Additionally it should be noted that many of the outstanding matters have either been inherited by Permanent Secretaries or are ingrained in the Ministry which gives them less control over the results since they had no direct involvement. For example, persons whose records have been misplaced between Ministries as officers' files are moved during the frequent realignment exercises, persons whose leave has not been classified correctly, frequent movement of staff in the Pension and Leave sections and staff shortages to prepare these Records.

3. Submitted please.

Yours respectfully,

Vishnu Dhanpaul
Permanent Secretary

6