



MINISTRY OF TOURISM

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March 22, 2019

Ms. Jacqui Sampson-Meiguel
Clerk of the House
Parliament, Republic of Trinidad and Tobago
Levels G-9, Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road
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Dear Clerk of the House

The Fifteenth Report of the Public Administration and Appropriations Committee on the Examination into the expenditure and internal controls of the Ministry of Tourism

I refer to your letter dated January 22, 2019 and e-mails dated March 19, 20 and 22, 2019 on the above subject and to forward the response to the Fifteenth Report of the Public Administration and Appropriations Committee on the Examination into the expenditure and internal controls of the Ministry of Tourism.

The soft copy of the response has been sent to coth@ttparliament.org as requested.

Sincerely,

Permanent Secretary

MINISTRY OF TOURISM

RESPONSES TO PAAC INQUIRY ON THE EXAMINATION OF THE EXPENDITURE AND INTERNAL CONTROLS OF THE MINISTRY OF TOURISM

2. ISSUES, OBSERVATIONS AND RECOMMENDATIONS

ISSUES

Accountability and Transparency

1. Internal audit

i. Reports

The Committee questioned the Ministry on the submission of quarterly internal audit reports to the Accounting Officer. The Ministry informed the Committee that the last quarterly report was completed in January 2018 for the period ending December 31, 2017. The second quarterly report for the period January to March was outstanding as of June 2018. The Report was in the process of being completed.

The Ministry indicated that the findings of the last internal audit conducted in January 2018, revealed that some procedures were not in compliance with the Financial Instructions 1965 and Travelling Allowances act. However, the Committee was informed that corrective action was taken as a result of the findings.

Recommendations:

- *The Permanent Secretary should adopt more proactive strategies to ensure that the relevant personnel are held accountable for the untimely submission of reports.*
- *The Ministry of Tourism should submit a report on the corrective action(s) taken as a result of the findings of all internal audit reports in 2018 by March 31, 2019.*
- *The Permanent Secretary should include a deadline for the submission of quarterly internal audit reports in the performance standards of the Internal Auditor.*

Response:

Internal Audit Reports are submitted to the Permanent Secretary on a quarterly basis. Any critical ad-hoc issues are brought to the attention of the PS. The late submission of the Report in question was due to a deadline set by the Ministry of Finance for the completion of Pension and Leave records for staff of the Ministry, which required auditing at the time. At the time of the request, the staff complement was insufficient to meet the demands of the Unit. The late submission of the Report was an isolated incident.

ii. Staffing

When questioned about staffing issued within the Internal Audit Unit, the Ministry informed the Committee that there was a Restructuring Note before the Public Management Consulting Division (PMCD). This note was for the restructuring of all positions in the Ministry. The Committee was informed that the Ministry was engaged in constant follow-up with PMCD. The last follow-up was conducted on Friday June 11, 2018.

In relation of the Internal Audit Unit, the Committee learnt an Auditing Assistant was requested to complete that Unit's complement. At the time of the hearing the Ministry was conducting a Pension and Leave exercise to which the staff of the Unit was re-assigned. Officials further explained that if an additional position were created the Unit will have sufficient resources to function adequately.

Recommendations:

- *The Permanent Secretary should utilize an interim mechanism to hire an Auditing Assistant. A status report on the staffing of the Internal Audit Unit should be submitted to Parliament by March 31, 2019.*
- *The PMCD should review and prioritize the approval of the Restructuring Note submitted by the Ministry of Tourism. A status of the Restructuring Note should be submitted to Parliament by March 31, 2019.*

Response:

The Internal Audit Department as currently configured has its full complement of staff. It is being recommended that one (1) additional position of Auditing Assistant be included in the new organisational structure.

The draft Note for the new organizational structure of the Ministry was submitted to Public Management Consulting Division (PMCD). Following the submission, meetings were held between the Ministry and the PMCD. It was agreed that extensive revision and additional supporting information were required to complete the Note. The Ministry of Tourism is continuing to work with the PMCD to finalise the Note for Cabinet. The last meeting with PMCD was held on February 14, 2019. Following this meeting, dedicated resources were assigned by the Ministry to advance the process.

iii. Official Overseas Travel

The Ministry attended nine (9) overseas trips for fiscal 2017-2018 ranging in cost from \$17,477.00 to \$207,950.00. See Appendix I for further details. The Committee questioned the benefits of attending overseas seminars and conferences and the mechanism for measuring the benefits. Official stated that officers who attended seminars and conferences were required to produce reports, identifying inter alia the objective and the benefits of attendance. These reports were used to assess the benefits and effectiveness of attendance. The Committee sought information on the selection process for the identification of conferences and seminars for attendance. Officials stated that events were selected based on the following criteria:

- Trinidad and Tobago's membership in international and regional Tourism Bodies, for which the destination is required to be represented at Ministerial and other technical meetings annually; and
- Implementation of identified tourism strategies and technologies towards improving arrivals to the destination.

Recommendations:

- *The Ministry of Tourism should develop a mechanism to ensure that the conferences and seminars selected for attendance will result in measurable gains for Trinidad and Tobago tourism industry. This mechanism should be implemented by March 31, 2019 and a report submitted to Parliament.*
- *The Ministry of Tourism should conduct a cost benefit analysis for all overseas travel planned for 2019 and submit a report to Parliament by March 31, 2019.*

Response:

The mandate of the Ministry of Tourism is to formulate tourism policy and strategy, as well as, to guide, regulate, oversee and foster the sustainable development and promotion of the tourism sector. In addition, Tourism Trinidad Ltd. (TTL) is mandated to promote and market destination Trinidad. For the destination to remain competitive and to increase visitor arrivals and spend, both the Ministry and TTL must collaborate to meet identified targets.

Benefits of participation at these conferences include:

- Networking with key industry partners regionally and internationally for an increase in airlift and cruise calls
- Strengthening strategic partnerships for promotion and marketing of the destination
- Maintenance of a destination presence at international events
- Market and promote destination Trinidad and Tobago to specified target markets
- Linkages with other sectors of the economy
- Increases in key tourism indicators such as tourist arrivals, visitor spend, occupancy, tourism investment and employment
- Growth of identified niches within the tourism sector
- Increase in the contribution of tourism to GDP

The Ministry attempts to keep costs down by optimising the number of attendees at key conferences, which are in keeping with the Ministry's function and strategic objectives. In addition, participation is based on:

- Trinidad and Tobago's membership in international and regional Tourism Organizations, for which the destination is required to be represented at Ministerial and other technical meetings annually
- Implementation of identified tourism strategies and technologies towards improving arrivals to the destination

iv. Auditor General's Report (AGR) 2017

The Auditor General's Report (AGR) 2017, reported that the Ministry had very little or no integration in the use of IT to facilitate efficient service delivery. The AGR stated that the Ministry was utilising different Applications to perform similar functions for Accounting, Library and Inventory when compared to the wider public service. The Auditor General's analysis revealed that the lack of integration of an IT system is likely to result in:

- Sub-optimal use of data, software and hardware, maintenance and support;
- Inappropriate use of finances – wastage of money when resources are available at another Department;
- Loss of the benefits of economies of scale;
- Non-standardization of policies for IT control at Ministries and Departments
- Risk of human error when data is inputted manually to another system;
- Difficult and time-consuming comparisons, correlations or analysis of data, as data may be scattered across various systems, and
- Duplication of processes as well as overlapping databases.

In a written response to the Committee, the Ministry indicated that it was utilising the Government's Payroll System and Integrated Human Resource Information System (IHRIS) for the inputting of salary information and the printing of cheques respectively. This service was provided by the Ministry of Finance at no cost. With regard to Inventory, the Ministry utilised the Asset Management Software. This response appeared to contradict the AGR.

Recommendation:

- *The Ministry of Tourism should clarify statements made in the Auditor General's Report 2017 and indicate when the Ministry started utilizing the technologies outlined. An update should be provided by March 31, 2019.*

Response:

The Asset Management Software was first utilised by the Ministry of Tourism at the National Academy Performing Arts (NAPA) in July 2013, while the Hotel fell under the portfolio of the Ministry. The Ministry's Head Office began utilising the System in 2016.

The Ministry utilizes different forms of Information Communication Technology (ICT) to drive the Ministry's mandate and objectives. The Systems utilised are **Microsoft Office** (2004 to present) which was acquired from IGovTT, the Government's central ICT agency, **IHRIS** which is utilised for salaries, the application for which is provided by the Ministry of Finance and **Alexandria** (2012 to present) which is a browser based cross-platform library automation software used by the Ministry's Library that was provided by NALIS.

The Ministry's Corporate Website (2009 to present) and **Social Media** sites are information centric web tools and **SharePoint** (2010 to present) is used by the Ministry as an intranet and hosts the Ministry's Document Management System.

Marketing the destination

1. "Go Trinbago Destination" App

The Committee sought details on the status and function of the "*Go Trinbago Destination*" App. The Ministry informed the Committee that the App was owned by both Trinidad and Tobago and included a feature for information on both islands. The "*Go Trinbago App*" was developed by the Tourism Development Company Limited (TDC) before it was dissolved in fiscal 2016. The TDC at the time incurred all costs for the App. The "*Go Trinbago*" App can be utilised by tourists (foreign or local) who visit Trinidad and Tobago to provide information on myriad services and resources while visiting the islands. Information for example on hotels, tours and tour operators, transport operators, directions to sites and attractions and restaurants in Trinidad and Tobago is available. The App, once downloaded, can operate without Wi-Fi. The Ministry further explained that upon arrival at the airports in Trinidad or Tobago tourists received an alert directing them to download the App.

The "*Go Trinbago App*" was launched by the Ministry in February 2017. When questioned about the number of downloads, the Ministry stated that as at June 1, 2018, the total number of downloads were 10,769 spread across tourists from 123 countries.

Observation:

- *The Committee notes the use of the "Go Trinbago Destination" App by the Ministry of Tourism to advertise the product offerings of Trinidad and Tobago.*

Response:

The *Go Trinbago App* will continue to be utilised to market and promote the destination and will be managed by the Tourism Trinidad Limited (TTL).

Tourism Arrivals

The Committee learnt that the Ministry expected to increase:

- Air arrivals to 500,000 by 2020
- Cruise ship arrivals by 100,000 by 2020; and
- Visitor revenues by 25%

During the public hearing, the Committee requested information on the number of arrivals for fiscal 2016 and 2017. Officials from the Ministry informed the Committee of the following:

Year	Air Arrivals
2016	408,782
2017/2018	394,650

The 2017 figure represented a 3.46% decline in air arrivals

Fiscal	Cruise Ship Arrivals
2016/2017	48,878
2017/2018	126,392

With regard to cruise arrivals, in fiscal 2017-2018, the country received 126,392 passengers which represented an increase in arrivals by 158%. Officials explained that the increase was due to additional cruise calls because of hurricanes in neighbouring countries. The Ministry received an additional 24 cruise calls in the 2017-2018 cruise season.

Observation:

- *The Committee notes that air arrivals fell in 2017 by approximately 4% and although Cruise ship arrivals increased by almost 300% this may not be a sustainable gain.*

Recommendations:

- *The Ministry of Tourism should implement effective marketing tools to increase and sustain the levels of arrivals for both air and cruise ship. Taking into account value for money considerations the Ministry should submit a report on the tools to be implemented by March 31, 2019.*
- *The Ministry of Tourism must identify the strategies it has employed/intends to employ to realise its target of 500,000 air arrival and 100,000 cruise ship arrivals by 2020.*

Response:

Tourism Trinidad Limited (TTL) has been instructed to develop a short-term/interim Integrated Marketing Plan in an effort to market and promote Trinidad's Tourism sector. It is expected that the Plan will include, but not limited, to the following tactical initiatives:

- Brand Identity for destination Trinidad;
- International and Regional Marketing Campaigns promoting destination Trinidad;
- Destination website development and launch;

1. Tourism Trinidad Destination Management Company Limited

Officials from the Ministry of Tourism updated the Committee on the status of the Tourism Trinidad Destination Management Company Limited. At the time of the hearing, the Company was not in operation, however, the Board was appointed. The Board is required to report to the Minister or the Permanent Secretary of the Ministry of Tourism. Officials indicated that Cabinet agreed to the appointment of interim management for the Company for a six month period to allow the Board to execute and complete a recruitment exercise and to operationalise the Company.

Subsequent information received from the Ministry indicated that the Strategic Plan was not yet drafted as it would be the responsibility of the Executive of the Company to do so. The Ministry stated that the Board of Directors of the Company had commenced the executive recruitment process for top management positions. The Ministry indicated that advertisements were placed in the daily newspapers to fill these positions.

Observation:

- *The Committee notes the progress Ministry made in the operationalisation of the Company.*

Recommendations:

The Ministry of Tourism should make recruitment of the required employees a priority and submit a report to the Parliament on the progress made by March 31, 2019.

- *The Strategic Plan of the Company should be drafted by March 31, 2019 and a copy submitted to Parliament by April 30, 2019.*

Response:

With regard to the recruitment process, the Chief Executive Officer and top level management have been recruited as follows:

Chief Financial Officer; Manager Legal and Corporate Secretary; Manager, Research, Strategy and Marketing; Manager, Corporate Communications and Stakeholder Relations; Manager, Destination Development. The second phase of recruitment is underway and will include the following:

Research, Strategy & Marketing

- Digital Marketing Specialist
- International Promotions Specialist
- Senior Research Officer

Destination Development

- Tourism Development Officer
- Transport Coordinator-Air
- Visitor Experience Officer

Corporate Communications & Stakeholder Relations

- Stakeholder Relations Officer

Corporate Services

- Senior Procurement Officer

Candidates are being short-listed for the second tranche of advertised positions and interviews are to be scheduled.

In relation to the Strategic Plan, the Ministry has noted the recommendations of the Committee and has accordingly advised the Tourism Trinidad Limited. TTL has indicated that they have invited Proposals for the development of its Strategic Plan and implementation roadmap for the period 2019-2022. This was done over the period January 28, 2019 to February 25, 2019. The 3-Year Strategic Plan will be submitted to Parliament on completion.

CONCLUSION

During the Third Session of the Eleventh Parliament, the PAAC conducted an examination in to the Ministry of Tourism with particular reference to the Accountability and Transparency, Recurrent Expenditure, Development Programme Consolidate Fund, Infrastructure Development Fund, and recommendations from the PACC's Third Report on Inventory Control, Fourth Report on Internal audit, and Monthly Expenditure Report for the period October – December 2017. During the course of the examination which consisted of written submissions and a Public Hearing, the Committee followed up on a number of issues from the responses received from the Ministry. Issues arising from the submission of quarterly reports, overseas travel, the Auditor General Report 2017 and the operationalisation of the Tourism Trinidad Destination Management Company Limited were discussed.

The Committee is of the view that the adoption of its proposed recommendations will be to greater accountability, transparency and value for money in the product offered by the Ministry of Tourism and entities under its purview. The Committee intends to monitor the progress made in the implementation of the recommendations proposed in this Report.