



Government of the Republic of Trinidad and Tobago

MINISTRY OF FINANCE

OFFICE OF THE PERMANENT SECRETARY

Parl.: 14/3/69 Vol.III

June 11, 2019

Clerk of the House
Parliament
Joint Select Committee on
Social Services and Public Administration
Levels G-, Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Mrs. Sampson-Meiguel,

Request for Written Submission

Reference is made to your letter Parl.: 14/3/69 Vol. III dated April 30, 2019 re: Ninth Report of the Joint Select Committee on Social Services and Public Administration on an inquiry into the state of contract employment in the public service.

2. Following are the responses to the recommendations made by the Committee as outlined hereunder:

Recommendations:

- C. That the MPAC ensure that the Human Resources Unit within all Ministries and Departments are in receipt of guidelines for the preparation of documents for the processing of gratuity papers;**

Response

The guidelines for the processing of contract gratuities are outlined in Chief Personnel Officer Circular Memorandum PD (bm): 12/2/1 Vol. IV dated May 18, 2006.

Further, the Ministry of Finance (MOF) has issued Minister of Finance Circular No. 6 of 2017 which contains a check list of documents to be submitted for the processing of contract gratuities.

- D. That the MOF give consideration to facilitating the interim or partial payment of gratuity to contract employees in the following scenarios :**

- i. When the delay in issuing such payment is as a result of delays at the Personnel Department in the determining the terms and conditions of a job position;
- ii. Where an administrative query was initiated on the part of the Auditor General. Such payment can be pegged to the last salary received by the employee immediately before the expiration of his contract.

Response

The Pensions Management Branch is currently proceeding with the decentralisation of the payment of contract gratuities to the respective Ministries/Departments. This new initiative will be implemented partially in Financial Year (FY) 2019. The Treasury Division will continue to check gratuities during the transition period and return files to the Ministries/Departments to make payments with effect from October 2019.

In this regard a Minister of Finance Circular was issued (copy attached) setting out the procedures to be followed. A training on these procedures was held in May 2019 with Ministries/Departments. It is anticipated that the process will be fully decentralised in FY 2020. This process is expected to result in greater efficiencies in the process and more timely payment of gratuities to contract employees.

F. In the Ministerial Response of the MPA, the Ministry should advise the parliament as follows:

- i. Given that IHRIS has been in existence since 2000, on how many occasions was the IHRIS programme or software updated since its commencement and what were the extent/ features of each update?

Response

An upgrade of the software and replacement of the hardware environments (Production, Disaster Recovery and Development/Test/Training) was done in FY 2018. The application software was upgraded to Version 9.2 from Version 8.8 and the database software from Version 9i to 12g. This upgrade took nine (9) months to complete. This was a stabilization project since the hardware reached end-life in 2013. It was therefore a technical upgrade and no new functionality was implemented at that time.

3. Submitted for your consideration please.

Yours respectfully,



Vishnu Dhanpaul
Permanent Secretary
Ministry of Finance

P: 4/1/236

MINISTER OF FINANCE CIRCULAR NO. 4 DATED APRIL 30, 2019

TO:

All Permanent Secretaries, Heads of Departments, Chief Administrator, Tobago House of Assembly and Heads of Statutory Authorities subject to the Statutory Authorities Act, Chapter 24:01

SUBJECT:

Decentralisation of the Payment of Contract Gratuities

Your attention is drawn to the Guidelines for Contract Employment in Government Ministries, Departments and Statutory Authorities subject to the Statutory Authorities Act, Chapter 24:01 issued by the Personnel Department *vide* Circular Memorandum PD (bm) 12/2/1 Vol. IV dated May 18, 2006, wherein you were required to forward to the Comptroller of Accounts, in the approved format, such particulars as would facilitate the prompt payment of gratuity, which may accrue to the person engaged.

2. In this regard, over the past years the number of contract employees hired throughout the Public Service has increased significantly, which has impacted on the timely payment of contract gratuities. On review of the processes it was found that since the Ministries, Departments and Agencies (MDAs) compute the benefits payable to these employees, the requirement to forward documents for the processing of contract gratuities to the Comptroller of Accounts, was administrative and added to the bureaucracy in the processing of these payments.

3. In light of the above, a decision was taken to decentralise the payment of contract gratuities to Ministries, Departments and Agencies in order to improve efficiency of payment. This new measure will take effect from **October 01, 2019**.

4. The purpose of this Circular is to outline the new procedures for the payment of contract gratuities by Ministries and Departments.

New Procedures

5. The implementation of this measure will now require Ministries and Departments to process and print their gratuity cheques with effect October 01, 2019 after computing the benefits payable.

6. The Pensions Management Branch will continue to process and pay contract gratuities for documents received up to **June 30, 2019**. All contract gratuity documents finalised after June 30, 2019 must be processed and paid by the Ministries and Departments with effect from October 01, 2019 and continuing.

/2. 7. In order...

Transition Arrangements

7. In order to ensure a smooth transition to the new decentralised system, Ministries and Departments will be required to continue their submission of contract document packages to the Pensions Management Branch for checking from **July 2019 to September 2020**. The computations will be certified correct by the Pensions Branch, after which the documents will be returned to the Human Resources Units for further processing and final payment by the Accounting Units of the Ministries/Departments. Therefore, all contract gratuity documents sent to the Pensions Branch after June 30, 2019 must be in accordance with the new procedures outlined in *Appendix I*.

8. During the transition period up to September 2020, **under no conditions are contract gratuities to be paid without being certified correct by the Treasury Division**. Further, Ministries and Departments must liaise with the Treasury Division to ensure that payments are not duplicated for all contracted periods which came to an end prior to June 30, 2019.

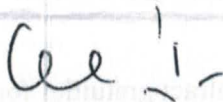
9. You are reminded that submission of documents must be in accordance with the checklist as outlined in Minister of Finance Circular No. 06 dated December 18, 2017. See *Appendix II*.

Request for Funding

10. The Treasury Division has requested the Budgets Division to establish a new Sub-item under the Heads of Expenditure of Ministries and Departments to facilitate the payment of contract gratuities. You are required to include in your Estimates of Expenditure for financial year 2020 in the usual manner as prescribed by the Minister of Finance Call Circular, the estimated amount to meet expenditure with respect to the payment of contract gratuities by your Ministry/Department. Further, you should include outstanding contract gratuities relating to previous years that are expected to be finalised in financial year 2020.

11. You are advised that the Auditor General's Department will no longer be required to precheck contract gratuities before payment. Instead, the audit of these payments will form part of their annual work programme.

12. Permanent Secretaries and Heads of Departments must make all necessary arrangements to implement the new procedures for the payment of contract gratuities. You are asked to ensure that the contents of this Circular are brought to the attention of all relevant personnel in your Ministry, Department and Statutory Authority.



Colm Imbert
Minister of Finance

Procedures for the Payment of Contract Gratuities

Human Resources Unit at Ministries/Departments/Agencies

- i. Liaise with the Treasury for assignment of a file reference.

(Note: During the transition period July 01, 2019 to September 30, 2020 the Pensions Management Branch will continue to assign file numbers to enable tracking on their File Registry System. All files coming to the Treasury must have a Treasury assigned file number);

- ii. Prepare and check the Computation Statement. Officers preparing and checking must sign as 'Prepared By'/'Checked By' respectively.

(Note: the Computation Statement must state the Contract period and contain a Diligence and Fidelity Clause which must include the officer's name and post);

- iii. Compile all the relevant documents as per check list at **Appendix II**;

- iv. Prepare requests for Statements of Indebtedness (SOIs) as follows:

- Chairman, Board of Inland Revenue (for any taxes outstanding and tax on contract gratuity)
- Loans Management Section, Treasury Division

Despatch by hand to the relevant Departments simultaneously. Copies remain on file. (See Template attached at **Appendix III**);

- v. Prepare statement of indebtedness for the Ministry/Department;

- vi. Submit the complete package of documents to Internal Audit;

Internal Audit

- vii. Audit submission from the Human Resources Unit to ensure Computation Statement is in compliance with the relevant Circulars and all supporting documents as per check list at **Appendix II**;

- viii. Stamp and sign Computation Statement and overpayment calculation (where applicable) as being audited;

- ix. Submit file to Permanent Secretary/Head of Department;

Permanent Secretary/ Head of Department

- x. Verify and sign off on documents **only after** the auditing process has been completed;
- xi. Return file to the HR Unit;

Human Resources Unit

- xii. Forward completed file to the Pensions Management Branch for review;

Pensions Management Branch

- xiii. Check files and 'Certify correct' Computation Statement;
- xiv. Return files to Ministry, Department or Agency;

Note: Treasury will identify any errors or omissions on the Minute Sheet of the file for the attention of the Ministry/Department.

- Errors of a financial nature must be corrected and file **resubmitted** to the Treasury to be '*certified correct*';
- For files with non-financial errors (e.g. Missing signatures, stamp etc.), the Computation Sheet will be '*certified correct*' by Treasury and returned to Ministry/Department for correction before payment can be made;

Human Resources Unit

- xv. Collect SOIs from the Board of Inland Revenue and the Loans Management Section of Treasury for placement on respective files;
- xvi. Prepare Letter of Approval of Contract Gratuity sum for the officer. (See specimen at *Appendix IV*);
- xvii. Copy 'Certified Correct' Computation Statement, overpayment calculation and all SOIs for file record;
- xviii. Send file to the Accounting Unit for payment;

Accounting Unit

- xix. Ensure all SOIs (Ministry, BIR and Treasury) are on file and prepare payment in the normal manner as follows:
 - a. Prepare Voucher and attach **original** 'Certified correct' Computation Statement, overpayment calculation and all SOIs as the supporting

documents. Under no circumstances should payment be made utilising copies of documents;

- b. Certify Voucher;
- c. Check staff and,
- d. Issue Cheque.

- xx. Prepare TD4 Certificate for the gratuity paid and issue to the recipient;
- xxi. Record cheque number and date on copy of Computation Statement on file as evidence of payment;
- xxii. Return file to HR after payment is made.

General Points to Note

- Where extended sick leave is supported by a medical ending on a Friday the weekend will be paid as per CFO memorandum PD (no): 123456 Vol. 1 dated January 30, 2018.
- In instances of no-pay leave ending on a Friday or followed by a Public Holiday the entire leave is deemed as no-pay.
- While a contract officer worked at various Ministries during a contract period, all necessary documents must be submitted from the various Ministries i.e. Assumption letters, Ministerial Minutes and computation statements.

Checklist of Documents for the processing of Contract Gratuities

- Copy of relevant Cabinet Minute for creation of position, which must state post and contract period.
- Copy of Contract Agreement signed by the Executing Parties in the Ministry.
- Memorandum from Chief Personnel Officer (CPO) with attached Schedule, Terms and Conditions and Appendix.
- Copy of Ministerial Minute approving employment of the officer/Terms and Conditions and salary where applicable.
- Letter of Assumption of Duty- Date must correspond with start of contract.
- Documents relating to a name change e.g. Marriage certificates, deed poll, divorce decree absolute etc.
- Documents in respect of re-designation of post where contract job title has changed.
- Memorandum from CPO stating salary is deemed personal to officer where applicable.
- Approved Ministerial Minute for *payment of compensation in lieu* of unutilised vacation leave (*buy-out* figure).
- A letter of forfeiture must be provided by the officer for leave not bought out.
- Audited Statement of Indebtedness from Ministry with detailed workings of any overpayment, if applicable.
- Statements of Indebtedness from Board of Inland Revenue and Loans Section of Treasury Division.
- National Insurance (NIS) and Income Tax (BIR) File Numbers.

General Points to Note

- Where extended sick leave is supported by a medical ending on a Friday the weekend will be paid as per CPO memorandum PD (bm): 12/2/10 Vol. I dated January 30, 2018.
- In instances of no-pay leave ending on a Friday or followed by a Public Holiday the entire period is deemed as *no-pay*.
- Where a contract officer worked at various Ministries during a **contract period**, all necessary documents must be submitted from the various Ministries i.e. Assumption letters, Ministerial Minutes and computation statements.



REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF _____

Date

Dear Sir/Madam,

Re: Approval of Contract Gratuities

I am directed to inform you that approval has been conveyed for the payment of the under mentioned award:

Payment of this award will be made by this Ministry/Department and you will be notified when the cheque is ready for collection.

It is to be noted specifically that the contract gratuity is payable, subject to the recovery of all indebtedness to Government, including taxation. You are advised to ensure that all your affairs are in order with any Governmental Agency concerned e.g. Board of Inland Revenue and the Loans Management Section of this Division.

It is to be emphasized that prompt attention to the above matters is necessary to facilitate the early processing of the contract gratuity.

Yours faithfully,

.....
/s/ Permanent Secretary/Head of Department

Ref: 1/12/....

FROM:

TO: TREASURY EXECUTIVE 11, LOANS MANAGEMENT

DATED: MARCH 2019

SUBJECT: STATEMENT OF INDEBTEDNESS

This Division is now processing the Contract Gratuity of the undermentioned officer. In the circumstances, I shall be grateful if you will state the officer's indebtedness to Government (if any) by way of Advances.

Please submit the required information to this Division promptly in order to avoid undue delay in payment.

NAME OF OFFICER: _____

OFFICE: _____

MINISTRY: _____

PERIOD OF CONTRACT: _____

LAST KNOWN ADDRESS: _____

B.I.R NO: _____

N.I.S NO: _____

.....
// Ministry.....

TELEPHONE CONTACT:

PARTICULARS OF SERVICE	AMOUNT \$
(A) MOTOR VEHICLE - (i) PURCHASE (ii) INSURANCE (iii) REPAIRS	
(B) MEDICAL	
(C) FAMILY PASSAGE	
(D) ACCOUNTABILITY	
(E) OVERSEAS STUDENTS	
(F) LOANS TO STUDENTS	
(G) COMPUTER LOAN	

DATED:

.....
TREASURY EXECUTIVE 11, LOANS MANAGEMENT

Ref: 1/12/

FROM:

TO: CHAIRMAN, BOARD OF INLAND REVENUE

DATED: MARCH 2019

SUBJECT: STATEMENT OF INDEBTEDNESS

This Division is now processing the Contract Gratuity of the undermentioned officer. In the circumstances, I shall be grateful if you will state the officer's indebtedness to Government (if any) by way of Income Tax.

Please submit the required information to this division promptly in order to avoid undue delay in payment.

NAME OF OFFICER: _____

OFFICE: _____

MINISTRY: _____

PERIOD OF CONTRACT: _____

LAST KNOWN ADDRESS:

B.I.R NO: _____

N.I.S NO: _____

.....
// Ministry.....

TELEPHONE CONTACT:

PARTICULARS OF SERVICE	AMOUNT \$

DATED:

.....
CHAIRMAN, BOARD OF INLAND REVENUE

Ref: 1/12/

FROM:

TO: Chairman Board of Inland Revenue

DATE: MARCH 2019

SUBJECT: Tax Payable on Contract Gratuity:

Approval has been given for the payment of a Contract Gratuity in the sum of \$.....

To

former

at the Ministry of

His/Her salary covering the period of Contract is detailed hereunder:

f.t.p _____

p.m. (per month)

_____ p.m. (per month)

_____ p.m. (per month)

B.I.R NO: _____

N.I.S NO: _____

Please advise me whether any tax should be deducted from the officer's gratuity

.....
/f/ Ministry.....