Government of the Republic of Trinidad and Tobago
Ministry of Community Development,
Culture and the Arts
Office of the Permanent Secretary

Ref: MCDCA 5/2/1 Temp.

November 21, 2019

Mrs. Jacqui Sampson-Meiguel
Clerk of the House
Parliament
Republic of Trinidad and Tobago
Level G-7, Tower D
The Port of Spain International Waterfront Centre,
1A Wrightson Road,
PORT OF SPAIN

Dear **Mrs. Sampson-Meiguel,**

Re: The Twenty-Seventh Report of the Public Accounts Committee on the Examination of the Expenditure and Internal Controls of the National Carnival Commission of Trinidad and Tobago (NCC) for the years 2010 to 2018

Reference is made to correspondence **Parl: 5/2/3** dated October 09, 2019 re: **The Twenty-Seventh Report of the Public Accounts Committee** which was forwarded to the Ministry of Community Development, Culture and the Arts.

Please find attached, the Ministry's written response to the recommendations of the Committee which were outlined on pages twenty (20) to thirty-seven (37) of the above captioned Report. You are kindly asked to note that an electronic copy of the Report will be forwarded to your office.

Yours faithfully,

A8Edwards
Permanent Secretary
Ministry of Community Development, Culture and the Arts

Encl.

CultureCommunITT pssecretariat_cdca@gov.tt
Level 20, Nicholas Tower, 63-65 Independence Square, POS, Republic of Trinidad and Tobago
Secretariat-Tel: 1 (868) 625-6088 ext: 5110/5112

THE MINISTRY OF COMMUNITY DEVELOPMENT, CULTURE AND THE ARTS

MINISTERIAL RESPONSE

TO THE TWENTY-SEVENTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (PAC) ON AN EXAMINATION OF THE EXPENDITURE AND INTERNAL CONTROLS OF THE NATIONAL CARNIVAL COMMISSION OF TRINIDAD AND TOBAGO (NCC) FOR THE YEARS 2010 TO 2018.

Table of Contents

A. INTRODUCTION

The Public Accounts Committee (PAC) of Parliament, the Parliamentary Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies, held a meeting on April 10, 2019 with senior officials from the Ministry of Community Development, Culture and the Arts, officials of the National Carnival Commission of Trinidad and Tobago (NCC) and the Auditor General's Department. The purpose of the meeting is as follows:

- the Parliamentary Committee to examine the expenditure and internal controls of the National Carnival Commission of Trinidad and Tobago (NCC) for the years 2010 to 2018; and
- at the end of the inquiry, the Committee was mandated to submit a report, on the issues, endorsements, findings and the recommendations made by the Committee to improve NCC's performance, which will be laid in Parliament.

Further to its discussion and inquiry into the internal controls of NCC, the Committee in its report highlighted their findings and recommendations and has sought the Ministry's response to the following issues:

- The Ministry of Community Development, Culture and the Arts (MCDCA) should take the lead, as a matter of urgency, and ensure that the NCC submits a report on what actions will be taken to have all financial statements audited and submitted to the Parliament by December 16, 2019;
- The Accounting Officer of the MCDCA must make serious efforts to ensure that State property is safeguarded at the NCC by the application of the provisions of the Financial Regulations (Stores). This is a clear responsibility of the Accounting Officer which cannot be compromised;
- The MCDCA should take the lead, as a matter of urgency, to closely monitor the operations of NCC and submit a report to Parliament on what actions will be taken to address the weaknesses and challenges identified in its financial reporting and record-keeping system and other areas of the Commission by November 30, 2019;
- The Permanent Secretary of the MCDCA should submit a report by November 30, 2019:

    - On the actions taken to improve the accountability, transparency, greater oversight and overall governance in the management and operations of the NCC; especially in the transfer of public funds;
    - Explaining how they will be working with the NCC, to better challenge the realism of the NCC's plans and the wider effect on providing sustainable public services;

- The Permanent Secretary of the MCDCA should assign a unit with a staff lead on NCC to provide oversight responsibilities over NCC's systems of accountability and the management of the operations of the NCC; and
- The MCDCA in conjunction with the Carnival Institute of Trinidad and Tobago (CITT) and academic institutions like the University of the West Indies and the University of Trinidad and Tobago should launch search efforts to locate the most ideal location to house the permanent display of Carnival costumes and artefacts. The final layout and displays of the Carnival items should mimic a museum with a souvenir and gift shop offering miniaturized versions of the displays for sale. Displays can be permanent as well as renewable given that Carnival takes place annually.

B. LEGISLATIVE AND REGULATORY FRAMEWORK OF THE MINISTRY OF COMMUNITY DEVELOPMENT, CULTURE AND THE ARTS AND NCC

The legal obligations of the Ministry which has direct influence on the operations and functions as well as matters relating to the revenue and expenditure of the National Carnival Commission is found in the following documents:-

- The Constitution of the Republic of Trinidad and Tobago;
- The Exchequer and Audit Act, Chapter 69:01;
- The Financial Regulations to the Exchequer and Audit Act;
- The Financial Instructions 1965;
- The Statutory Authorities Act Chap. 24:01; and
- National Carnival Commission of Trinidad and Tobago Act Chap. 42:01 (Act 9 of 1991).

C. LEGISLATIVE OBLIGATIONS OF THE NATIONAL CARNIVAL COMMISSION

In accordance with the National Carnival Commission of Trinidad and Tobago Act Chap. 42:01 the Commission is required to:

- Present to the Minister annual reports on all activities no later than three (3) months after the close of the financial year. [Section 10]

- Prepare in such form as the Minister with responsibility for Finance directs, estimates of income and expenditure of the Commission for each financial year, and if he so directs, for any other period specified by him and the Commission shall submit estimates so prepared not later than such date as that Minister directs. [Section 21 (1)]
- The Commission shall submit a financial statement in respect of a financial year to the Minister no later than three (3) months after the close of the financial year. [Section 24 (2)]
- The Minister shall cause a copy of the financial statement referred to in subsection (2) to be laid in Parliament within one month after he has received it or if Parliament is not in session, within one month after the commencement of the next sitting. [Section 24 (3)]
- The accounts of the Commission shall be subject to audit by the Auditor General in all respects as if they were the public accounts of Trinidad and Tobago. [Section 24 (4)]
- The Commission shall forward to the Minister a copy of the audited statement of accounts together with any report thereon made by the Auditor General not later than one month after the receipt thereof and the Minister shall ensure that the audited statement of accounts and report are laid in Parliament within one month thereafter, or if Parliament is not in session, within one month after the commencement of the next sitting. [Section 24 (5)]
- In addition to the annual audit, the Auditor General may, at any time, audit the accounts and examine the records of financial transactions of the Commission and shall forthwith draw to the attention of the Chairman and Minister any irregularities disclosed by such audit and examination, which, in the opinion of the Auditor General, are of sufficient importance to be so reported. [Section 24 (6)]

D. LEGISLATIVE OBLIGATIONS OF THE NCC IN ACCORDANCE WITH THE EXCHEQUER AND AUDIT ACT

In accordance with [Section 40 (1) and (2)] of the Exchequer and Audit Act the National Carnival Commission is required to:

- As soon as possible and in any case not later than six months after the termination of each financial year of the statutory body, submit an annual report to the appropriate Minister in such form as that Minister may from time to time prescribe.
- The report shall include a balance sheet, such other statements of account as the Minister may from time to time require, and the annual report of the

auditor of the statutory body and shall be laid by the appropriate Minister before Parliament within fourteen days of its receipt by him or, if Parliament is not then in session, within fourteen days after the commencement of its next sitting.

E. ISSUES RAISED BY THE PUBLIC ACCOUNTS COMMITTEE

PAC Request for Clarification

(I) *"The Ministry of Community Development, Culture and the Arts (MCDCA) should take the lead, as a matter of urgency, and ensure that NCC submits a report on what actions will be taken to have all financial statements audited and submitted to the Parliament by December 16, 2019".*

The MCDCA continues to strengthen its monitoring framework and provide meaningful oversight regarding the National Carnival Commission of Trinidad and Tobago (NCC) and the other Statutory Bodies and State Enterprises under the Ministry's purview. As a course of action to assist NCC in their compliance reporting, inclusive of preparing and submitting outstanding financial statements in accordance with the National Carnival Commission of Trinidad and Tobago Act Chap. 42:01, the Ministry continues to engage with NCC via written communication and meetings. NCC outlined some of the challenges in having the financial statements prepared and submitted as required. Measures to resolves these challenges have also been identified. The Ministry has also brought all the 'Observations, Issues and Recommendations' as outlined in the *'Twenty-Seventh Report of the Public Account Committee on an Examination of the Expenditure and Internal Controls of the National Carnival Commission of Trinidad and Tobago for the years 2010 to 2018'* to the attention of the NCC and for their written feedback and a report on the actions they propose to take, to have all financial statements audited and submitted to Parliament as mandated. The Ministry will continue to provide guidance and technical support to the NCC as required to assist in the preparation of the reports as requested by the PAC. In September 2019, the NCC filled the positions of the Finance Manager and the Internal Auditor which will greatly assist in this exercise.

(II) *"The Accounting Officer of the MCDCA must make serious efforts to ensure that State property is safeguarded at the NCC by the application of the provisions of the Financial Regulations (Stores). This is a clear responsibility of the Accounting Officer which cannot be compromised"*.

The Accounting Officer continues to be guided by the Constitution of the Republic of Trinidad and Tobago, the Exchequer and Audit Act Chap. 69:01, Financial Regulations, the Financial Instructions 1965 and the National Carnival Commission of Trinidad and Tobago Act Chap. 42:01. In order to strengthen the Ministry's efforts to safeguard state property at the NCC, the MCDCA monitoring team will increase the number of site visits/checks, have regular reviews and provide technical support, where necessary, on NCC's Purchasing and Procurement Policies and Procedures and their (Draft) Fixed Asset Register.

(III) *"The MCDCA should take the lead, as a matter of urgency, to closely monitor the operations of the NCC and submit a report to Parliament on what actions will be taken to address the weaknesses and challenges identified in its financial reporting and record-keeping system and other areas of the Commission by November 30, 2019"*.

Financial Reporting Weaknesses

The untimely submission of audited financial statements by the NCC is a main challenge in their Financial Reporting. Related issues highlighted in the 27th Report of the PAC include:

- The absence of an Internal Auditor at the NCC;
- The absence of key Accounting personnel;
- Untimely/lack of receipt of audited financial statements;
- MCDCA's challenges with regard to the non-receipt of annual reports from the NCC for the past ten (10) years to properly review the programming and the corresponding expenditure of the NCC;
- The reasons for the variances for the major projects undertaken by the NCC for the year 2017;
- NCC's inability to respond on a timely basis to the queries in the Management Letters for the period 2005 to 2009 and the audit of Carnival 2019 from the AGD; and

- o The challenges faced by the AGD in the non-receipt of the relevant documents to complete the audits of NCC.

<u>Recordkeeping Weaknesses</u>

Related issues highlighted in the PAC report include:

- o Missing source documents such as a fixed asset register, bank statements, bank reconciliation statements and other key documents; and
- o The absence/non provision of a price listing of tickets and reconciliation statement of tickets printed and sold.

The MCDCA proposes to resolve these issues as outlined in **SECTION F** of this report.

(IV) *The Permanent Secretary of the MCDCA should submit a report by November 30, 2019:*

- *On the actions taken to improve accountability, transparency, greater oversight and overall governance in the management and operations of the NCC, especially in the transfer of public funds; and*
- *Explaining how they will be working with the NCC, to better challenge the realism of the NCC's plans and the wider effect on providing sustainable public services; and*

The Permanent Secretary of the MCDCA should assign a unit with a staff lead on NCC to provide oversight responsibilities over NCC's systems of accountability and the management of the operations of the NCC.

The oversight of NCC is guided by the Constitution of the Republic of Trinidad and Tobago, the Exchequer and Audit Act Chap. 69:01, Financial Regulations, the Financial Instructions 1965 and the National Carnival Commission of Trinidad and Tobago Act Chap. 42:01. The Permanent Secretary, MCDCA instituted the following measures to ensure compliance with this package of legislation:

a. Meetings between the MCDCA and NCC;

b. Review of strategic documents such as Income and Expenditure Report/Statement of Actual Statutory Board Income (Monthly), Estimates of

Income and Expenditure; Financial Statements (Unaudited), Board Minutes, Strategic Plan;

c. Site Visits (conducted by the Planning and Implementation Unit and the Research Unit of the Ministry);

d. Monitoring and tracking the submission of critical reports/documents; and

e. Identifying and communicating gaps to NCC.

The Permanent Secretary has a duty to safeguard public funds and resources. Appropriate measures are to be taken to ensure that the Ministry, at all times, conducts its operations as economically, efficiently and effectively as possible, with full regard to the relevant statutory provisions, including those under any Standing Financial Instructions and any other Line Ministry directions.

The Permanent Secretary has also implemented a Monitoring & Evaluation Framework to be used by the NCC in the monitoring of their Special Interest Groups (SIGs). In 2019, the Permanent Secretary has taken the relevant steps to improve and further strengthen the Ministry's internal process of monitoring NCC and this is outlined below in **Section F** of the Report. Additionally, the Ministry has recognised the need to pursue partnerships with other Ministries or agencies inclusive of the Ministry of Tourism with the aim of accurately measuring/assessing the tangible and intangible benefits of Carnival.

This framework comprises a Financial Report that was developed by NCC and a Project/Activities Report that was created by the Ministry's Planning and Implementation Unit (PIU). The Financial Report is to be submitted monthly and the Project/Activities Report quarterly to NCC by the SIGs and subsequently to the Ministry by the NCC.

The Permanent Secretary has also assigned the following MCDCA departmental Units - the Research Unit, the Planning and Implementation Unit, the Legal Services Unit and the Audit Unit, to provide oversight responsibilities over NCC's management system, with the Research Officer II of the Research Unit being assigned as the team lead. The Research Unit has the responsibility for ensuring that NCC fulfils their statutory obligations related to compliance reporting. The Planning and Implementation Unit has the responsibility for monitoring the SIGs using the established Monitoring & Evaluation Framework. The Legal Unit has the responsibility to monitor, where necessary, NCC's compliance and governance in accordance with the relevant legislations. The Audit Unit has the responsibility for providing technical advice, where necessary, regarding NCC's internal controls.

(V) *The MCDCA in conjunction with the CITT and academic institutions like the University of the West Indies and the University of Trinidad and Tobago should launch search efforts to locate the most ideal location to house the permanent display of Carnival costumes and artefacts. The final layout and displays of the Carnival items should mimic a museum with a souvenir and gift shop offering miniaturized versions of the displays for sale. Displays can be permanent as well as renewable given that Carnival takes place annually.*

The MCDCA has earmarked the Fort San Andres Museum as the most ideal location to house the permanent display of Carnival costumes and artefacts. The venue will also be used to showcase:-

- Craft from the Export Centres Company Limited (ECCL) graduates;
- Memorabilia from Sparrow's collection;
- Evolution of the Steelband exhibition; and
- Carnival Exhibition.

F. MCDCA'S APPROACH TO MONITOR THE NATIONAL CARNIVAL COMMISSION (NCC)

- **What Systems Currently Exist**

Since the establishment of the Ministry of Community Development, Culture and the Arts (MCDCA) in September 2015, the Ministry's Research and Planning Officers were assigned the responsibility to monitor and report on the State Enterprises and Statutory Boards and Agencies such as the National Carnival Commission (NCC) under the purview of the Ministry. Pursuant to Sections 10, 21 (1), 24 (2) the National Carnival Commission of Trinidad and Tobago Act 9 of 1991 Chapter 42:01, Financial Regulations and the Constitution of the Republic of Trinidad and Tobago, the NCC is required to submit the following reports to the Minister of MCDCA:

- Annual reports on all its activities no later than three (3) months after the close of the financial year;
- Estimates of income and expenditure of the Commission for each financial year;
- A financial statement in respect of a financial year to the Minister no later than three months after the close of the financial year;
- A copy of audited statement of accounts together with any report made thereon by the Auditor General;

- A budget relating to capital expenditure and the financing thereof for each financial year;
- Signed copies of the confirmed minutes of each meeting;
- Report on the exercise of its functions and powers in the previous year.

Based on the requirements outlined in the legislation and in the aforementioned paragraph, the following anomalies existed:

- No annual reports on activities were provided to the Permanent Secretary of the former Ministry of the Arts and Multiculturalism or the present Ministry of Community Development, Culture and the Arts; and
- Estimates of income and expenditure were done each year and submitted to the Permanent Secretary (Budget Division) and to the Ministry's Accounting Unit.

Given the non-submission of reports to the Ministry, the Ministry would forward to the NCC, on average, approximately four (4) formal letters per year regarding their obligation to adhere to their compliance reporting to the MCDCA.

Given the guidelines outlined in the National Carnival Commission's Act when there are gaps in their compliance reporting, the Ministry, through the office of the Permanent Secretary has:

a. Identified and communicated to NCC gaps in their compliance reporting;
b. Developed a Monitoring Spreadsheet/Template to track the submission of reports from State Enterprises and Statutory Bodies, and the SIGS, inclusive of the NCC which is updated regularly (a copy is attached); and
c. Increased and strengthened communication between the NCC and the MCDCA to ensure the timely, accurate and reliable submission of reports from NCC.

When there is a delay in the submission of reports/documents by NCC and/or concerns re: expenditure, the Ministry implemented the following:

a. Communicated with NCC to seek further clarification on discrepancies in their monthly Statutory Board Reports;
b. The Ministry also requested and engaged the services of the AGD to conduct a Financial and Operational audit into Carnival 2019; and
c. Requested a Forensic Audit into the SIGs by an external entity in 2017.

- **Steps to Strengthen the Monitoring System**

Since the captioned PAC meeting aforementioned, the following steps have been taken to strengthen the monitoring system of the MCDCA with regards to the internal controls of the NCC:

1. The complement of Research Officers assigned to monitor NCC has been increased from two to three Research Officers. The Unit is currently comprised of two Research Officer I's and one Research Officer II. This task is further supplemented by the Planning and Implementation Unit of the MCDCA which consists of one Director/PIU, one Research Specialist and three On the Job Trainees.
2. In addition to the site visits currently being undertaken by the Planning and Implementation Unit of the MCDCA, Officers from the Research Unit will also be engaged in site visits to NCC and the SIGs throughout the year. These visits will include spot checks at the offices to ensure that the necessary systems or operations are in place.
3. Internal MCDCA meetings will be held with the Permanent Secretary in conjunction with a team of officers from the Research Unit, Planning and Implementation Unit, Audit Unit, and Legal Services Unit of MCDCA. The Meetings will be held on a quarterly basis to review the adequacy and efficiency of NCC's compliance reporting as well as their financial and recordkeeping systems.
4. NCC in conjunction with the other State Enterprises under the ambit of the Ministry will be invited to meet with the MCDCA's monitoring team bi-annually, so that status updates and matters related to entity's legal obligations to the submission of Reports to the Ministry will be discussed. The meetings will be chaired by the Permanent Secretary or a designated member of the Ministry's executive team. This forum will serve as an opportunity for Statutory Boards and State Enterprises to obtain support from the technical staff of MCDCA as required.
5. The team will review the Strategic Plans, Policies and Procedures to ensure that they are aligned to the mandate of the NCC and are in accordance with the relevant legislations and regulations.

G. CHALLENGES

Despite the best efforts of the MCDCA over the years to meet the requirements of the Ministry of Finance, the Auditor General Department and the Public Accounts Committee with respect to the monitoring of NCC, there are loopholes in the existing system that need to be amended so as to ensure that entities such as the NCC adhere to the legislation and other policy requirements as prescribed in the conduct of their operations. As it stands, the MCDCA has no substantive power to ensure that the NCC adheres to its legislative obligations outlined in **Sections C** and **D** above. Given this, the Ministry has resorted to 'moral suasion' and communicating its concerns on a consistent basis to the relevant parties so as to encourage the NCC to abide by the aforementioned legal and policy requirements.

H. RECOMMENDATIONS

a. Workshops should be conducted by the Ministry of Finance with the Executive of the NCC so that they understand the importance of their obligations.
b. The legislation for NCC and other Statutory Bodies should be amended to include sanctions that are enforceable and effective in the event entities breach their legal, strategic and operational mandate.

Government of the Republic of Trinidad and Tobago
Ministry of Community Development,
Culture and the Arts

APPENDIX

SITE VISIT CHECKLIST

Date: ______________________________

Organization: ____

Address: ____

Staffing complement: Full-Time:_____ Part-Time:_____ Volunteers:_____

Staff on site during visit: Full-Time:_____ Part-Time:_____ Volunteers:_____

Comment/ Clarification:

____

____

____

a) Maximum capacity of the facility ________________________

b) Number of clients presently serviced ___________________

c) Number of clients observed on site during visit. ______________

d) Adequate facilities and equipment to service maximum capacity ☐ Yes ☐ No

e) Adequate facilities and equipment to service current capacity ☐ Yes ☐ No

f) Physical spacing conducive to clients' needs and numbers ☐ Yes ☐ No

g) Physical space accessible to the differently-abled ☐ Yes ☐ No

h) Safety concerns:

____

____

____

____

____

i) Evidence of stated programmes' operation ☐ Yes ☐ No

j) Evidence of designated activities ☐ Yes ☐ No

k) Number of buildings and client rooms. Buildings ______ Rooms_________

l) Purpose of buildings or rooms:

____

____

____

m) Furniture composition of buildings or rooms:

____

____

____

____

____

n) Refurbishment/repairs needed ☐ Yes ☐ No

If yes, please explain:

o) Furniture needed ☐ Yes ☐ No

If yes, please explain:

p) Adequate security system/arrangement. ☐ Yes ☐ No

If no, please explain:

Overall Comments/ Observations:

FOR OFFICIAL USE ONLY

The undersigned officer attests that the foregoing statements are complete and accurate:

Authorized Signatory: ______________________________

Position: ______________________________

Date: ______________________________