The Government of the Republic of Trinidad and Tobago

MINISTRY OF RURAL DEVELOPMENT & LOCAL GOVERNMENT

MRDLG Ref.: 7/17/28 Vol. III

May 22, 2020

Clerk of the House
Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street
Port of Spain

Attention: Ms. Jacqui Sampson-Meiguel

Dear Madam

Re: Fourteenth Report of the Joint Select Committee on Local Authorities, Services Commission and Statutory Authorities (including the THA) on an Inquiry into the Financial Oversight and Financial Management Systems at Municipal Corporations

Reference is made to the matter at caption and to your correspondence ***Parl: 14/3/57 Vol. III*** dated May 01, 2020.

The Ministry of Rural Development and Local Government hereby submits its response to the Committee's report.

Respectfully,

Permanent Secretary
Ministry of Rural Development
and Local Government

Permanent Secretary
Ministry of Rural Development & Local Government

encl.

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Government of the Republic of Trinidad and Tobago

Ministry of Rural Development and Local Government

A Response to Recommendations in the Fourteenth Report of the Joint Select Committee on Local Authorities, Service Commissions and Statutory Authorities (including the THA) on an Inquiry into Financial Oversight and Financial Management Systems at Municipal Corporations

Objective 1: To examine the role of the line Ministry and Executive Management of Municipal Corporations in promoting and facilitating accountability and transparency in the operations of Municipal Corporations

JSC Recommendation:

i. **Urgent attention should be given to addressing some of the major obstacles faced by the Ministry in attempting to exercise it oversight function of Corporations. This may be achieved by:**

   a. **Developing and implementing a policy to guide records management within Corporations. This policy must stipulate the digitization of records;**

MoRDLG's Response:

This recommendation of the Committee is noted and highly appreciated in that the formulation and implementation of such a policy will add great value to the operations of Municipal Corporations. Digitization of records will ultimately result in the more efficient storage, retention, preservation, accessibility and security of records. However, it is important to define the term "digitization." This, in the simplest of terms, is the process of converting information from a physical format into a digital one, or from an analog to a digital form. In the context of business undertaken at Municipal Corporations, 'paper-based' processes are nothing more than a metaphor for the term 'analog'.

Historically, Municipal Corporations have relied on the ability and experience of public officers to create, capture, use, store and archive 'paper based' records. These records are stored according to their evidentiary value relevant to laws and regulations, or as stipulated by the recommendation from the National Archivist. For example, Section 137 of the Financial Regulations of the Exchequer and Audit Act (Chap. 69:01) states:

> *(1) "Any accounting records which may be regarded as necessary or of historical value shall be permanently preserved.*
> *(2) Destruction of any records requires the prior approval of the Government Archivist."*

The concept of digitization of records at Corporations is not a new one in that Chief Executive Officers have always recognized its tremendous benefits. However, because of the lack of a policy framework to guide and take the process forward, little has been done thus far. Moreover, without such prescribed guidance, venturing to digitize records at the Corporations is an enormous, tedious, time-consuming and costly undertaking. It is important to point out that there are literally multiple thousands of 'paper based' records in existence at these entities in the form of files, reports and ledgers, among others. These include but are not limited to:

- Financial records (Vote Books, Payroll records, financial statements, vouchers, etc.);
- Minutes of all meetings of Council;
- Human Resource records (e.g. files for each employee, records of service, etc.);
- Infrastructural records (files for each street, building, recreational facility, cemetery/cremation site, market, etc. under its jurisdiction);
- Records on vehicles and equipment owned by the Corporation;
- Copies of Building/Layout applications and building plans;
- Stores records (of materials and supplies utilized on a daily basis in the Corporation);
- General records related to the mandate of the Corporation;
- Miscellaneous matters related to correspondence received from the public and private sector.

While advances in information technology have resulted in the gradual computerization of many aspects of the Corporations' operations, it must be noted that it is mandatory that certain functions are stipulated in law to be done manually. This relates *inter alia* to financial record keeping being in accordance with the aforementioned Financial Regulations and the Financial Instructions (1965). Moreover, while there is now a level of awareness and desire for a paper-less environment, the reality is stark. The plethora of records, past and present, their susceptibility to security breaches and the dearth of suitable storage space are some of the current challenges experienced at Municipal Corporations.

Within recent times, the Ministry of Rural Development and Local Government (MoRDLG) has taken the initiative in advancing the digitization of its records. Under the patronage of the United Nations Development Programme (UNDP) and with the assistance of igovTT, the Ministry's Information Technology (IT) unit was engaged in a project which entailed the scanning of records of certain departments, converting and ultimately saving them digitally. With the assistance of specialized software, delegated members of staff were trained in batches over a six month period and were then required to continue the scanning of records in their respective departments. While high speed scanners are used, this process is quite tedious and meticulous and involves the deconstruction of the file (which is the careful removal of the treasury tags to ensure that the folios are scanned sequentially), the scanning of each folio, and registering each folio using document type and keywords. A verifier then verifies the scanned records before saving it as permanent record. The file is then reconstructed and returned to the storage cabinet. This process in ongoing at the MoRDLG and it is envisaged that this facility would be extended to Municipal Corporations in the not too distant future.

It is to be noted that while document scanning and digitizing are seen as synonymous, they are actually two separate processes engaged in the conversion of a paper document to a digital copy. Document digitizing builds on scanning's conversion by introducing other tools during the process in order to make new digital files versatile, as opposed to them being just static images. However, while both create digital documents, only digitizing can create editable versions of the record with the capacity for sensitive information to be redacted permanently. Notwithstanding this, both scanning and digitizing allow for automated retention tracking. For example, in the event of natural / man-made disasters, automated backups of scanned documents can be stored safely off site and retrieved when required.

In effecting the recommendation of the Committee, the MoRDLG proposes to undertake the following steps in formulating and subsequently implementing a policy geared towards efficient and effective records management at Municipal Corporations with an emphasis on the digitization of records:

- Engaging in dialogue with igovtt and the National Archivist and seeking advice on the way forward;
- Ensuring that a comprehensive File and System Audit is urgently conducted in each Corporation based on advice from the National Archivist;
- Ensuring that a needs analysis is conducted in each Corporation in order to evaluate the human resource and infrastructural capability to engage in the digitization process;
- Assisting/advising Corporations on the sourcing the required resources;
- Conferring with the Office of the Prime Minister (the custodian of the related software) in order to secure the necessary licenses to permit usage by Municipal Corporations.

JSC Recommendation:

b. Managers within Corporation must engender a cooperative culture among its staff as it relates to the importance of cooperating and partnering with the Line Ministry, the Auditor General and other external oversight/auditing bodies. Failure to comply with reasonable requests by any of these bodies must be treated as an act of indiscipline and the necessary disciplinary procedures should be invoked.

MoRDLG's Response:

The MoRDLG endorses the view of the Committee that managers within Corporations must engender a cooperative culture among its staff as it relates to the importance of cooperating and partnering with the Line Ministry, the Auditor General and other external oversight/auditing bodies. Consequently, it is agreed that failure to comply with extended / oversight and auditing bodies must be treated as an act of indiscipline.

The Ministry views the failure of such officers to appropriately respond to Internal Audit queries as acts of indiscipline and that this should be reflected on their performance appraisal reports.

Moreover, based on the gravity of the situation, such officers should be also required to answer to an arbitration committee.

The Government Internal Audit Charter, the Internal Audit Standards and the Internal Audit Practice Guide issued by the Ministry of Finance and the Economy indicate *inter alia* that the Directorate of Internal Audit, Ministry of Finance and Economy is empowered to have access to all Internal Audit reports of Ministries and can request explanations of actions taken by Ministries on audit recommendations made in their reports. The MoRDLG is currently in the process of generating copies of its Internal Audit reports and submitting them to this particular monitoring agency for such purposes.

JSC Recommendation:

ii. **Notwithstanding the externalities which influence the rotation of senior managers within Corporations, the Committee recommends that the procedure utilized to assign CEOs be reevaluated in order to increase the probability of longevity in the post. This process should commence with consultations involving the relevant Service Commissions, Mayors, Chairmen and other stakeholders.**

MoRDLG's Response:

This recommendation of the Committee is noted. Such an arrangement is already in place at four Corporations (Port of Spain, San Fernando, Arima and Point Fortin) where the Statutory Authorities Service Commission (SASC) has the mandate for the recruitment and selection of monthly-paid officers in general, and Chief Executive Officers in particular. Through this arrangement, CEOs are appointed to specific Corporations where it is anticipated that this measure will increase the probability of longevity in the post.

However, this is not the case at the Chaguanas Borough Corporation and the other nine Regional Corporations where the appointment of monthly paid public officers is done by the Public Service Commission. In this scenario, the Permanent Secretary in the MoRDLG reserves the right to transfer CEOs out of necessity in the exigencies of the service.
There has, however, been a deliberate effort to address this and other issues pertaining to CEOs via the Miscellaneous Provisions (Local Government Reform) Bill, 2019, which seeks to amend the Municipal Corporations Act (MCA), Chap. 25:04, *inter alia*. This Bill was approved by Cabinet via Minute No. 1036 of May 23, 2019. Paragraph 6 of page IV of the Explanatory Notes of this Bill states that:

"The clause at paragraph (t) would repeal section 37 which previously would have required the vacancy in office of a Chief Officer to be reported to the Commission and the requirement for it to be filled within three months and the failure to do so to be reported to the President by the Mayor. ***This repeal is to allow for the Corporations to employ the Chief Officers."***

Section 36 of the MCA identifies the CEO as one of the Chief Officers of a Corporation.

It is also instructive that this issue was the subject of intense discussion in 2019 at the stakeholder meetings of the Joint Select Committee (on the Miscellaneous Provisions (Local Government Reform) Bill, 2019. Further discourse on this issue has since been suspended.

While the Committee has recommended that efforts to increase the probability of longevity of CEOs in the post should commence with consultations involving the relevant Service Commissions, Mayors, Chairmen and other stakeholders, it is to be noted that the Permanent Secretary may be directed by the Minister to effect the transfer of CEOs. This type of action is taken as the only recourse when there are no other alternatives available to resolve conflict between the administrative and political arms of Corporations.

JSC Recommendation:

iii. **That the Ministry examine the feasibility of placing all municipal corporations under the ambit of one service commission. This institution adjustment may result in greater efficiency and effectiveness in the movement of human resources among the Corporations. In this regard, consideration should be given to building the institutional capacity of the Statutory Authorities Service Commission to fulfill this responsibility.**

MoRDLG Response:

This recommendation of the Committee is meritorious and, if implemented, will certainly result in greater efficiency and effectiveness in the movement of human resources among the Corporations. In this regard, comments were sought from the Statutory Authorities Service Commission and an appropriate response has been provided in **Appendix A.**

JSC Recommendation:

iv. **A suitable performance management system must be developed for CEOs of Corporations as a means of streamlining their placement with the Local Government Framework and developing their professional capacity. At the pinnacle of this system should be the Permanent Secretary, MoRDLG who should be vested with the authority to assess the performance of each CEO on an annual basis. This will be further facilitated through the submission of standardized output/ performance data by each CEO to the PS.**

MoRDLG Response:

A performance management system is currently in place in the Public Service and also at the MoRDLG where the Permanent Secretary is vested with the authority to assess the performance of CEOs on an annual basis.

CEOs are required to submit performance-related data to the MoRDLG and this is a means through which their performance is measured. This data includes annual Administrative Reports, annual Financial Statements and monthly status reports on Public Sector Investment Programme (PSIP) projects. They are also required to investigate and report on matters referred to the MoRDLG by the Office of the Ombudsman, the Office of the Prime Minister, other Ministries and agencies, and by members of the general public. Efforts at the Ministry are ongoing to ensure that the reporting mechanism is as standardized as possible, bearing in mind the uniqueness of each Municipality.

JSC Recommendation:

v. **In considering amendments to the local government legislation, the applicability and or relevance of Section 117 of the MCA should be assessed, since none of the Corporations have exercised the option of formulating such regulations.**

MoRDLG Response:

The issue of the grant of power to Municipal Councils to make regulations relevant to the financial operations of the Corporation in accordance with Section 117 of the Municipal Corporations Act remains an integral part of the Local Government Reform process.

In its current format, the Miscellaneous Provisions (Local Government Reform) Bill, 2019, seeks to address the ambiguity which exists regarding the provisions of Section 117 and offers a clear framework against which the drafting of such regulations can be juxtaposed. While the proposed amendment of the MCA (and specifically Section 117) recognizes the enhanced role of the Council in the financial management of the Corporation, it also seeks to ensure that such regulations when made, are not only lawful but are wholly consistent with the requirements for public expenditure as set out in the Exchequer and Audit Act Chap 69:01.

While the Committee has noted that there were inconsistencies in financial management practices within the Local government system, it is instructive to note that in carrying out their financial obligations, all Corporations remain guided by the financial provisions contained in the Municipal Corporations Act, the Exchequer and Audit Act, the Financial Instructions (1965) and other regulations and formal legal instructions that may be issued from time to time.

Under the reformed system, however, Municipal Councils will be given greater autonomy in respect of the financial management of the Corporation and the burden will now be placed on them to ensure that any regulations created in this regard is in adherence to the requirements of the Exchequer and Audit Act.

Objective 2: To Assess the Internal Control Systems within Municipal Corporations

JSC Recommendation:

i. **The Committee strongly recommends that the Corporation prioritize the creation of a fraud policy in order to establish clear guidelines which are in line with national and international standards.**

MoRDLG Response:

This recommendation of the Committee is noted. The MoRDLG sees the merit in drafting a Fraud Policy. However, due to its apparent unprecedented existence in the public sector, this process necessitates consultation with the Ministry of Finance and the Economy, the Auditor General, the Financial Intelligence Unit (FIU) and other statutory agencies.

Nevertheless, it is to be noted that Accounting Officers (in this case, CEOs of Municipal Corporations) in possession of credible evidence and information related to fraudulent activities occurring in their organizations are expected to summon laws enforcement authorities to take the required action. These agencies have unrestricted access to government offices and are well equipped to conduct sting operations and seize evidence where necessary and make arrests based on the laying of lawful charges on perpetrators.

JSC Recommendation:

ii. **The Committee strongly recommends that the MoRDLG assume a leading role in negotiating/ proposing an increase in the remuneration packages of the Financial Official. This should be supplemented by a proposal document highlighting the current market rates for the post of Financial Officer.**

MoRDLG Response:

The MoRGLG fully recognizes that the proper functioning of an Accounting Unit is critical to the well-being of any organization and to not have stability in staffing, especially at this level, can be detrimental. The post of Financial Officer at the Municipal Corporation being a contract position gives the option for an officer to leave the organization if more attractive opportunities are available elsewhere. There is also agreement that due to the broad ambit of responsibility of such a position, a reasonable remuneration package must be offered to draw and retain suitably qualified and competent officers.

In response to this recommendation of the Committee, it is to be noted that terms and conditions of employment (inclusive of their remuneration packages) for contract workers in the Public Service are determined by the Chief Personnel Officer (CPO). By memorandum *PD (bm) 12/23/5 #0028 Vol. X dated April 04, 2019*, the CPO reviewed the duties and responsibilities of the position of Financial Officer and determined a salary of seventeen thousand, six hundred dollars ($17,600.00) per month with effect from January 1, 2019. A Transport Allowance previously determined was two thousand, one hundred dollars ($2,100.00) per month. Individuals eligible for these benefits are required to meet the required training and experience as outlined in the relevant Job Description.

The frequent exodus of Financial Officers from Municipal Corporations has prompted the MoRDLG to vigorously seek the intervention of the CPO in this matter. This has been done through official memoranda, meetings involving the Permanent Secretary as well as frequent telephone conferences between officers of the Ministry and the CPO's office. The main subject matters highlighted in these deliberations include:

- The critical duties designated to be performed by Financial Officers as enshrined in the Municipal Corporation Act and other legislation;

- The difficulties/ challenges in attracting / retaining Financial Officers due to unattractive remuneration packages;
- A comparison of the remuneration packages of Financial Officers to that of other Chief Officers in Municipal Corporations, as well as a comparison to similar positions in the private sector.

The MoRDLG has suggested that the CPO consider a base salary of at least twenty two thousand dollars ($22,000.00) per month for the Financial Officers. However, this matter remains in abeyance.

JSC Recommendation:

iii. **The Committee recommends that in order to ensure the post of FO is filled at all Corporations the MoRDLG should provide additional incentives to the existing remuneration packages in an attempt to retain its current staff.**

MoRDLG Response:

The recommendation of the Committee is noted. However, as indicated earlier, the terms and conditions of such officers are determined by the CPO. The MoRDLG therefore has no legal authority to provide "additional incentives" to the existing remuneration packages of Financial Officers in order to retain their services. Nevertheless, the Ministry continues to lobby the CPO to secure enhanced remuneration packages for them.

JSC Recommendation:

iv. **A Special Audit of the procurement of Legal services at the Penal/Debe Regional Corporation should be undertaken to ensure that the Corporation engages in the required due process prior to the obtaining the services of a Law firm, especially in cases, where a senior official has utilized the service in a personal capacity.**

MoRDLG Response:

This matter at the Penal/Debe Regional Corporation is currently being investigated by the Internal Audit Unit of the MoRDLG.

JSC Recommendation:

v. **In the Interim the Corporation should mandate that the Accounting staff within Corporations without Internal Audit Units provide monthly reports on the operations of the Accounting Unit to the MoRDLG.**

MoRDLG Response:

There are ten (10) Corporations which are not outfitted with Internal Audit Units: Chaguanas Borough Corporation and the nine (9) Regional Corporations (Diego Martin, Couva/Tabaquite/Talparo, Mayaro/Rio Claro, Penal/Debe, Princes Town, San Juan/Laventille, Sangre Grande, Siparia, and Tunapuna/Piarco).

However, all fourteen (14) Municipal Corporations are currently mandated to provide the MoRDLG with various accounting reports. These include monthly Expenditure and Revenue Statements, annual Financial Statements, and monthly Reconciliation Statements for every bank account held (inclusive of the Special Chairman's Fund). All approved minutes of Council Meetings at Corporations are also forwarded to the Ministry for information and documentation.

The aforementioned documents would generally summarize the business transactions and general activities occurring in Corporations and this would suffice as far as the expectations of the MoRDLG are concerned. Notwithstanding this, the Ministry is currently in the process of devising initiatives which are aimed at improving the operations of all fourteen (14) Accounting Units (as well as other departments) of Municipal Corporations. One such notable development is the hosting of a monthly Accounting Forum which focuses on streamlining and standardizing the accounting processes and procedures in accordance with the Exchequer and Audit Act, the Financial Instructions (1965) and other relevant regulations. All Financial Officers are mandated to be present at this Forum which is chaired by the Ministry's Accounting Executive II. There is the optimism that transparency, accountability and accounting efficiency and effectiveness will be greatly enhanced as this Forum evolves with time.

JSC Recommendation:

vi. **In the Ministerial Response please provide the Parliament with a status update on the provision of Training for Financial Officers and the number of FOs who are expected to undergo said training.**

MoRDLG Response:

As indicated earlier, Financial Officers are contract officers and Ministries and Departments are discouraged from providing paid training to such officers. Though this restriction is not cast in stone, recent national fiscal challenges has resulted in a drastic reduction in the disbursement of funding towards the Training line item of Ministries and Departments. Due to this stark reality, the MoRDLG has sought innovative means to address the critical need to educate and train **all** its Financial Officers and Treasurers that are assigned to the fourteen (14) Municipal Corporations. (Treasurers are the heads of the accounting units at four (4) Corporations: Port of Spain, San Fernando, Arima and Point Fortin).

With the availability and popularity of whatsapp as an efficient and economical means of communication, a platform has been established for all Financial Officers, Treasurers and senior accounting officials at the Ministry. This platform facilitates the rapid exchange of information where technical advice and guidance can be provided to those in need by the more experienced and knowledgeable officers.

Immediately following the sitting of the Committee in 2019 when these shortcomings at Corporations were highlighted, the MoRDLG took remedial measures to address them. As indicated earlier, an Accounting Forum was instituted on a monthly basis whereby Financial Officers and Treasurers would meet with senior accounting staff, and at times, the Permanent Secretary, Deputy Permanent Secretary, the Auditor III, and the Director of Human Resource of the Ministry. This Forum provides an opportunity for the Heads of Accounting Units at Corporations to seek advice or bring any problematic issues, accounting and otherwise, to the attention of Ministry officials. This strategy has thus been successful in resolving many challenges encountered at Corporations to date.

The role of the Accounting Forum also permits external agencies to make salient contributions to the training and educating of MoRDLG and Municipal Corporation accounting staff. For example, on February 10, 2020, the Comptroller of Accounts and staff were invited to address issues raised by Financial Officers and Treasurers. At this very interactive session, matters discussed included:

- The standardization of the preparation of Financial Statements by Municipal Corporations;
- The process involved in the transfer of revenue to the Chairman's Fund and the method of obtaining approvals for the use of these funds, and
- The introduction of the Integrated Human Resource Information System (IHRIS) at Municipal Corporations.

This initiative has already begun to bear fruit in that an accounting manual and other training material on standard accounting procedures generated by the Comptroller of Accounts have now been made available to officers in the Forum. Notwithstanding these developments, some matters like the standardization of the preparation of Financial Statements (inclusive of Balance Sheets) may take some time to be addressed due to the systematic process involved. However, in the interim, Financial Officers are advised to adopt a format prepared by a Corporation that meets the exacting standards of the Auditor General's Department.

In going forward with the provision of training for accounting personnel, the MoRDLG proposes to engage in the following:

- Liaise closely with Corporations to understand their training requirements with a view to tailoring training sessions specific to their needs. Subsequent efforts would be made for the Public Service Academy, Ministry of Public Administration, to facilitate the required training.
- Continue to engage in the Accounting Forum and seek input from the Ministry of Finance and the Economy (Budget Division and the Comptroller of Accounts), the Ministry of Planning and Development, and the Auditor General's Department;
- Hold discussions with the University of the West Indies (UWI) to determine the feasibility of educating and training the key accounting staff of all Municipal Corporations in Public Sector Accounting;
- Institute an induction training programme for new Financial Officers entering the MoRDLG/Municipal Corporation environment. This is intended to familiarize them with operational procedures, relevant legislation/regulations, and administrative interaction with the political arm.

JSC Recommendation:

vii. **The Committee strongly recommends that the Ministry develop a fraud policy which should be applied to all Corporations. In the interim, there are laws that are applicable which should be strictly enforced.**

MoRDLG Response:

As indicated earlier, the MoRDLG will commence the process of formulating a fraud policy which is intended to be applicable to all Municipal Corporations. In the interim, the laws related to such matters at Corporations and which are to be strictly enforced are as follows:

1. The Municipal Corporations Act;
2. The Audit and Exchequer Act (inclusive of the Financial Regulations);
3. The Financial Instructions (1965);
4. The Anti-Bribery Act;
5. The Forgery Act;
6. The Theft Act;

7. The Central Tenders Board Act;
8. The Highways Act;
9. The Prevention of Corruption Act;
10. The Procurement and Disposal of Public Property Act;
11. The Rates, Taxes and Licenses Act;
12. The Recreations Grounds and Pastures Act;
13. The Firearms Act;
14. The Income Tax Act ;
15. The Travelling Allowance Act;
16. The National Insurance Act;
17. The Occupational Health and Safety Act.

Circulars from the Ministry of Finance and the Economy, the CPO, as well as the Permanent Secretary, MoRDLG, are also to be complied with into ensure that transparency, accountability and the exercise of fiduciary duty are realized at Corporations.

JSC Recommendation:

viii. The Committee recommends that all MCs establish a Procurement Unit as mandated by the Act. The MoRDLG should ensure that the necessary steps are taken to hire and train staff. This unit would assist Corporations in increasing the levels of transparency and accountability in the awarding of contracts to contractors and other service providers.

MoRDLG Response:

Following the partial proclamation of the Public Procurement and Disposal of Public Property Act 2015 (PPDPPA) and its Amendment Act No. 5 of 2016, the MoRDLG submitted a Note to Cabinet (*RDLG(17)16 dated April 12, 2017)* for the establishment and staffing of Procurement Units in the Ministry. This Note was withdrawn at the meeting of Cabinet held on April 20, 2017.
The Ministry thereafter submitted another Note to Cabinet (*RDLG(19)2 dated February 12, 2019*) for the establishment of fifteen (15) Procurement Units, one (1) at the Head Office of the MoRDLG and one each at the fourteen (14) Municipal Corporations. It was proposed that these Units be staffed with contract workers pending the finalization of the classification/re-classification exercise and the subsequent filling of the positions of Chief Procurement Officer, Senior Procurement Officer and Procurement Officer by the Public Service Commission. The duties and responsibilities of the persons to be employed on contract in the interim was recommended to be equivalent to those aforementioned. By Minute No. 296 of February 14, 2019, Cabinet referred this Note to its Finance and General Purposes Committee for consideration. This matter is still in abeyance. In the interim, however, the

procurement process is currently undertaken through the respective Tenders Department at Municipal Corporations where the responsibility for staffing this unit falls exclusively under the remit of the CEO.

The training of members of staff responsible for procurement is an ongoing process. This is especially the case as the MoRDLG and Municipal Corporations prepares for the full proclamation of the PPDPPA. To this end, training of members of staff has already commenced through the auspices of the Ministry of Public Administration and the Office of the Procurement Regulator. In fact, some Corporations have also taken the initiative in providing training to their staff through private institutions.

Pending the enactment of PPDPPA, CEOs and procurement personnel are clearly guided in the interim by the Central Tenders Board Act, the Financial Regulations, and other applicable legislation and guidelines. Being in compliance would ensure the maintenance of transparency and accountability in the awarding of contracts to contractors and other service providers as recommended by the Committee.

Objective 3: To examine the proposed Local Government Reform initiatives associated with the management of finances at Municipal Corporations

JSC Recommendation:

i. **In its Ministerial Response to this report, the MoRDLG should outline the proposed modifications to financial management, accounting and audit functions within Corporations that is contemplated under the new local government regime.**

MoRDLG Response:

The Miscellaneous Provisions (Local Government Reform) Bill, 2019, proposes significant modifications to financial management, accounting and audit functions within Corporations. The following salient extracts of sections from this Bill are **relevant to the issues at hand** and are submitted for the information of the Committee:-

"33A. A Corporation shall have a Municipal Council and an Executive Council."

"33B. The Municipal Council of a Corporation shall be responsible for-

(a) making standing orders, bylaws and regulations for the good governance of the Corporation;
(c) exercising oversight over the activities of the Corporation and its Executive Council;
(g) approving the budget of the Corporation for consideration by the Ministry with responsibility for finance; (h) reviewing reports on the operations and activities of the Corporation;"

"33C. The Executive Council shall be responsible for-
(a) determining broad strategies for implementation consistent with the decision of the Council;
(b) allocating financial and other resources to the various divisions;
(c) collectively exercising responsibility and accountability for the effective day to day management of the Corporation;
(d) approving plans and programmes of the various divisions;
(e) reviewing the operations of the various divisions to ensure compliance;
(f) coordinating the operations of the various divisions and to rationalize the divisional operations; and
(g) reviewing the bylaws of the Corporation and other regulations for submission to the Council.'

"Subject to section 34A a Corporation may-
(a) appoint such employees as it considers necessary for the due performance of its functions;

(b) set the qualifications and terms and conditions of service, except that salaries and allowances in excess of three hundred thousand dollars per annum in the aggregate shall be subject to the Minister's approval; and
(c) discipline or dismiss its employees.";

"34E. The Grievance Procedures applicable to disputes shall be that set out 15 Schedule in the Fourteenth Schedule."

"35A.(1) Each Corporation shall have the following administrative divisions:
(a) Corporate Services;
(b) Finance, Planning and Allocation of Resources;
(c) Internal Audit;
(m) such other divisions as the Council of the Corporation, with the approval of the Minister, determines necessary."

"35B. The Corporate Services Division shall be responsible for–
(a) undertaking budgetary and financial planning;

(b) performing human resource planning, human resource development and industrial relations;
(j) such other powers as the Council of the Corporation determines."

"35C. The Finance, Planning and Allocation of Resources Division of a Corporation shall be responsible for –
(a) strategic planning and development at a regional level;
(b) the collection, collation and analysis of socioeconomic data in general and local government data in particular;
(c) ensuring proper accounting of revenue and payments;
(d) conducting fieldwork to collect, collate and analyse such data;
(e) interpreting data as a base for formulating planning policies for local government;
(f) preparing and presenting of research reports on assigned areas and on local government issues;
(g) investigating development projects of the Municipal Corporation to monitor progress and adherence to stated objective;
(h) compiling, investigating and analyzing of economic and statistical data as it relates to local government;
(i) drafting of periodic reports and special studies in various aspects of local government;
(j) representing the Municipality or the Division at meetings and conferences and on committees appointed to discuss local government related matters;
(k) compiling and maintenance of statistical records concerning local government; (l) preparing budgets and budgetary documents; and
(m) such other functions as the Council of the Corporation determines."

"35D. The Internal Audit Division of a Corporation shall be responsible for –
(a) providing advice and assistance to managers and staff in understanding the legislative requirements and procedures, existing rules and policies based on existing terms and conditions of employment, the Constitution, the Exchequer and Audit Act, the Public Procurement and Disposal of Public Property Act and circulars issued by the Ministry of Finance;
(b) conducting investigations and audit of accounting, financial and operating controls;
(c) conducting testing of the internal controls in place as well as verifying the figures in the financial statements;
(d) keeping abreast of the Government Accounting procedure based on circulars issued internally as well as from the Chief 19 Personnel Officer, the Director of Personnel Administration, the Ministry with responsibility for finance and the Auditor General;

(e) receiving compliance with the Financial Regulations of the Government of the Republic of Trinidad and Tobago and reporting any discrepancies of the Main Accounting Unit, Sub Accounting Unit, Human Resource Unit, Registry and other Divisions or Unit;
(f) evaluating the extent of compliance with established policies and procedures relating to the Corporation's internal operations based on circulars issued internally as well as from the Chief Personnel Officer, the Director of Personnel Administration the Minister with responsibility of finance and the Auditor General and making recommendations for improvement;
(g) preparing audit reports and monthly reports to the Accounting Officer, highlighting any discrepancies and recommendations for improvement of processors or procedures; and
(h) such other functions as the Council of Corporation determines."

JSC Recommendation:

ii. **In determining/prescribing the statutory arrangements and operational systems for Financial management and accountability in Municipal Corporations, careful consideration must be given to:**

   a. **Ensuring that the necessary safeguards are instituted to preempt the various types of fraud and improprieties that were observed by this committee;**

MoRDLG Response:

The MoRDLG has noted the Committee's concern of the importance in ensuring that the necessary safeguards are instituted to preempt the various types of fraud and improprieties at Municipal Corporations. The mere fact that these issues were highlighted at the meetings of the Committee and publicized through the media serves as a deterrent and a signal to Corporations that such matters will always be under public scrutiny. However, when checks are made by the Ministry's Internal Audit and Project Units, as well as the Auditor General's Department, Corporations' officials are frequently reminded of the following measures:

- To be in compliance with all relevant Regulations, Circulars, and Laws relevant to Municipal Corporations business operations;
- To ensure the Internal Controls are established and adhered to;

- To ensure there is full transparency and accountability in transactions and that value for money is obtained through technical analysis;
- That there is no conflict of interest in the conduct of the Corporation's business;
- That approval expenditure are accompanied by certificates of accountability signed by relevant officers indicating such and putting their professional credibility in focus for any necessary referencing by monitoring authorities and Law Enforcement.
-

These measures, however, would certainly be reinforced with the institution of the Fraud Policy.

JSC Recommendation:

b. Upskilling/ human resource development of Corporation staff, especially those assigned to the accounts departments/units;

MoRDLG Response:

The Ministry of Public Administration through the Public Service Academy provides training opportunities to all Ministries and Departments for the training of staff in the Public Service. Training courses are organized and Ministries are invited to nominate participants. The MoRDLG nominates officers from its Head Office or from Municipal Corporations. Oftentimes, only one nominee is selected per Ministry due to space constraints so that trained persons are required to carry back the knowledge received to their peers. A most recent case is where a member of the Ministry's accounting staff attended a training course titled "*Fundamentals of Government Accounting System*" on February 19-21, 2020 at the Public Service Academy.

While the Ministry has training initiatives in its Training Plan for all of its staff, the shortfall in funding has affected the output of training in the past two years. Additionally, a large part of the funding allocated to training has been reserved for the training of Municipal Police Officers currently being recruited.

It is to be noted also that the Municipal Corporations also has budgets for the training of staff, and as indicated earlier, they have been engaging in training initiatives based on the availability of funding.

JSC Recommendation:

c. Enhancement of disciplinary measures for breaches of financial rules and procedures.

MoRDLG Response:

In response to the Committee's recommendation, it is important to outline what disciplinary measures are currently in place to address *inter alia* breaches of financial rules and procedures at Municipal Corporations.

Section 121 of the Constitution of the Republic of Trinidad and Tobago empowers the Public Service Commission to exercise disciplinary action over public officers. Section 127 empowers the Commission to delegate some of its functions. By Legal Notice No. 60 of 1999, the Commission delegated certain acts of misconduct to be addressed by Permanent Secretaries and Heads of Department. The acts of misconduct that are delegated are of a less serious nature and Regulation 85 of the Public Service Commission Regulations outlines the process involved. Those that are of a more serious nature are not delegated and this process is outlined in Regulation 90.

When there is an allegation of misconduct involving breach of financial rules and procedures, the matter is reported to the Permanent Secretary or Head of Department. The Permanent Secretary determines whether it is a delegated or non-delegated matter and it may simultaneously be reported to the Police.

In delegated matters, a senior officer is appointed to investigate/enquire into the allegation, following which a disciplinary charge may be preferred. The matter may be referred to a disciplinary tribunal which hears the evidence and obtains the facts. A penalty may then be imposed. The matter may be appealed at the Public Service Appeal Board. For delegated matters, the fine imposed by a Permanent Secretary or Head of Department must not exceed an amount calculated on four (4) days pay per month for a maximum of three (3) months. A fine imposed by a Disciplinary Tribunal other than a Permanent Secretary or Head of Department must not exceed an amount calculated on four days pay to be deducted from the salary of the officer in no more than two instalments. Where the Permanent Secretary or Head of Department makes the allegation, the matter must be referred to the Commission to make a determination.

For the more serious allegations, the matters are reported to the Public Service Commission. An investigating officer may be appointed by the Director of Personnel Administration. The investigating officer's report is submitted to the Commission, a disciplinary charge may be preferred and a disciplinary tribunal held. The tribunal submits a report to the Commission and a penalty may be imposed. Penalties include termination, reduction in rank, reduction of remuneration, deferment of increment, stoppage of increment, reprimand or fine. The matter may be appealed before the Public Service Appeal Board. Pending investigations, officers charged with misconduct may be suspended from duty.

With respect to daily rated workers in the Municipal Corporations, Article 22 of the subsisting Collective Agreement on wages and conditions of service for Government hourly, daily and weekly rated employees between the Chief Personnel Officer and the National Union of Government and Federated Workers (NUGFW) outlines the Disciplinary Code. Where an offense is alleged to have been committed and disciplinary action is contemplated, the worker is notified in writing of the charge and if there is to be an inquiry he/she is advised of its particulars. The charged employee may be suspended pending a hearing of the charges and the matter is simultaneously reported to the Police depending on the nature of the allegation. Permanent workers are suspended on half-pay pending an inquiry. Workers found guilty may be fined, suspended or terminated but are free to lodge an appeal based on the provisions of the Disciplinary Code.

The above measures apply to monthly paid officers under the aegis of the Public Service Commission and are subject to its Regulations and Code of Conduct. However, such category of officers at the Corporations in Port of Spain, San Fernando, Arima and Point Fortin fall under the Statutory Services Commission and by extension, its Regulations. Likewise, it is to be noted that daily rated workers at the nine (9) Regional Corporations and the three (3) Borough Corporations are represented by the NUGFW and are subjected to provisions of its subsisting Collective Agreement. The daily rated workers at the Port of Spain Corporation are represented by the Amalgamated Workers Union, and those at the San Fernando Corporation, the Contractors and General Workers Trade Union. In the case of the latter two Unions, the terms and conditions of their respective Collective Agreements would apply to the employees they represent.

With respect to disciplinary action against contract workers, standard industrial relations practices are followed whereby the allegations are investigated and the matters are heard. The employment of the persons engaged may be terminated for breach of contract or misconduct without notice or payment of salary in lieu of notice following the investigation and hearing. Pending investigations, employees may be suspended and the matter reported to the Police, depending on the nature of the allegation.

While the Committee has recommended the "enhancement" of disciplinary measures for breaches of financial rules and procedures at Municipal Corporations, the aforementioned Service Regulations and Collective Agreements are seen as sacrosanct since they are steeped in law and sound industrial practice. It is therefore suggested that such ameliorations may be initiated by those who are empowered to amend laws and those who are engaged in the collective bargaining process. Notwithstanding this, it is incumbent upon all Chief Executive Officers (as Accounting Officers) to be vigilant and have zero tolerance for indiscipline and misconduct of every kind at Municipal Corporations.

Appendix I

Comments of the Statutory Authorities Service Commission

The Statutory Authorities Service Commission (SASC) has noted the recommendation of the Joint Select Committee to place all Municipal Corporations under the ambit of one Service Commission, more specifically the SASC. The Commission is of the view that this institutional adjustment will catalyze greater efficiency and effectiveness of human resource practices among the Corporations for the reasons outlined below.

Legal Considerations

The SASC was established in 1966 by Section 4 of the Statutory Authorities Act Chapter 24:01. The genesis of the SASC was a desire to establish a Local Government Service Commission with the competence, independence and integrity equal to that of the Public Service Commission with the objective of promoting transparency and equity in the employment practices of Statutory Authorities under its purview.

Section 5 of the Act outlined the powers of the SASC as follows:-

> *"5 (1) The Commission shall have power to appoint persons to be or act as officers and to transfer, promote, remove and exercise disciplinary control over persons so appointed."*

The support for the SASC to be the Commission to treat with Local Government bodies was originally outlined in the Municipal Corporation Act. Section 35 of the Municipal Corporations Act, 1990 (Act No. 21 of 1990) provided as follows:

> *"35. The Statutory Authorities Service Commission established under the Statutory Authorities Act shall appoint, remove, transfer and exercise disciplinary control over the officers of* ***each*** *Corporation."*

This was subsequently amended by (section 7 of Act No.8 of 1992)

The Commission agrees that the recommendation of the Joint Select Committee will be consonant with the purposive intention of the Act as originally enacted.

Organizational Readiness

Within recent times, the Commission has been involved in restructuring its operations to allow for greater efficiency and effectiveness. The total number of positions at the entities currently under the purview of the SASC is provided below along with brief notes on recent structural adjustments.

Summary of Positions under the SASC

Entities	Number of Positions	Remarks
Port of Spain Corporation	510	Cabinet Minute No. 426 dated 5/3/2020 transferred 14 positions from SILWC to POSC
San Fernando City Corporation	262	
Arima Borough Corporation	224	Cabinet Minute No. 426 dated 5/3/2020 transferred 26 positions from SILWC to ABC
Point Fortin Borough Corporation	180	Cabinet Minute No. 426 dated 5/3/2020 transferred 5 positions from SILWC to PFBC
National Lotteries Control Board	36	
St Mary's Children's Home	75	
St Jude's Home for Girls	35	Cabinet Minute No. 2326 dated 21/11/19 transferred/created 10 positions
Zoological Society of Trinidad and Tobago	44	
Agricultural Society	4	
St Michael's School for Boys		Now under the purview of the Office of the Prime Minister, Gender and Child Affairs Division.
St Dominic's Children's Home		Now under the purview of the Office of the Prime Minister, Gender and Child Affairs Division
Sugar Industry Labour Welfare Committee (SILWC)		Cabinet, on December 13th 2018 agreed inter alia: to the dissolution of the Sugar Industry Labour Welfare Committee Number of positions (72)
TOTAL	**1370**	

There are 1793 positions on the establishment of the ten (10) Regional Corporations which are currently under the purview of the Public Service Commission. If these are added to the current complement of positions under the purview of the SASC, the complement of the SASC would be increased to 3,163 (1370 + 1793).

At the present time the SASC now has a complement of 33 positions on its permanent establishment, as outlined in **Appendix I (a),** and 2 contract positions. In an effort to improve its productivity, efficiency and effectiveness, the SASC has recently embarked on five (5) key strategic initiatives in the interest of improving its operations. These initiatives are as follows:-

- Delegation of certain functions to the entities under its purview (January 2020);
- Implementation of a Monitoring Unit (January 2020);
- Implementation of an Electronic Document Management System (fiscal 2020);
- Implementation of an HR Policy for the Municipal Police (March 2020);
- Upgrade of Information Communication Technology infrastructure (2018).

In pursuit of its delivery capacity the Commission recently undertook replacement of all desktops that were in excess of ten (10) years old, increased the quantities of voltage surge protectors and heavy duty UPS to protect the servers. It also upgraded the server to provide adequate network storage. The upgrade to the networking infrastructure allowed for "work from home" possibilities during this unprecedented global COVID 19 pandemic. Moreover, IPads, which were distributed to Commission members, allowed the members to perform their mandatory functions efficiently and effectively through the introduction of VIRTUAL conferencing. Thus, the Commission maintains its keen readiness to facilitate changing institutional adjustments.

Further, the Commission has been on a determined drive to fill all the vacancies under its purview. The result is that approximately 85% of the positions under the SASC are filled and 210 vacancies are in various stages of the recruitment/staffing process. In filling vacancies, the Commission has been very successful in recruiting 328 Municipal Police Constables as well as promoting Superintendents, Assistant Superintendents, Inspectors, Sergeants and Corporals. A large number of diverse positions - from CEO to Cleaner - have also been filled.
It is to be noted here that the SASC and the Public Service Commission are both mandated to recruit all Municipal Police. The mandate for the Public Service Commission commenced in 2016 two years before the mandate of the SASC. Notwithstanding, the Public Service Commission up to the present has only achieved thirty (30%) of its mandate while the SASC has achieved ninety five (95%) of its mandate. It is to be further noted that the recruitment of the Municipal Police is only one job family under the Municipal Corporations.

Given the agility with which it operates and the measures and initiatives it has recently undertaken, the SASC is well poised to handle the additional work load. One of the more recent initiatives was the delegation (after requisite training by the SASC) of certain administrative functions to CEOs and Deputy CEOs of the entities under the Commission's purview. Cabinet would have to be approached to extend its approval for such delegation of functions to the CEOs and Deputy CEOs of the other 10 Corporations once they are placed under the purview of the SASC.

Additional Organizational Requirements

Notwithstanding the SASC's success in managing its current workload, it would have to strengthen its human resource capacity in the Monitoring, Discipline, Recruitment and Client Services Units and in Legal Services to meet the new mandate. It would require the following additional resources:

- 1 Senior Human Resource Adviser;
- 2 Human Resource Advisers III;
- 3 Human Resource Advisers II;
- 3 Human Resource Advisers I;
- 3 Human Resource Officers I, and
- 1 State Counsel I.

The Commission has been in conversation with Ministry of Finance and the Property and Real Estate Services Division (PRESD) to acquire more suitable office accommodation. In this regard, the Commission would have to provide the additional information to PRESD so that the additional accommodation would be included in the request.

Appendix 1 (a)

Head 07 - Statutory Authorities' Service Commission
III-Details of Establishment

Establishment 2019	Establishment 2020	Item No		Range No.	Explanations
			TRINIDAD		
		(1)	Chairman		
		(2)	Deputy Chairman		
1	1	(3)	State Counsel II	Group L6A	
1	1	(4)	Executive Officer	68	
1	1	(5)	Administrative Officer IV	54D	
2	2	(6)	Administrative Officer II	46D	
3	3	(7)	Administrative Assistant	35F	
1	1	(8)	Records Manager I	35F	
1	1	(9)	Accounting Assistant	25E	
19	19	(10)	Clerical Establishment -		
			3 Clerk IV	30C	
			5 Clerk III	24E	
			1 Clerk II	20C	
			3 Clerk I	14	
			1 Clerk Stenographer IV	30E	
			2 Clerk Stenographer II	20	
			1 Clerk Typist II	19C	
			3 Clerk Typist I	13	
2	2	(11)	Messenger I	9	
1	1	(12)	Estate Constable	17/20C	
		(13)	1 Part-time Maid		
			Procurement Unit		
1	1	(14)	Procurement Officer	45	(14) Subject to review of the classification by the Chief Personnel Officer
33	33				