PAC

PARLIAMENT
REPUBLIC OF TRINIDAD AND TOBAGO

TWENTY-EIGHTH REPORT OF THE

PUBLIC ACCOUNTS

C O M M I T T E E

FOURTH SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2018.

Public Accounts Committee[1]

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

"(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;

(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and

(c) the report of the Auditor General on any such accounts."

Current membership

Dr. Bhoendradatt Tewarie	Chairman[2]
Mr. Taharqa Obika	Vice – Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Adrian Leonce	Member
Mrs. Charrise Seepersad	Member

Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary to the Committee
Ms. Hema Bhagaloo	Assistant Secretary to the Committee
Ms. Vanna Jankiepersad	Procedural Officer Intern
Mr. Darien Buckmire	Graduate Research Assistant
Mr. Justin Jarrette	Graduate Research Assistant
Ms. Anesha James	Administrative Assistant
Ms. Natoya O'Neil	Clerk Typist I

Publication

An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

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[1] The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

[2] The Committee held its first meeting on Wednesday December 2, 2015. At this meeting the Committee elected Dr. Bhoendradatt Tewarie as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago. At that same meeting, the Committee resolved that its quorum should comprise of three (3) Members, inclusive of the Chairman and any other Opposition Member.

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Members of the Public Accounts Committee

ELEVENTH PARLIAMENT, REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

Mr. Taharqa Obika
Vice- Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Randall Mitchell
Member

Mrs. Paula Gopee-Scoon
Member

Dr. Lester Henry
Member

Mr. Adrian Leonce
Member

Mrs. Charrise Seepersad
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the issues outlined in the Report of the Auditor General and Audited Financial Statements of Ministries, Departments and Statutory Bodies referred to the Committee by the House of Representatives or as are authorised or required to be considered by the committee under any other enactment. The PAC presents its Twenty-Eighth Report of the Eleventh Parliament which details its examination of the ***Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2018***.

This report highlights the issues, observations and recommendations made by the Committee in its review of the 2018 Auditor General's Report.

During this inquiry, the following issues arose:

1. The absence of a follow-up chapter dedicated to Information Communication Technology (ICT) in the 2018 Report;
2. The weaknesses of ICT systems across the public sector;
3. The status of ICT audits conducted by the Auditor General's Department (AGD);
4. The collaboration between the Ministry of Public Administration and the Ministry of Planning and Development on ICT;
5. The lack of integration and interface of ICT systems throughout the public sector;
6. The need to strengthen the ICT governance structure;
7. The status of the National ICT Plan;
8. The status of the overdrawn balance on the Exchequer Account and the measures in place to reduce the overdraft balance;
9. The implementation of the International Public Sector Accounting Standards (IPSAS);
10. The possibility and benefit of conducting exit meetings between the AGD and the Ministry of Finance (MoF) before the publication of the AGD's Report;
11. The independence of the AGD;
12. The significance for the audit of the public accounts on the non-submission of deposit account statements by Ministries / Departments;
13. The reluctance of the Board of Inland Revenue (BIR) to allow the AGD to carry out analytical reviews due to the secrecy provisions of the Income Tax Act Chapter 75:01;
14. The revenue leakages at the Ministry of Energy and Energy Industries (MEEI);
15. The status of the Public Procurement and Disposal of Public Property Legislation;
16. The pattern in Government expenditure over the past five years with regard to current transfers;
17. The public expenditure review conducted in collaboration with the World Bank Group and the resulting savings;
18. The continued practice of Ministries / Departments engaging service providers without formal contracts;

19. The mechanisms in place to monitor the transfer of funds to Statutory Boards and Similar Bodies;
20. The authorisation of expenditure by officers below the range of Permanent Secretary;
21. The need for Accounting Officers to strengthen internal control systems;
22. The number of control weaknesses of the Customs and Excise Division (CED) and the resulting revenue leakages; and
23. The continued use of paper based systems at the Customs and Excise Division.

Based on the Committee's examination, the following observations were made:

i. ***The Committee is of the opinion that exit interviews would not compromise the AGD's independence and should be done before the preparation of the final draft of the Department's Report. While the AGD is not obliged to incorporate the content of exit interviews into its Reports, it is vital to hear the opinions of Accounting Officers; and***
ii. ***The Committee has initiated an examination of the concerns raised in the 2016, 2017 and 2018 AGD Reports with specific reference to the MEEI. A public hearing was held on Wednesday November 27, 2019. The information received will be used to draft the Committee's Thirty-First Report with recommendations on this issue.***

Based on the Committee's examination, the following recommendations were proposed:

i. ***The MoF should submit an outline of the key milestones it expects to reach in the roll-out of IFMIS by particular dates by July 31, 2020.***
ii. ***The Public Service Commission should consult with the AGD to establish measures to ensure that Accounting Officers can be held accountable for meeting submission deadlines, thereby removing or reducing obstacles to the effectiveness of the AGD's audit scrutiny, by July 31, 2020.***
iii. ***The TTPS, the MoF, the Valuation Division, the MCDCA, and the Customs and Excise Division should write to Parliament providing the following by July 31, 2020:***
    - ***copies of the unsubmitted contracts and the reason(s) for non-submission to the AGD;***
    - ***the reasons for the lack of requisite contracts if they are not available;***
    - ***an explanation of why the Ministry / Department accepts the serious risk caused by the absence of legally binding contracts; and***
    - ***an explanation of whether the Ministry / Department has an internal audit system and a legal department and how these two can correct the problem of non-submission of contracts and other required documents.***
iv. ***The Public Service Academy (PSA) should report to Parliament on the implementation of risk management training to sensitise officers across the public service to the***

consequences of risk and the ways in which risk can be mitigated by strengthening internal controls by July 31, 2020.

v. ***The AGD and the IRD should consult with the MoF to produce instructions for Draft Amendments to be sent to the MAGLA. The MoF should provide a status update on this matter to Parliament by July 31, 2020.***

vi. ***The AGD should prepare a roster of Accounting Officers with which exit interviews will be held in the preparation of its Report on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2019 and report to Parliament by July 31, 2020.***

vii. ***The CBTT should provide a detailed description of all the accounts used to calculate the Government's net overdraft position by July 31, 2020.***

viii. ***The CED should submit a report including the following to Parliament by July 31, 2020:***

   a. **the cost, if any, of acquiring and using ASYCUDA;**
   b. ***the challenges that caused the underutilisation of ASYCUDA;***
   c. ***the measures taken to address the challenges;***
   d. ***the assistance needed to resolve the challenges;***
   e. ***the measures implemented to ensure that transactions are duly registered in the Digital Cash Book; and***
   f. ***the Division's plans to reduce reliance on paper-based procedures.***

Introduction

The PAC of the Eleventh Republican Parliament was established by resolution of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on appropriation accounts of monies expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives also empower the Committee (but is not limited) to:

a) send for persons, papers and records;
b) have meetings whether or not the House is sitting;
c) meet in various locations;
d) report from time to time; and
e) communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice-Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr. Bhoendradatt Tewarie was elected Chairman of the Committee. Mr. Taharqa Obika was elected Vice-Chairman of the Committee on December 13, 2017.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

Determination of the Committee's Work Programme

The Committee agreed to a work programme for the Fourth Session of the Eleventh Parliament during its twenty-ninth meeting held on Wednesday December 12, 2018. These entities include:

1. Telecommunications Authority of Trinidad and Tobago (TATT);
2. National Agricultural Marketing and Development Corporation (NAMDEVCO);
3. National Carnival Commission (NCC);
4. Port Authority of Trinidad and Tobago (PATT);
5. National Lotteries Control Board (NLCB);
6. National Library and Information System Authority (NALIS);
7. Environmental Management Authority (EMA);

8. Ministry of Public Administration and Ministry of Planning and Development 2017 AGD Report ICT Findings);
9. Follow up with:
    i. Water and Sewerage Authority;
    ii. Trinidad and Tobago Electricity Commission;
    iii. Airport Authority of Trinidad and Tobago;
    iv. Chaguaramas Development Authority;
    v. Trinidad and Tobago Bureau of standards; and
    vi. Public Transport Service Corporation.
10. Auditor General's Report 2018;
11. Ministry of Energy and Energy Industries and Ministry of Finance (Revenue Collection);
12. Heritage and Stabilization Fund;
13. National Insurance Board of Trinidad and Tobago (NIB);
14. Sports and Cultural Fund; and
15. The College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT).

Following the submission of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2018 to the Parliament, the Committee agreed to invite the Auditor General's Department to a public hearing to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2018. This public hearing was held on May 22, 2019.

The Inquiry Process

The Inquiry Process comprises the steps taken by the Committee in its examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2018. The Inquiry Process agreed to by the PAC included the following steps:

I. Identification of issues in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2018;

II. Conducted a public hearing to which the relevant witnesses were invited to attend and provide evidence on Wednesday May 22, 2019;

III. Forwarded questions for additional information to the Auditor General's Department, the Ministry of Finance, the Treasury Division and the Central Bank of Trinidad and Tobago on May 23, 2019. All responses were received by June 14, 2019;

IV. Reporting the Committee's findings and recommendations to Parliament upon conclusion of the inquiry; and

V. Carrying out follow-up to monitor progress in the implementation of recommendations.

Background: Auditor General's Department

History[3]

The Auditor General's Department of Trinidad and Tobago, formerly known as the Audit Department, came into existence with the appointment of a Director of Audit in the year 1862. Until that year, the accounts of the Colony of Trinidad, which became administratively linked with Tobago by an Order in Council of 1889, were apparently transmitted to the "Imperial Auditors" in London.

It was the coming into effect of the Exchequer and Audit Ordinance on December 05, 1959 and the achievement of Independence by Trinidad and Tobago on August 31, 1962 that marked the creation of the post of Auditor General. The holder of that position has full responsibility for the audit and certification of the Nation's public accounts in accordance with Section 90 (2) of the Trinidad and Tobago (Constitution) Order in Council, 1962.

Establishment of the Office of the Auditor General[4]

The Constitution of the Republic of Trinidad and Tobago (Act 4 of 1976) Chapter 8– Section 116 states that:

1) There shall be an Auditor General for Trinidad and Tobago, whose office shall be a public office.
2) The public accounts of Trinidad and Tobago and of all officers, courts and authorities of Trinidad and Tobago shall be audited and reported on annually by the Auditor General, and for that purpose the Auditor General or any person authorized by him in that behalf shall have access to all books, records, returns and other documents relating to those accounts.
3) The Auditor General is hereby empowered to carry out audits of the accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State.
4) The Auditor General shall submit his reports annually to the Speaker, the President of the Senate and the Minister of Finance.
5) The President of the Senate and the Speaker shall cause the report to be laid before the Senate and the House of Representatives, respectively, at the next sitting of the Senate and the House of Representatives after the receipt thereof, respectively.
6) In the exercise of his functions under this Constitution the Auditor General shall not be subject to the direction or control of any other person or authority.

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[3] Auditor General Department's website http://www.auditorgeneral.gov.tt/content/history accessed February 19, 2020.

[4] Constitution of The Republic of Trinidad and Tobago http://laws.gov.tt/pdf/Constitution.pdf

Mission[5]

To independently audit and report on the use of public resources for the benefit of the country and its people, and to lead by example.

Vision[6]

To be an Independent Supreme Audit Institution that effectively promotes Accountability, Transparency and Integrity in the use of Public Resources.

Core Values[7]

Values are the principles that represent the key ideas and ideals through which the Auditor General's Department is governed. They are the fundamental thoughts that shape behaviour and operations. In this context and based on its Beliefs and Philosophy the Department's core values include:

1. Integrity: The Auditor General's Department has built its image on this platform. All staff will contribute to the furtherance of this value.
2. Accountability and Transparency: These values will be foremost in the operations of the Auditor General's Department on a daily basis.
3. Endorsement of open communication: Employee participation and involvement in the business of the Auditor General's Department is a basic principle of its operations.
4. Confidentiality: This is in force at all times.
5. Professionalism: All staff would operate with professionalism at all times.
6. Participatory Leadership: Leadership in the Auditor General's Department goes beyond the 'open door policy.' Key staff are empowered to make decisions.
7. Service Orientation: Superior service to the Government and people of Trinidad and Tobago will be the strongest orientation of the Auditor General's Department.

Appointment of the Auditor General[8]

The Auditor General is appointed by the President of the Republic of Trinidad and Tobago after consultation with the Prime Minister and the Leader of the Opposition and may hold office up to age sixty-five (65) years and may be removed from office only on certain grounds and after a prescribed procedure. Those provisions are entrenched in the Constitution of the Republic of Trinidad and Tobago (1976).

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[5] Auditor General's Department, Mission and Vision, http://www.auditorgeneral.gov.tt/content/mission-and-vision accessed on February 19, 2020.
[6] Ibid
[7] Ibid
[8] Auditor General's Department, Appointment, Role and Function http://www.auditorgeneral.gov.tt/content/appointment-role-and-function accessed on February 19, 2020.

Current Auditor General[9]

2019 - Present Ms. Lorelly Pujadas

Past Auditors General[10]

Period	Auditor General
2015 - 2019	Mr. Majeed Ali
2006 - 2015	Mrs. Sharman Ottley
1990 - 2006	Mrs. Jocelyn Thompson
1986 - 1990	Mr. Alton A Campbell
1967 - 1986	Mr. Errol Gregoire
1963 - 1967	Mr. Mathieu V Lee Sing

Role and Function[11]

The Auditor General is required by law to examine and report annually to Parliament on the accounts of Ministries, Departments, Regional Health Authorities, Regional Corporations and such State Controlled Enterprises and Statutory Boards for which the Auditor General is the statutory auditor. The portfolio also includes the audit of:

- The accounts of projects funded partly or wholly by International Lending Agencies;
- All pensions, gratuities and other separation benefits paid by the State in accordance with the Pensions Acts and other Agreements; and
- The grant of credit on the Exchequer Account in accordance with the requirements of section 18 of the Exchequer and Audit Act, chapter 69:01.

The audit services take the form of financial audits, compliance audits and value for money audits intended to promote:

- Accountability;
- Adherence to laws and regulations; and
- Economy, efficiency and effectiveness in the collection, disbursement and use of funds and other resources.

[9] Auditor General's Department, Profile of the Auditor General, http://www.auditorgeneral.gov.tt/content/profile-auditor-general accessed on February 19, 2020.
[10] Auditor General's Department, Past Auditors General, http://www.auditorgeneral.gov.tt/content/past-auditors-general accessed on February 19, 2020.
[11] Auditor General's Department, Appointment, Role and Function, http://www.auditorgeneral.gov.tt/content/appointment-role-and-function accessed on February 19, 2020.

Duties and Powers of the Auditor General[12]

The duties and powers of the Auditor General are defined in the Exchequer and Audit Act Chapter 69:01 of the laws of Trinidad and Tobago. Part III of the Exchequer and Audit Act specifies these duties listed here under:

7. The Auditor General shall not be capable while holding the said office of holding any other office of emolument in the service of the State.

8. (1) Save as is otherwise provided for in the Constitution the provisions of the law and regulations in force relating to the public service shall apply to the Auditor General.

   (2) Where the Auditor General is removed from office under the Constitution the Minister shall make a full statement of the reasons therefore at the first opportunity to Parliament.

9. (1) The Auditor General shall examine, inquire into and audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue of payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other State property.

   (2) The Auditor General shall satisfy himself that -

   a) all reasonable precautions have been taken to safeguard the collection of public moneys and that the laws, directions and instructions relating thereto have been duly observed;
   b) all issues and payments were made in accordance with proper authority and that all payments were properly chargeable and are supported by sufficient vouchers or proof of payment;
   c) all money expended has been applied to the purpose or purposes for which the same was granted by Parliament and that such expenditure conforms to the authority which governs it and has been incurred with due regard to the avoidance of waste and extravagance;
   d) essential records are maintained and the rules and procedures framed and applied are sufficient to safeguard the control of stores and other State property.

Overview of the Audit Process[13]

Engagement

The Auditor General can be engaged to conduct audits in the following ways:

1) For the audit of Ministries and Departments of the government of the Republic of Trinidad and Tobago, the Exchequer and Audit Act section 9(1)) mandates the Auditor General to conduct these audits.

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[12] Exchequer and Audit Act Chapter 69:01 http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/69.01.pdf

[13] Auditor General's Department, Over of the Audit Process, http://www.auditorgeneral.gov.tt/content/overview-audit-process accessed on February 19, 2020.

2) In many instances the statute (law) setting up a Statutory Body or Authority indicates that the Auditor General shall be the auditor. In some instances the Auditor General is allowed the freedom to appoint an auditor who would submit reports through the Auditor General.
3) Some statutory bodies, which have the prerogative to appoint auditors in their own right, appoint the Auditor General to conduct the audit.
4) At times International Financial Institutions such as the IBRD and IADB require that the Auditor General's Department conduct the audits of projects funded by loan from these institutions.

Instructions

The Auditor General need not be engaged by the Management of a relevant state owned or state run entity but is empowered under section 116(2) and (3) of the Constitution of Trinidad and Tobago to conduct an audit if he/she thinks it is necessary.

Planning

Standard audit procedures are followed by the Department in the planning and preparation for the audit i.e.:

- Permanent files are reviewed and updated as necessary;
- Planning meetings are held with the relevant senior staff to the entity and with the audit team;
- Work programmes and work schedules are prepared;
- Letters of engagement are issued to all client entities including Ministries and Departments.

Execution

The Auditor General's Department has developed standard work programmes for most of the areas to be audited at client entities. These are adapted if the circumstances or the client requires it. The audit work includes testing of the internal controls in place at the client as well as verifying the figures in the financial statements. The audit is conducted on a test basis. Samples considered to be representative of the population are selected and tested. In certain small entities or areas considered to be of high risk, 100% of the population may be tested. Findings are continuously discussed with representatives of the client. At the end of the fieldwork the findings are discussed with the client in what is called an 'exit meeting.' The audit work and findings are collected in the audit working papers. Current files contain all the detailed work and supports for the findings. The permanent files are updated with any relevant information.

Review

The audit work is subjected to several levels of review in order to ensure a high quality of output.

1) The team leader reviews and directs the work of the team members while in the field and produces a summary report called the "Examiner's Report."
2) Another review is conducted by a senior officer and review notes and a draft Audit Report are produced.
3) A final review is done at the level of Assistant Auditor General who may amend the draft Audit Report as necessary. A recommendation is made to the Auditor General.
4) The Auditor General examines the recommendations in the context of the findings and decides on the form of the Report.

Reporting

The form of the Auditor General's Reports generally follows the format of the accounting profession.

The reports can be:-

- Unqualified
- Qualified

Qualifications are based on:-

a) limitations in the scope of the audit work.
b) disagreement on quantities, treatment or presentation of information in the financial statements.

The Auditor General is required under the constitution to submit reports to the President of the Senate, Speaker of the House of Representatives and the Minister of Finance. Reports are also submitted to the management of the client entity and to the Ministry with overall responsibility for that entity.

Clientele[14]

- Ministries and Departments of the Central Government
- Tobago House of Assembly
- Regional Corporations
- Regional Health Authorities
- Statutory Boards and Similar Bodies
- All State Enterprises owned or controlled by or on behalf of the State that the Auditor General is so empowered to audit.
- The Public Accounts Committee
- The Public Accounts (Enterprises) Committee of Parliament; and
- All Officers, Courts, and Authorities of Trinidad and Tobago.

[14] Auditor General Department's website http://www.auditorgeneral.gov.tt/content/our-clients accessed on July 9, 2019.

Issues, Observations and Recommendations

During the examination of the Reports of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial years ended September 30, 2018, the Committee identified both pervasive and individual issues and proposed recommendations:

Pervasive Issues

1. ***The status of the implementation of Integrated Financial Management Information System (IFMIS)***

In its Twentieth Report on an examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2017 (the AGD's 2017 Report), the Committee noted that the implementation of the IFMIS should facilitate real time processing of data as well as quick generation of accurate statements, thereby promoting good governance and accountability.

The AGD's 2017 Report recommended that the Ministry of Finance (MoF) submit an update on the estimated timeline for the full implementation of the IFMIS by April 25, 2019. In its Ministerial Response to the Committee's Twentieth Report, the MoF indicated that, while initial testing of the system was due to begin by June 2019, complete roll-out of IFMIS would take just under four (4) years. At the public hearing the MoF explained that the project was being monitored by the Inter-American Development Bank and would proceed steadily.

Recommendation:

i. ***The MoF should submit an outline of the key milestones it expects to reach in the roll-out of IFMIS by particular dates by July 31, 2020.***

2. **Non-Submission of Documents to the AGD**

The non-submission of requisite documents causes scope limitations on the AGD's audits. The Auditor General's Report on the Public Accounts of Trinidad and Tobago for 2018 highlighted many instances of documents not being produced for audit scrutiny. This was a serious breach of both the Auditor General's constitutional right of access to all documents relating to the Public Accounts and the financial regulations and accountability requirements to which all Ministries, Departments and Agencies (MDA) should adhere. Financial Instruction 43 states, *"All vouchers, paid cheques and other relevant documents shall on request for Audit examination be made available to the Auditor General or his nominee".*

The 2018 Report explained that in addition to the non-provision of the standard requested financial source documents, those of a non-financial[15] nature were also not duly submitted. In addition to cases of non-submission of documents, there were also instances where incomplete submissions were made.

Pursuant to Financial Instructions 1965, Part XIII, paragraph 212 (2):

> *"Departments shall prepare a reconciliation statement with details of the composition of the balance and such statement shall fully explain any difference between the departmental and Comptroller of Accounts balances of the account."*

In spite of this requirement, twenty-one (21) MDAs failed to submit all of their Deposit Account Statements. Of those, eleven (11) did not submit any Statements at all, as at the time of publication of the Report, as seen below[16].

Accounts Partially Submitted	**No Accounts Submitted**
Ministry of Finance – 6 of 44 outstanding	Judiciary
Ministry of National Security – 15 of 17	Registration, Recognition and Certification Board
Ministry of the Attorney General and Legal Affairs – 2 of 6	Office of the Prime Minister
Ministry of Education – 6 of 8	Central Administrative Services – Tobago
Ministry of Health – 5 of 8	Personnel Department
Ministry of Labour and Small Enterprise Development – 2 of 6	Trinidad and Tobago Police Service
Ministry Works and Transport – 1 of 11	Ministry of Public Administration & Communications
Ministry of Foreign and CARICOM Affairs – 18 of 21	Ministry of Rural Development and Local Government
Ministry of Planning and Development – 5 of 7	Ministry of Housing and Urban Development
Ministry of Agriculture, Lands and Fisheries – 5 of 7	Ministry of Community Development, Culture and the Arts
	Ministry of Social Development and Family Services

[15] Including contracts, monitoring documentation, evaluation reports and process guidelines.

[16] Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2018, page 72.

On a similar issue, in its Twentieth Report, the Committee recommended that penalties be implemented for the Accounting Officers failing to respond to the Auditor General's Circular Memoranda deadlines for submission. In its Ministerial Response, the MoF explained that this is the responsibility of the Public Service Commission in accordance with Section 2 of the Constitution of the Republic of Trinidad and Tobago.

Recommendation:

i. ***The Public Service Commission should consult with the AGD to establish measures to ensure that Accounting Officers can be held accountable for meeting submission deadlines, thereby removing or reducing obstacles to the effectiveness of the AGD's audit scrutiny, by July 31, 2020.***

3. Contracts

The AGD's 2018 Report raised issues concerning the establishment of contracts. Due to the failure of many MDAs to produce formal contracts, there were numerous cases where the AGD could not clearly ascertain the legal parameters of the relationships between the MDAs and their respective service providers. Among these were:

ii. The Trinidad and Tobago Police Service (TTPS) where no contracts were provided for $7.5 million worth of services;
iii. The MoF in respect of janitorial services procured between October 1, 2017 and February 4, 2018;
iv. the Valuation Division, MoF, which produced no contracts for security services at seven (7) of its locations or for janitorial services worth $131,899.97 performed at two (2) locations;
v. the Ministry of Community Development, Culture and the Arts (MCDCA) did not provide formal contracts for $852,864.72 spent on janitorial and technical system maintenance services; and
vi. no contract between the Customs and Excise Division and Port and Maritime Services was produced for Container Examination Services, management fees, operating costs and other charges totalling $1,693,434.00.

Recommendation:

I. The TTPS, the MoF, the Valuation Division, the MCDCA, and the Customs and Excise Division should write to Parliament providing the following by July 31, 2020:

- ***a. copies of the unsubmitted contracts and the reason(s) for non-submission to the AGD;***
- ***b. the reasons for the lack of requisite contracts if they are not available;***

c. ***an explanation of why the Ministry / Department accepts the serious risk caused by the absence of legally binding contracts; and***
d. ***an explanation of whether the Ministry / Department has an internal audit system and a legal department and how these two can correct the problem of non-submission of contracts and other required documents.***

4. Accounting Officers and Internal Control Systems

The Committee noted the occurrences of officers within Ministries below the grade of the Permanent Secretary authorising expenditure in amounts exceeding the financial limits set by Central Tenders Board Circular Memorandum dated July 26, 2004 and Comptroller of Accounts Circular No. 12 dated 9th November, 2005. The AGD explained that authorisation of expenditure is an important aspect of internal control.

Section 24 (1) (b) of the Exchequer and Audit Act Chap. 69:01 establishes the responsibility of Accounting Officers:

> *'accounting officers shall prepare and transmit to the Auditor General appropriation accounts of the moneys expended under the votes for which they were responsible, showing the services for which the money was voted, the sums actually expended on each such service during the period of account, and the state of each vote compared with appropriation'.*

When individuals who are not officially mandated to authorise expenditure do so, it creates uncertainty and a high operational risk[17] in case of irregularity, as the issue would not be traceable back to the Officer who was meant to assume the responsibility for it.

The prevalence of this authorisation irregularity shows a lack of appreciation across the public service of risk-related issues. The public service risk culture needs to be improved and Accounting Officers should take a leading role.

In its Twentieth Report, the Committee recommended that the Public Service Academy (PSA) ensure that all Accounting Officers are apprised of the roles and responsibilities of the positions they hold as a means of ensuring constant compliance to the financial rules and regulations. The Committee also advised that training in the areas of responsibility and accountability could be conducted at the level of each Ministry.

Recommendation:

i. ***The Public Service Academy (PSA) should report to Parliament on the implementation of risk management training to sensitise officers across the public service to the***

[17] Resulting from a failure of people, processes, systems or external events in the pursuit of an objective.

consequences of risk and the ways in which risk can be mitigated by strengthening internal controls by July 31, 2020.

Recurring Issues

5. Secrecy Provisions of the Income Tax Act Chapter 75:01

Despite the Auditor General's constitutional right to access all necessary documents for the audit of the Public Accounts, the secrecy requirements of Section 4 of the Income Tax Act, Chapter 75:01 have been cited to restrict the AGD's access to data at the Inland Revenue Division (IRD). Because of this, the AGD included a limitation of scope in its 2018 Report to highlight this obstacle to the necessary conduct of analytical reviews as part of the audit.

This is a recurring issue, as it was featured in the Committee's First, Twelfth and Twentieth Reports on the Examination of the Reports of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Years 2014 to 2017. Since January 2016[18], the AGD has been in contact with the Ministry of the Attorney General and Legal Affairs (MAGLA) and was informed that steps were being taken to resolve the access issue. Several meetings between the AGD and the IRD were facilitated by the MAGLA to no avail. The IRD declined to accept the AGD's proposals.

Amending Section 4 of the Income Tax Act falls under the purview of the MoF, which would instruct the MAGLA accordingly.

Recommendation:

i. ***The AGD and the IRD should consult with the MoF to produce instructions for Draft Amendments to be sent to the MAGLA. The MoF should provide a status update on this matter to Parliament by July 31, 2020.***

Individual Areas of Concern

The Ministry of Finance (MoF)

6. Exit Interviews

At the public hearing the Permanent Secretary (PS) of the MoF expressed the opinion that an exit interview with the AGD before publication of the Auditor General's Report would have been

[18] Ministry of the Attorney General and Legal Affairs, Ministerial Response to First Report of the Public Accounts Committee, page 2.

useful. According to the PS, this would have facilitated the resolution of many of the issues pertaining to the Ministry and its Divisions that were raised in Report. In its written response to questions seeking additional information, the MoF indicated that over a dozen issues raised in the 2018 Report could have been clarified if there had been an exit interview.

While emphasising the importance of maintaining its independence, the AGD explained that a mechanism was already in place for interviews with entities at the end of the interim audit phase. In the case of the MoF, which has many entities under its purview, the AGD met with the heads of those particular entities and not with the PS as Accounting Officer. The AGD recognised that, being the Accounting Officer for all activities under the supervision of the MoF, the Permanent Secretary of the MoF should indeed be included in exit interviews.

Observation:

i. ***The Committee is of the opinion that exit interviews would not compromise the AGD's independence and should be done before the preparation of the final draft of the Department's Report. While the AGD is not obliged to incorporate the content of exit interviews into its Reports, it is vital to hear the opinions of Accounting Officers.***

Recommendation:

i. ***The AGD should prepare a roster of Accounting Officers with which exit interviews will be held in the preparation of its Report on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2019 and report to Parliament by July 31, 2020.***

The Ministry of Energy and Energy Industries (MEEI)

7. Revenue leakages at the MEEI

The MEEI did not maintain adequate records of moneys collected or owed. The MEEI also did not keep sufficiently detailed records of its efforts to collect receivables owed to it. The Ministry also struggled to verify production data from oil and gas and quarrying companies. These shortcomings have led to revenue leakages.

In its written responses to questions seeking additional information, the AGD made recommendations with respect to material weaknesses and for the strengthening of the monitoring processes at the MEEI. At the hearing, the AGD explained that it identified the assessment of internal control mechanisms at the MEEI with regard to revenue as a target area for follow-up.

Observation:

i. ***The Committee has initiated an examination of the concerns raised in the 2016, 2017 and 2018 AGD Reports with specific reference to the MEEI. A public hearing was held on***

Wednesday November 27, 2019. The information received will be used to draft the Committee's Thirty-First Report with recommendations on this issue.

Central Bank of Trinidad and Tobago (CBTT)

8. Overdrawn Balance on the Exchequer Account

There was concern over whether the overdraft had gone beyond the legal limit. This limit was increased from 15% to 20% of total current revenues and capital receipts when the Finance Act of 2017 amended the Central Bank Act Chap 79:02. In order to understand whether this ceiling had been surpassed, at the public hearing the Committee asked how the overdraft was calculated. In a written submission[19], the CBTT indicated that the overdraft has never exceeded the statutory limit. The CBTT further explained that the two (2) Exchequer Accounts are not the only accounts used to assess the Government's net overdraft position. There is a listing including other accounts that is used for this purpose.

Recommendation:

i. ***The CBTT should provide a detailed description of all the accounts used to calculate the Government's net overdraft position by July 31, 2020.***

The Customs and Excise Division (CED)

9. Record-Keeping Weaknesses

The CED still relies heavily on paper-based transaction records, although there is the option to use ASYCUDA. This is a computerised customs management system developed by the United Nations Conference on Trade and Development (UNCTAD), allowing for digital processing of the full range of customs-related procedures. ASYCUDA "handles […] customs declarations, accounting procedures, transit and suspense procedures"[20]. The AGD found that ASYCUDA was not systematically used by the CED.

The Committee highlighted that the persistent use of manual transactions increased the risk of omissions or other discrepancies. These errors go undetected and this contributes to the considerable unreconciled amounts on the CED's accounts. Further, when ASYCUDA is used, officers at all levels have the ability to input, validate and make changes on the system. This can lead to inconsistent records and possible revenue leakages.

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[19] Central Bank of Trinidad and Tobago, responses to questions for additional information, dated June 11, 2019.

[20] ASYCUDA Website, *About ASYCUDA*, accessed on June 14, 2019: https://asycuda.org/en/about/

At the CED, there were differences between the Statement of Receipts and Disbursements, the Digital Cash Book and the Treasury Cards totalling $102,133,351.41. This was because of variances in cash under 10 sub-items totalling $9,171,181.52 and Inter Departmental Adjustments (IDAs) totalling $92,962,169.89. Transactions related to these amounts were not entered into the Digital Cash Book as they should have been. It was explained by the CED that the Treasury Cards did not fully reflect the requisite information. This, however, was contradicted by the Treasury Division, according to which the said Cards did indeed contain all of the necessary figures.

Both the AGD and the Ministry of Finance explained that such errors would eventually be spotted and rectified. The Committee was still of the opinion that it would be better to correct them as quickly as possible.

Recommendation:

i. ***The CED should submit a report including the following to Parliament by July 31, 2020:***
   - **the cost, if any, of acquiring and using ASYCUDA;**
   - ***the challenges that caused the underutilisation of ASYCUDA;***
   - ***the measures taken to address the challenges;***
   - ***the assistance needed to resolve the challenges;***
   - ***the measures implemented to ensure that transactions are duly registered in the Digital Cash Book; and***
   - ***the Division's plans to reduce reliance on paper-based procedures.***

Concluding Remarks

A number of factors affected the ability of the Auditor General's Department to conduct audits. In its examination of the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2018, the Committee noted that certain issues have become entrenched as recurring problems. The non-submission of documents to the AGD and restrictions on the AGD's access to key sources of information complicate the execution of the Department's examination function, which in turn limits the Department's reporting function. MDAs should be forthcoming with all information required to facilitate the conduct of audits. Additionally, efforts to ensure that Accounting Officers fulfil their responsibilities should continue.

The Committee noted the continued reliance on paper-based transactions despite the availability of ICT-based systems. This speaks to the need to reinforce the implementation of ICT across the public service, which will be addressed in a forthcoming Report by this Committee. The Committee is very concerned about the state of ICT in the public service of Trinidad and Tobago. In particular its disjointedness, lack of coordination, lack of coherence and the absence of any strategic focus. The Committee is also concerned about slowness of implementation of matters and projects driven by ICT to enhance government efficiency and effectiveness.

The Committee continues to be concerned about basic issues of compliance and meeting deadlines with the Auditor General throughout the Public Service as well as violations of procedures and systems.

The Committee will follow up with the Central Bank on matters of concern which might require further clarification.

This Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Taharqa Obika
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Charrise Seepersad
Member

Appendix I - Witnesses

At the public hearing held on Wednesday May 22, 2019, the following witnesses were in attendance:

Auditor General's Department (AGD)

- Ms. Lorelly Pujadas - Auditor General
- Mr. Gary Peters - Assistant Auditor General
- Mr. Louis Hernandez - Assistant Auditor General (Ag.)
- Ms. Reahla Balroop - Assistant Auditor General (Ag.)
- Ms. Anita Mangra - Senior Legal Officer
- Mrs. Nela Dwarika-Ali - Audit Director
- Mrs. Rajkoomari Mohammed - Audit Executive II (Ag.)
- Mr. Brian Caesar - Audit Executive II (Ag.)
- Mrs. Anna Maria Sealey-Daly - Audit Executive II (Ag.)
- Mrs. Alicia Sankar-Ramdeen - Assistant Audit Director (Ag.)

Board of Inland Revenue (BIR)

- Mrs. Allison Raphael - Chairman, BIR
- Ms. Christine Sahajad - Administrative Officer IV
- Ms. Vitra Nanan - Accountant IV (Ag.)
- Ms. Jeanine Correia - Economist II (Ag.)
- Ms. Ashedah Gibson - State Counsel I

Comptroller of Accounts (COA)

- Ms. Catherine Laban - Comptroller of Accounts
- Mrs. Joycelyn Thomas-Vialmosa - Deputy Comptroller of Accounts
- Ms. Avonelle Browne - Director, Treasury Management

Ministry of Finance (MOF)

- Mr. Vishnu Dhanpaul - Permanent Secretary
- Mrs. Michelle Durham-Kissoon - Permanent Secretary
- Mrs. Suzette Lee-Chee - Permanent Secretary
- Ms. Jennifer Lutchman - Deputy Permanent Secretary

- Ms. Vidyah Marcial - Deputy Comptroller of Customs and Excise
- Mr. Keith Huggins - Assistant Comptroller of Customs and Excise (Ag.)
- Mrs. Sherma Surkra-Thompson - Accountant IV

Ministry of the Attorney General and Legal Affairs (MAGLA)

- Ms. Natasha Barrow - Permanent Secretary
- Ms. Karen Bridgewater - Registrar General
- Ms. Cher Augustine-Hamilton - Director, Finance and Accounts
- Ms. Vashti Maharaj - Head, Legal Services
- Ms. Ida Mariana Eversley - Deputy Chief Parliamentary Counsel

Appendix Ii – Minutes of Meeting

THE PUBLIC ACCOUNTS COMMITTEE –
FOURTH SESSION, ELEVENTH PARLIAMENT
MINUTES OF THE THIRTY- SIXTH MEETING HELD ON WEDNESDAY, MAY 22, 2019 AT 10:06 A.M.
IN THE ARNOLD THOMASOS (EAST) MEETING ROOM, LEVEL 6, AND IN THE J. HAMILTON MAURICE MEETING ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Taharqa Obika	-	Vice – Chairman
Dr. Lester Henry	-	Member
Ms. Charrise Seepersad	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Vanna Jankiepersad	-	Procedural Officer Intern
Mr. Justin Jarrette	-	Parliamentary Intern

Excused were:

Mr. Adrian Leonce	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mr. Randall Mitchell	-	Member

Absent was:

Mrs. Ayanna Webster-Roy	-	Member

COMMENCEMENT

1.1 At 10:06 a.m. the Chairman called the meeting to order and welcomed those present. The Chairman informed the Members that Mr. Adrian Leonce, Mrs. Paula Gopee-Scoon and Mr. Randall Mitchell asked to be excused from the Meeting.

THE EXAMINATION OF THE MINUTES OF THE THIRTY- FIFTH MEETING

2.1 The Committee examined the Minutes of the Thirty-Fifth (35th) Meeting held on Wednesday April 10, 2019.

2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Taharqa Obika and seconded by Ms. Charrise Seepersad.

MATTERS ARISING FROM THE MINUTES OF THE THIRTY- FIFTH MEETING

3.1 With reference to item 3.3, the Chairman informed the Members that the responses to the additional information from the Environmental Management Authority (EMA) were received by the Secretariat on April 24, 2019 and used to draft the Twenty-Sixth Report of the Committee.

3.2 With reference to item 5.4, the Chairman informed the Members that the responses to the additional information from the National Carnival Commission of Trinidad and Tobago (NCC) were received by the Secretariat on May 23, 2019 and used to draft the Twenty-Seventh Report of the Committee.

PRE-HEARING DISCUSSION RE: DISCUSSION ON THE AUDITOR GENERAL'S REPORT

4.1 The Chairman informed the Members that the purpose of the public hearing was to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year ended September 30, 2018.

4.2 The Members discussed the issues of concern and the general approach for the Public Hearing.

4.3 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:22 a.m.

DISCUSSION ON THE AUDITOR GENERAL'S REPORT

5.1 The Chairman called the public meeting to order at 10:34 a.m.
5.2 The following officials joined the meeting:

Auditor General's Department (AGD)

- Ms. Lorelly Pujadas - Auditor General
- Mr. Gary Peters - Assistant Auditor General
- Mr. Louis Hernandez - Assistant Auditor General (Ag.)
- Ms. Reahla Balroop - Assistant Auditor General (Ag.)
- Ms. Anita Mangra - Senior Legal Officer
- Mrs. Nela Dwarika-Ali - Audit Director
- Mrs. Rajkoomari Mohammed - Audit Executive II (Ag.)
- Mr. Brian Caesar - Audit Executive II (Ag.)
- Mrs. Anna Maria Sealey-Daly - Audit Executive II (Ag.)

- Mrs. Alicia Sankar-Ramdeen - Assistant Audit Director (Ag.)

Board of Inland Revenue (BIR)

- Mrs. Allison Raphael - Chairman, BIR
- Ms. Christine Sahajad - Administrative Officer IV
- Ms. Vitra Nanan - Accountant IV (Ag.)
- Ms. Jeanine Correia - Economist II (Ag.)
- Ms. Ashedah Gibson - State Counsel I

Comptroller of Accounts (COA)

- Ms. Catherine Laban - Comptroller of Accounts
- Mrs. Joycelyn Thomas-Vialmosa - Deputy Comptroller of Accounts
- Ms. Avonelle Browne - Director, Treasury Management

Ministry of Finance (MOF)

- Mr. Vishnu Dhanpaul - Permanent Secretary
- Mrs. Michelle Durham-Kissoon - Permanent Secretary
- Mrs. Suzette Lee-Chee - Permanent Secretary
- Ms. Jennifer Lutchman - Deputy Permanent Secretary
- Ms. Vidyah Marcial - Deputy Comptroller of Customs and Excise
- Mr. Keith Huggins - Assistant Comptroller of Customs and Excise (Ag.)
- Mrs. Sherma Surkra-Thompson - Accountant IV

Ministry of the Attorney General and Legal Affairs (MAGLA)

- Ms. Natasha Barrow - Permanent Secretary
- Ms. Karen Bridgewater - Registrar General
- Ms. Cher Augustine-Hamilton - Director, Finance and Accounts
- Ms. Vashti Maharaj - Head, Legal Services
- Ms. Ida Mariana Eversley - Deputy Chief Parliamentary Counsel

5.3 Key Topics Discussed:

1. The absence of a follow-up chapter dedicated to Information Communication Technology (ICT) in the 2018 Report;
2. The weaknesses of ICT systems across the public sector;

3. The ICT audits conducted by the AGD;
4. The collaboration between the Ministry of Public Administration (MPA) and the Ministry of Planning and Development (MPD) on ICT;
5. The lack of integration and interface of ICT systems throughout the public sector;
6. The need to strengthen the ICT governance structure;
7. The status of the National ICT Plan;
8. The status of the overdrawn balance on the Exchequer Account and the measures in place to reduce the overdraft balance;
9. The implementation of the International Public Sector Accounting Standards (IPSAS);
10. The possibility and benefit of conducting exit meetings between the AGD and the MoF before the publication of the AGD's Report;
11. The independence of the AGD;
12. The significance for the audit of the public accounts on the non-submission of deposit account statements by Ministries / Department;
13. The reluctance of the BIR to allow the AGD to carry out analytical reviews due to the secrecy provisions of the Income Tax Act Chapter 75:01;
14. The revenue leakages at the Ministry of Energy and Energy Industries (MEEI);
15. The status of the Public Procurement and Disposal of Public Property Legislation;
16. The pattern in government expenditure over the past five years with regard to current transfers;
17. The public expenditure review conducted in collaboration with the World Bank Group and the resulting savings;
18. The continued practice of Ministries / Departments engaging service providers without formal contracts;
19. The mechanisms in place to monitor the transfer of funds to Statutory Boards and Similar Bodies;
20. The authorization of expenditure by officers below the range of Permanent Secretary;
21. The need for Accounting Officers to strengthen internal control systems;
22. The number of control weaknesses of the Customs and Excise Division (CED) and the resulting revenue leakages; and
23. The continued use of paper based systems at the CED.

Please see the attached verbatim notes for the detailed oral submission by the witnesses.

5.4 The Committee agreed to send additional questions to the AGD, MoF and COA for written submission.

[**Please see Appendix 1**]

5.5 The Chairman thanked the representatives from the AGD, MoF, BIR, COA, members of the media, the public and the Members of the Committee for their attendance.

<u>**ADJOURNMENT**</u>

6.1 There being no other business, the Chairman thanked the Members and Witnesses for their attendance and the meeting was adjourned.

6.2 The adjournment was taken at 12:50 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

May 22, 2019

Questions for the Additional Information

Auditor General's Department

1. Based on chart 2.1 (pages 18-19): Current Transfers and Subsidies represented 42% of the total actual expenditure for the financial year 2018. In the Sub-Analysis of Chart 2.1: Current Transfers 42%, the largest share went to a category labelled "Other – 35%".

- What does 'Other 35%' entail?
- Provide a breakdown of the category "Other 35%".

2. With regard to the internal control weaknesses at the Ministry of Energy and Energy Industries (MEEI).

- Provide a list of the internal control weaknesses and the recommendations for the strengthening of the monitoring processes at the MEEI.

Ministry of Finance

1. Provide a list of the areas identified in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2018 that could have been resolved had an exit interview been conducted by the Auditor General's Department.

Comptroller of Accounts

1. Briefly explain the difference of $102,133,351.41? Please indicate whether this issue was rectified and how was this issue rectified.
2. Please state the reason for the non-inclusion of figures related to treasury cards.

VERBATIM NOTES OF THE THIRTY-SIXTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN CAMERA) IN THE ARNOLD THOMASOS (WEST) MEETING ROOM AND (IN PUBLIC) IN THE J. HAMILTON MAURICE ROOM, TOWER D, PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, MAY 22, 2019 AT 10.35 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Taharqa Obika	Vice-Chairman
Dr. Lester Henry	Member
Ms. Charrise Seepersad	Member
Ms. Keiba Jacobs	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Vanna Jankiepersad	Procedural Officer Intern
Mr. Darien Buckmire	Research Assistant

ABSENT

Mrs. Ayanna Webster-Roy	Member [*Excused*]
Mr. Randall Mitchell	Member [*Excused*]
Mr. Adrian Leonce	Member [*Excused*]
Mrs. Paula Gopee-Scoon	Member [*Excused*]

AUDITOR GENERAL'S DEPARTMENT

Ms. Lorelly Pujadas	Auditor General
Mr. Gary Peters	Assistant Auditor General
Ms. Reahla Balroop	Assistant Auditor General (Ag.)
Mrs. Anita Mangra	Senior Legal Officer
Mrs. Nela Dwarika-Ali	Auditor Director
Mrs. Rajkoomari Mohammed	Audit Executive II (Ag.)
Mr. Brian Caesar	Audit Executive II (Ag.)
Mrs. Anna Maria Sealey-Daly	Audit Executive II (Ag.)
Mrs. Alicia Sankar-Ramdeen	Assistant Audit Director (Ag.)

BOARD OF INLAND REVENUE

Mrs. Allison Raphael	Chairman, BIR
Ms. Jeanine Correia	Economist II (Ag.)

Ms. Asheda Gibson	State Counsel

COMPTROLLER OF ACCOUNTS

Ms. Catherine Laban	Comptroller of Accounts
Mrs. Joycelyn Thomas-Vialmosa	Deputy Comptroller of Accounts
Ms. Avonelle Browne	Director, Treasury Management (Ag.)

MINISTRY OF FINANCE

Mr. Vishnu Dhanpaul	Permanent Secretary
Mrs. Michelle Durham-Kissoon	Permanent Secretary (Ag.)
Mrs. Suzette Lee-Chee	Permanent Secretary
Ms. Vidyah Marcial	Deputy Comptroller of Customs and Excise (Ag.)
Mr. Keith Huggins	Assistant Comptroller of Customs and Excise (Ag.)
Mrs. Sherma Surkra-Thompson	Accountant IV
Ms. Jennifer Lutchman	Deputy Permanent Secretary

MINISTRY OF THE ATTORNEY GENERAL AND LEGAL AFFAIRS

Ms. Natasha Barrow	Permanent Secretary
Ms. Ida Mariana Eversley	Deputy Chief Parliamentary Counsel
Ms. Karen Bridgewater	Registrar General
Ms. Cher Augustine-Hamilton	Director, Finance and Accounts
Ms. Vashti Maharaj	Head, Legal Services

Mr. Chairman: Good morning everybody. We are here to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2018, which would cover the months 1st of October 2017 to 30th of September, 2018. I want to take this opportunity to welcome officials from the Auditor General's Department, from the Ministry of Finance, from the Ministry of the Attorney General and Legal Affairs, from the Board of Inland Revenue and from the Comptroller of Accounts Department. I also want to thank members of the public who are here out of public interest, and I especially thank members of the media who are always here to cover the proceedings of these meetings.

My name is Bhoendradatt Tewarie. I am the Member of Parliament for Caroni Central and Chair of the Public Accounts Committee. I will give other members of my Committee an opportunity to introduce themselves and also ask each one of you here to introduce yourself.

The purpose of this meeting, that is to say, the meeting of the Public Accounts Committee, is to have a general discussion with the Auditor General—and I am glad she is here, and I want to say personal congratulations and congratulations on behalf of the Committee to you—on the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year ended 30 September, 2018. We would try to determine some of the challenges being faced and look to possible solutions to these challenges.

This Committee always tries to look at the things that are problems that need to be solved and whether we can find a solution for it. Based on the issues identified, the following key stakeholders have been invited—I mentioned some of them before—but the Ministry of Finance, including the Comptroller of Accounts and the Board of Inland Revenue and the Ministry of the Attorney General and Legal Affairs. The role of this Committee is to help the Auditor General, the Ministries and Departments improve their delivery of services in an efficient, effective and economic manner.

This meeting is held in public and is being broadcast live on Parliament's Channel 11, on Radio 105.5 FM and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can send their comments related to today's topic and, therefore, participate by email at parl101@ttparliament.org, or on facebook.com/ttparliament, or via Twitter @ttparliament.

I want to take this opportunity now to ask members of the Auditor General's Department to introduce themselves, then we will have the representatives of the Ministry of Finance, then the members of the Board of Inland Revenue, members from the Comptroller of Accounts and then finally the Ministry of the Attorney General and Legal Affairs. So we start with the Auditor General and her department with introductions

[*Introductions made*]

Mr. Chairman: Thank you very much, and good morning again to all of you. I will ask the members of my Committee to introduce themselves. As I said, my name is Bhoendradatt Tewarie, Chair of the Public Accounts Committee and I will start on my right.

[*Introductions made*]

Mr. Chairman: Okay. And thank you very much. On behalf of the members of the Public Accounts Committee and the Secretariat to the Committee, I want to say a very sincere thank you to Mr. Majeed Ali, the past Auditor General of the Republic of Trinidad and Tobago, for his advice, assistance and support provided to this Committee during his tenure in office since we have been in office as a Public Accounts Committee.

I also want to take the opportunity to congratulate Ms. Lorelly Pujadas, on her appointment as the Auditor General of the Republic of Trinidad and Tobago. This is a very important role and a very important function, and we congratulate you on your elevation, and we wish you well. We look forward to continued work with you and the department. We are familiar with you because we have dealt with you before, and we look forward to a good working relationship. I will invite the Auditor General now to make some brief opening remarks or a statement if she wishes, and, well, we will see after her statement.

Ms. Pujadas: Thank you Chair. I just want to say thank you, once again, for affording us the opportunity to come together and to speak with the principals that have been invited here to take us forward. As you know, the role of the Auditor General is a very important one, it is a role that deals with oversight and ensuring proper governance and ensuring that we have the necessary information that we can provide to the citizenry and that the matters and transactions taking place in the various Ministries and Departments are being done in a true and a fair manner. At this point in time, I will be brief. I, too, want to recognize the previous Auditor General, Mr. Majeed Ali, under whose leadership and guidance we were able to put forward this particular report at this point in time. I draw reference that this report is based on an audit of 41 Ministries and approximately 25 Treasury statements and it has been done in a situation where we continue to have a shortage of staff and the filling of the necessary human resources in order for us to really do a thorough oversight process.

We recognize that this is a challenge across the board in many Ministries and in many Departments as well but for us, in particular, it has been a challenge. However, we are grateful that in March of this year, we were able to obtain at least six officers at the audit examiner assistant level, and that greatly helped us in pushing forward in looking and reviewing the appropriation accounts of the Ministries and helping us in terms of evaluating and looking at the Treasury statements. That is briefly all I wish to say at this point in time, and thank you very much for forgiving us an ear.

Mr. Chairman: Thank you very much, Ms. Pujadas. What I will do at this point is that I will ask some general questions as Chair, and then I will pass on to the members of my Committee to ask some questions.

Now, the first question that I have, based on the report, is that we had actually planned, based on the 2017 report, to invite the Auditor General together with the Ministry of Planning and Development and the Ministry of Public Administration and, actually, because we waited a little bit, we said we would wait on this report to see if there was any further information or modification of the report that was given in the 2017 report on the role of ICT, information communications technology, in the public service. And what we noted in this report is that although two chapters were dedicated to that in various ways in the 2017 report, there was no follow-up chapter in 2018, but we did notice that there were comments by the Auditor General on the ISMS system.

We did notice that there were comments by the Auditor General in the report on the lack of integration of elements of the Ministry of Finance, for instance, Customs and Excise and so on, which allowed various institutions under the Ministry of Finance to operate in silos, and it simply underscored—although you did not address it in the same way as 2017—that there was a continuing problem, and I think one of deterioration of effectiveness and efficiency in the public service buttressed by the fact that the ICT systems across the public sector were exceptionally weak, and I wonder if I can get your comment on that.

So, specifically, how come in this report there was no follow-up to what had been stated in the 2017 report? And, secondly, do you, on the basis of your examination in order to do this report for 2018, have anything to say about the state of the information on communication systems within the public sector?

Ms. Pujadas: Thank you Chair. That is a very tall order.

Mr. Chairman: But it is a big issue.

Ms. Pujadas: It is a big issue.

Mr. Chairman: It is an issue that determines the difference between a modern functioning bureaucracy and a backwater bureaucracy of a backward state, and that is why it is so important.

Ms. Pujadas: I understand, Chair, from the comments from which you make. I cannot speak to what you have just indicated, but I can say that we continue to do IT audits. At present, we have limited resources ourselves in which to pursue that. However, what we try to do, at this point in time, is when we go in to do an audit, if an entity, for example, customs, Board of Inland Revenue, if they have certain IT functions, we try to look at the IT and look at the application controls that they have in existence and to assess whether those things will actually produce the relevant statements in a true and correct manner.

This year, we did do a minute of follow-up, based on the resources, as you indicated, in terms of the customs, with a view to really looking at—because last year you also spoke about revenue leakages being an issue.

Mr. Chairman: Sure.

Ms. Pujadas: So what we were looking to do is to link the systems that they have in place to see and link that—

Mr. Chairman: If they worked?

Ms. Pujadas:—with the work we were doing in terms of the revenue. And so that was our focus this year as opposed to a specialized audit that is just simply focused. So what we did is we started from the premise of looking at the report last year and those areas that we were looking into this year, we pulled from that and we did a follow-up in those areas.

We are actually, at present, doing follow-ups in other areas and, at present, we will be dealing with that. We have selected certain risk areas that we think need to be looked at as well in certain entities that we have identified as possible risk areas, and we are pursuing IT audits in that regard. Further comments, I would like to defer to Mrs. Nela Dwarika-Ali. She is our Audit Director in charge of our IT audit functions.

Mr. Chairman: Okay. Well, I will take those comments before I follow-up. Go ahead.

Mrs. Dwarika-Ali: Okay. Good morning Chair, based on what Ms. Pujadas has said—

Mr. Chairman: Could I just make one little comment before you respond?

Mrs. Dwarika-Ali: Sure.

Mr. Chairman: The 2017 report recommended that the Ministry of Planning and Development and the Ministry of Public Administration work together to deal with the integration of the ICT system across the public sector, because it felt that public administration could not do this without a planning oversight over what these Ministries, as an integrated aspect of Government would do, and that is what I am interested in, really, as to what is the Auditor General's point of view on what has happened in terms of your recommendation, first of all. Where the system is now, how much better or how much worse it is. And, thirdly, your insight as to what needs to be done. Go ahead.

Mrs. Dwarika-Ali: Okay. I should give you a brief history in terms of why we started IT audits. When we started IT audits in 2012, what we found pervasive amongst all the Ministries was the lack of internal controls both general and application. The Ministry of Public Administration, they are the oversight Ministry for IT in the public service. However, we found there was an absence in their monitoring and oversight. For example, in terms of an IT security, an overarching security policy for all Ministries and Departments was absent. There was a draft policy, however, it was never approved. So what we found is that each Ministry in silo, they were trying to develop their own policies and procedures.

In terms of IT governance, it was also lacking, because in terms of, for example, BCP. If they were developing a BCP plan, each Ministry would do their own engagement of maybe consultants and develop their own BCP plan. We had asked earlier this year for a follow-up from the Ministry of Public Administration and the Ministry of Planning and Development, but we have not gotten any response.

What we found also, in terms of the integration of systems and lack of interfaces that—although Ministries were using the same information, they all had separate systems where they were required, of course, in terms of cost—it was very expensive to acquire—and instead of sharing this information, they were all in silos acquiring different information systems for sometimes same purposes. So there was an issue in that especially with the limited use of resources, at the time, and which still exists. So we were asking that the Ministry of Public Administration should look into this in terms of looking at interface of systems. I will give you an example. For example, the RHAs, in terms of management of pharmaceuticals, there were about three systems, different systems being used for the same management of pharmaceuticals.

Mr. Chairman: And that matter comes up in this report again?

Mrs. Dwarika-Ali: No. That is in a separate audit report that we are finalizing. Some aspects of it came up in—

Mr. Chairman: This report?

Mrs. Dwarika-Ali:—last year's report. Yes. So we ask that the Ministry of Health, in collaboration with the Ministry of Public Administration, they collaborate and acquire one system what should be used across all RHAs in terms of cost effectiveness and efficiencies, in terms of, at the end of the day making sure that your patients, they receive drugs on a timely basis or they receive drugs because the inventory is an issue in terms of having an inventory system that does not interface with NIPDEC, which is C40, and these things lack efficiency. So that is why we were trying to get the Ministry of Public Administration involved.

In terms of the Ministry of Planning and Development, they are responsible for approving these IT projects. Now, if you are responsible for approving an IT project, and I am an RHA and I request approval for funding for acquisition of an application, now, in my opinion, I would say that another RHA, they had the same request and they had approved and procured that information

system and it is same request I have. So why is it that I am requesting for a different system for the same purpose? So, in terms of the Ministry of Planning and Development, that is why we asked for the collaboration but, to date, we have not had any response.
Mr. Chairman: Okay. Are you in a position to offer a view of what is happening in terms of more integrated systems in the public service now?
Mrs. Dwarika-Ali: Okay. Well, in terms of RHAs, we spoke with respective CEOs, and what is happening, the Eastern Regional Health Authority, I must commend them because they took the initiative to develop an in-house system for the management of pharmaceuticals and that was the main reason, because of lack of financial resources. So it is something that they could look at in terms of spending all this expenditure on a system.
Mr. Chairman: So, it is a system that has been developed in-house and can be transferable?
Mrs. Dwarika-Ali: Yes.
Mr. Chairman: And then integrated?
Mrs. Dwarika-Ali: Yes or interfaced.
Mr. Chairman: Yes. An integration would allow for a lot of things, because it means that if one RHA had a lot of aspirin but another one had none, you could make transfers within the system in order to deal with the need of patients, no?
Mrs. Dwarika-Ali: Yes. Because, at the end of the day, in terms of service delivery, their vision would be to provide an efficient health service and, of course, that would address a lot of issues that are happening right now.
Mr. Chairman: Okay. What at this point do you have to recommend beyond what you did in the 2017 report which was in 2018?
Mrs. Dwarika-Ali: Okay. In terms of the integration, we have to get IT governance, a proper IT governance structure. That is lacking in the public service. We do not have a proper IT governance structure, and if you do not have a proper IT governance structure, of course, your operations would not be effective. So that is our starting point and we started, as I said, with the Ministry of Public Administration because they are the oversight Ministry for ICT. So we really need to get the collaboration amongst all involved in the public service for us to move forward, because as a country, in terms of innovation, we are lacking. And, at the end of the day, the stakeholders which are the citizens, they are the ones suffering.
Mr. Chairman: Okay. So the minimal value, I mean, without looking at all the ramifications and benefits, the minimum value is that first, you would have a governance structure in which everything is integrated and, therefore, there is shared knowledge. The second thing is that you would have a more efficient and effective system and, thirdly, it would mean that you could deploy whatever resources and services that you provide to the citizen in a much more effective way. So, even if you got nothing else that would be the benefit.
Mrs. Dwarika-Ali: Yes, in terms of efficiency and economy.
Mr. Chairman: All right. Thank you very much. I have some other questions though. The first question is the one on page 4 of the report, in which the Auditor General flags this item and says

"emphasis of matter" and it has to do with the Exchequer Account, and the Exchequer Account now reads at $40,246,393,438.68. Now, in my appreciation of how this thing has evolved since 2003, this is the highest level that the Exchequer Account has reached in the history of the country, and what the Auditor General says later in the document is that this, perhaps, would preferably be shown as indebtedness on the part of the Government, and I know that the Article IV Report of the IMF had also raised this issue of how it should be classified. Would the Auditor General care to respond on this matter?

Ms. Pujadas: Just a clarification. This year we did not raise the issue of it being reported as a debt, primarily because of the formatting and the presentation of the accounts are presented on a cash basis. And if you look at it, the statement that speaks to this emphasis of matter statement is the Treasury statement on the Consolidated Statement of Assets and Liabilities, and basically what is being—

Mr. Chairman: What page is that?

Ms. Pujadas: Page 109 of the report. And, basically, what is being presented there is really just the cash element, you know, what is raised, the revenue, your investments, your expenditure and your liabilities and your capital liabilities. So, in fact, the Government accounts are not really presented in a manner that would accurately reflect that this overdrawn balance is, in fact, a debt, and that is because we, the Government's position, we follow IPSAs and we are doing IPSAs, the cash basis. We have not yet progressed to moving towards an accrued presentation style of presentation. We are still in the formation stage presenting accounts under the IPSAs on the cash basis, and I think further discussion on that particular component would have to be dealt with between the Comptroller of Accounts and the Ministry of Finance.

Mr. Chairman: Okay. I wonder if I could ask the Permanent Secretary in the Ministry of Finance to comment on this on, first of all, the amount of the Exchequer Account and the extent of the overdraft and, secondly, the manner in which it is presented in the accounts and whether it would be desirable to do it differently.

Mr. Dhanpaul: Thank you Chairman, and good morning again. Chairman, is it okay for me to just make one short opening statement?

Mr. Chairman: Sure, of course.

Mr. Dhanpaul: Chairman, over the years, 2005—2019, I have been either a Deputy Permanent Secretary in the Ministry of Finance or a Permanent Secretary in the Minister of Finance, and throughout those almost 14 years, I have never been afforded an exit interview with the Auditor General's Office. That being said, I am convinced that should I have been afforded an exit interview with this report, several of the issues pertaining to the Ministry of Finance would have been resolved before the document was published.

Mr. Chairman: Okay. Could I stop you right there and could we say, immediately, that given the fact of what the Auditor General's Office is, and what the role of the Ministry of Finance is, which is, perhaps, when you look at the Ministry of Finance and its jurisdiction and its authority, you realize how strong and how widespread that power and authority is in the public service system.

Can we make it now a rule where there would be before the writing of certainly the final draft of the Auditor General's Report, that there be some kind of interface between the Permanent Secretary of the Ministry of Finance and the Auditor General's Office? Could the Auditor General respond to that?

11.05 a.m.

Ms. Pujadas: It is standard practice that in fact the Permanent Secretaries in all Departments, as part of our work procedures, that we are supposed to conduct exit meetings with them on the points. We have to be careful though, Chair, the office of the Auditor General is an independent entity on the Constitution—

Mr. Chairman: I agree. Yes.

Ms. Pujadas:—and so we have to be careful that what we are having a discussion with is the points raised that we have found that may need tweaking and needs improving, and actually may be material enough to be making it into the report. So that at times while we agree that there may have been fallout where the Ministry of Finance is concerned, and I think that is because of the structure that under the Ministry of Finance you have a number of entities that are in their own right, have their own Heads of expenditure, and in that regard what happens is that the exit meetings would generally be held with that particular Head, the person responsible for that Head. For example, we may have exit meetings individually with the Comptroller of Accounts, we may have exit meetings with the BIR, the chair of BIR; we may have exit meetings with the chair of Customs and Comptroller.

So that what happens is that I think we have over the years not afforded the accounting officer, and that is the Permanent Secretary in the Ministry of Finance, the opportunity to take part in those exit meeting discussions. And I think we may have erred over the years and we will certainly seek to address that going forward, recognizing that the accounting officer for all of these entities is this Permanent Secretary in the Ministry of Finance.

Mr. Chairman: Yeah. Are you acknowledging that it may be desirable to engage the Permanent—? I just want to be clear.

Ms. Pujadas: The Accounting Officer is the Permanent Secretary in the Ministry of Finance, and so therefore the correct practice is while we engage the others it is also to engage.

Mr. Chairman: I would agree with that and I will support you, and I want to say something about independence. Independence means the capacity to know what you are doing or saying to engage the other point of view fairly and to hold your ground or to adjust on the basis of the act of persuasion on the basis of reason. To engage the Permanent Secretary, in my view, does not compromise you and to listen to the Permanent Secretary and hear all his or her explanations or pleadings and simply insist on your ground is not to be discourteous. It is to take into account the positions articulated because you are sure about what you are doing to hold your ground. On the other hand, the Permanent Secretary is always free to explain or articulate or elucidate their point of view and it is up to you, as an independent officer at the end of the day, to determine the extent to which you will take that into account. But I do believe that an interface at that level would be a desirable thing, and I would think that, to some extent, with some of the critical Ministries.

I do not know if it is possible to do every Permanent Secretary, to do that within the space of a single 12-month period, but I would think that with some of the critical Ministries that might be desirable. And I want to say that this is without any attempt at all to compromise the Auditor General's office and the independence of that office, because once we compromise the independence of that office, the whole game is finished. Okay? So I want the Permanent Secretary to appreciate and understand that and I hope you understand my point of view. You wanted to say something?

Ms. Pujadas: Yes. My comment is that I totally agree with you, and I just want to reiterate that it is standard practice, at the end of our interim audit phrase, that we do speak with all Permanent Secretaries at the exit meeting points.

Mr. Chairman: Okay.

Ms. Pujadas: As I said, in this particular case because we were dealing with the Heads, we unavoidably and unfortunately neglected to speak with the Accounting Officer that is the Ministry of Finance.

Mr. Chairman: And what you are doing is an important thing, because when you speak with the people directly responsible for their things and the Permanent Secretary comes to you and says something that is at variance with that, I mean, you have enough information there to make your own judgment. Okay?

Ms. Pujadas: Yes. I think where we will take your point even further though, because the appropriation account phase is so tight we have a limited time in which to do the audit because, you know, at the end of January—

Mr. Chairman: I agree.

Ms. Pujadas:—it is sometimes very difficult to hold exit meeting points at that point and get the report completed by April 31st. So, we will have to try and strategize in some way, maybe an ongoing reporting to the Permanent Secretaries of some of the things that we have found so that there would be no surprises at the end.

Mr. Chairman: It is your responsibility to give them an opportunity and it is there obligation and responsibility to make the time. Okay? So you do not make the time for this, they make the time. Okay? I would like to say that because or else the roles will be reversed, and I want to insist on the independence of the Auditor General's office. Okay, Permanent Secretary, continue. I hope you are satisfied with my intervention.

Mr. Dhanpaul: Thank you, Chairman, and noted. Just on the issue of the overdrawn balance on the Exchequer Account, as you would know, if you run fiscal deficits you either finance it through borrowing or you finance it through drawdown on your overdraft. Once you continue to run a fiscal deficit you have two options, you borrow and you take the hit on the debt to GDP or you drawdown on your overdraft and you, more or less, drive the Central Bank to print more money.

So you either take a hit on debt to GDP or you take a hit on potential inflationary issues. Successive governments since 2003 have been using the overdraft facility, and as you draw down on your overdraft you run up the balance on the Exchequer Account. The only way to avoid this is, potentially, to run a fiscal surplus where this drawdown will be reduced based on the size of the fiscal surplus. That would be the main way to do it, and it is not taken as part of the debt, of the net public sector debt. Essentially that is because—

Mr. Chairman: Because it varies.

Mr. Dhanpaul:—it varies, exactly.

Mr. Chairman: Okay. Are you comfortable with this though, as PS? I mean, I am asking you an independent opinion here.

Mr. Dhanpaul: A Permanent Secretary in the Ministry of Finance could never be comfortable with an overdrawn balance on the Exchequer Account.

Mr. Chairman: Is never—what?

Mr. Dhanpaul: Could never be comfortable with an overdrawn balance in the Exchequer Account.

Mr. Chairman: Okay. So you would rather it not be like this?

Mr. Dhanpaul: I would rather it, yes.

Mr. Chairman: What would be the choices before you then to avoid such a high overdraft? What would be the choices before you?

Mr. Dhanpaul: The only choice is a policy decision to run a fiscal surplus. It would be the main choice.

Mr. Chairman: Okay. So that would mean a reduction in expenditure, a generation of the revenue that is predictable and achievable—

Mr. Dhanpaul: Correct.

Mr. Chairman:—and to stay within, living within your means.

Mr. Dhanpaul: Exactly. And the fiscal surplus will later build up at the Central Bank.

Mr. Chairman: Okay. Thank you very, very much. I realize that the two questions that I asked took up a lot of time and I do not want to deprive my colleagues of the opportunity, and I am sure they have strong questions on this particular report, so I will start with Sen. Taharqa who is our Vice Chairman, and we will go over to Senator, and then Sen. Seepersad.

Mr. Obika: Thanks, Chair, and thanks to all our contributors today. The issue I have is with the Central Bank Act, section 46(2), as amended in 2017 in a Finance Bill, which in essence allows for the total amount outstanding advances to exceed, to move from 15 to 20 per cent. Now, the overdraft, as stated on page 57, the net credit balance is at $13.65 billion, am I to be correct if I refer to that statistic as the overdraft, the size of the overdraft? So that is the size of the overdrawn balance. On page 57, under subhead, the Exchequer Account, where the $40 billion overdrawn balance was reference—so I am referring to the size of the overdraft facility itself when we net, I guess, the funds that the Government has with the Central Bank. So am I to be correct, Mr. Dhanpaul, regarding that statistic?

Mr. Dhanpaul: The Auditor General will have to respond to you, Senator.

Mr. Obika: Okay, the Auditor General. So, Ms. Pujadas, am I?

Ms. Pujadas: What page are you on?

Mr. Obika: Page 57. Of course the reference page is page 109 that you mentioned—

Ms. Pujadas: Page 109 is the consolidated statements of assets and liabilities, I want to draw to your attention that the Auditor General is the Auditor and not the preparer of the accounts, and so therefore the person that should speak to the preparation of the accounts, which is the statement of assets and liabilities, at the 109 is the Comptroller of Accounts.

Mr. Obika: So may I engage the—to whom am I—Ms. Laban.

Ms. Laban: Yes. Can you just repeat the question?

Mr. Obika: So, basically, I just want to confirm to make sure that we are all on the same page, on page 57 which really summarizes the consolidated statement of assets and liabilities on page 109, we have a net credit balance of $13.645 billion on page 57. It is the same figure from the cash at—so I am just confirming if we refer to that, loosely, as the size of the overdraft—

Ms. Laban: The size of the overdraft actually is calculated using the Central Bank's—there is a percentage that Central Bank would—the overdraft facility we have is 20 per cent of the estimated revenue for the financial year, and the overdraft itself is calculated using netting off all our balances at the Central Bank, including the Exchequer—

Mr. Obika: But this dollar value, will I be correct if I refer to that dollar value as the overdraft, or to which figure must I look?

Ms. Laban: We usually get an overdraft statement from the Central Bank daily and that would be the actual—

Mr. Obika: I know, but I am talking about from this report, because I want us to be speaking to something that we are all looking at.

Ms. Laban: It would be a close reflection of the overdraft.

Mr. Obika: Around $13.65 billion as at that date?

Ms. Laban: Yes.

Mr. Obika: All right. Now, given the revenue projection for the Government, which was 47—so I want to engage you in a conversation, Ms. Laban. So given the revenue projection as at the beginning of the current fiscal year at $47.7 billion stated in the appropriation Bill of the Minister of Finance, this puts the size of the overdraft in excess of 28 per cent, which is significantly above the 20 per cent, and based on the Central Bank Act, 46(2), it says that it must not exceed at any time, this figure, what then is the action that is taken when it is trespassed? What is the action that is taken from the position of the Comptroller of Accounts?

Ms. Laban: Just to make a correction, what is being used currently is 2015 estimated revenue to calculate the overdraft.

Mr. Obika: Because of what, the interpretation of 46(2)?

Ms. Laban: If the overdraft was not paid off for previous financial years, the amount that Central Bank will use is the overdraft. It is the estimated revenue from that financial year.

Mr. Obika: But then if the Auditor General is saying the overdraft—I mean, the account has been in overdraft since 2003, why we chose 2015?

Ms. Laban: Well, we would have paid off the—we are supposed to pay off the overdraft balances, the overdrawn balances, but since we are unable to pay off the overdraft every year it has been kept at 2015. Until we pay off the overdraft then we can use the current estimated revenues.

Mr. Obika: That is very interesting. So, I want to move on to a different thing entirely, and this is really for clarification here. On page 125, I just want you to understand what I am seeing, so the promissory notes as at—and I guess I have to redirect to the Auditor General—on page 125—unless it should be with the Comptroller—on page 125 there are promissory notes and the International Monetary Fund is referenced, and these go back to as far back as the 70s and 80s, when I am almost sure none of us would have been in our positions, and the sums are huge, in excess of $3 billion. So I just want to find out exactly what does this really reflect, is this a current status or is this something that we should not worry about?

Mr. Chairman: Who is answering?

Ms. Pujadas: Again, I wish to draw to the hon. Senators attention that the preparation of the Treasury statements have just been reproduced here in the Auditor General's report for reference. The preparation of the statements are and have been provided to the Auditor General by the Comptroller of Accounts. Again, I would like to draw your attention that the promissory note that you are making reference to, on page 125, the statement of assets and liabilities, which would include in the consolidated statement of assets and liabilities, 109, would include the notes to the accounts.

And the notes to the account on page 130 speaks to the promissory note and it identifies to you what is the outstanding amount of the potential liability, that contingent liability to have it concurred. In that regard, at page 130, you will see, at subparagraph 11(3):

The contingent liability is in respect of outstanding promissory note issued by the Government of Trinidad and Tobago amounts to approximately $5 billion.

And that is based on the reflection of what was presented in the statement of public debt.

Mr. Obika: I thank you for that, and I will get back to this question when we get a response from the Comptroller, because even the $5 billion it may still cover this $3.1 billion that, I am saying, may still be owed to the IMF. So, I mean, it will be something of concern to any citizen to understand who we have obligations to. But I want to just bring my second part really to page 72 of the report regarding the accounts of the Treasury, and we are seeing here, the number of accounts submitted, of the 21 Ministries/Departments, those Heads, 11 of those Ministries/Departments have not submitted any accounts. Can we explain what the reason is for this?

Ms. Pujadas: Senator, these accounts that we are speaking about are the deposit accounts. Deposit accounts are accounts that the Ministry would have for specific purposes in which they would have—you know, it is like a bank account, a deposit account, and they are required to submit statements in support of those deposit accounts. So that is in reference to the deposit accounts, not financial statements per se, but just in specific reference to the deposit accounts held by the various Ministries and Departments.

Mr. Obika: Ms. Pujadas, would that bring any concern to the Auditor General's Department?

Ms. Pujadas: It has concern because we have raised it in the report. What we also are concerned about is, basically, deposit accounts need to be looked at the Ministries over time and if after three years, according to the regulations, I believe, the financial instructions, if after three years it is potential that you would not utilize this, you need to analyse it, you need to look at it so that it can be returned back to general revenue, and you advise Comptroller of Accounts of that accordingly. What we are trying to try to bring to the attention of Ministries and Departments, because I think at times Ministries and Departments, because it may be the changeovers, the realignments, the alignments, information as it relates to the deposit accounts may have been misplaced. And some Ministries may not even be aware that there is a deposit account that is being referenced in the Treasury statement.

So what we are trying to do is to bring the alerting into both Treasury and to the various Ministries that there is a need to look at the deposit accounts, look at the moneys that are in the deposit accounts, assess and analyse the balances in these accounts and determine whether or not these accounts need to be written back to general revenue, and that was the purpose of presenting it there.

Mr. Obika: I would close off with this point here. To me it is very worrying, we have Central Administrative Services Tobago, the Personnel Department, but we have the police service, the Ministry of Public Administration and Communications—I mean, a Ministry like that should never—and that particular Ministry should never be in a position where they are found wanting in an administrative process such as this, housing, community development, social development and the Judiciary. So I think if there is any way we can get redress where this is concerned, it would be welcomed. I think I will pass on to the Chair.

Mr. Chairman: Yeah. I will move on to Sen. Seepersad, but just before I do, does the fact that you do not have knowledge of these deposit accounts in any way affect your ability to assess the accuracy of the public record for the entire system?

Ms. Pujadas: Deposit accounts are accounts that are held for special purposes and they are kept for special purposes. Now, they would be included in some form in the statement of consolidated statement of assets and liabilities. So it is not that the moneys are not—

Mr. Chairman: It is not excluded?

Ms. Pujadas: It is not excluded.

Mr. Chairman: You are just flagging it?

Ms. Pujadas: I am just flagging it.

Mr. Chairman: Okay. I said that because the microphone was not on. It is not excluded, you were just flagging it. Sen. Seepersad.

Ms. Seepersad: Thank you, Chairman. Coming back to the ICT planning—you will have to forgive me but I like plans, I believe in planning, and I am trying to figure out, do you have an overall plan for ICT development in the public sector? Because, to me, if you do not have that and you try to do it on a piecemeal basis you will run into a lot of challenges and duplication.

Mr. Chairman: And maybe the representative for ICT in the Auditor General's Department.

Mrs. Dwarika-Ali: In terms of an ICT plan for the public service is the responsibility of the Ministry of Public Administration with responsibility for ICT. We are just the auditors of the Ministries and Departments, so we could recommend but we cannot be a part of developing a plan.

Ms. Seepersad: But do you know if there is such a plan?

Mrs. Dwarika-Ali: No. Is there?

Ms. Maharaj: Yes.

Mrs. Dwarika-Ali: Okay, well, we do not have any.

Ms. Maharaj: Through you, Chair, there is a national ICT plan that was approved by Cabinet in 2018. It has been launched by the Ministry of Public Administration formerly, and I believe at this point in time they are currently working on the implementation steps for the national ICT plan.

Ms. Seepersad: Would this take into consideration the issues and the challenges that the Auditor General speaks of when they are auditing people with different systems that do not speak to each other, et cetera?

Ms. Maharaj: Presumably so, member, however, I would defer to the representatives of the Ministry of Public Administration who would be able to reasonably speak to their intentions with regard to the rollout and the implementation of the plan.

Mr. Chairman: Well, they are not present here today. They are not present here today, so we will have to do what we had intended to do really which was to ask Public Administration, Planning, to appear together to see how we can resolve this issue. Now, the way we conduct our business here, you know, we do not get into blame games, and so on. We try to figure out what the problem is, and if there is a problem we have to find a way to fix it, because we cannot leave it from 2017 to 2018, to 2019 to 2020, and this thing has been going on a long time. So, I think we will bring those two Ministries together to ask some of those questions. Thank you very much. You can continue with your questioning, Senator.

Ms. Seepersad: No problem, Chairman, and probably you could even include the Auditor General because they will have relevant concerns, because I am just trying to find a solution because, to me, it is no sense talking about issues and we do not come up with a way to address all the issues. The second concern I have is reporting on a cash basis, to me that just does not sit right. Why is it that we still report on a cash basis and not on an accrual basis? Because this tells me that things will be left out that should be included; we might be understating assets, understating liabilities or overstating, vice versa. Can you give me some ideas as to when you will be switching to an accrual basis of accounting because I think that is a very serious issue that needs to be dealt with?

Ms. Pujadas: Senator, thank you for your question. Again, I would just wish to draw that reporting on a cash basis is because the accounting framework is on a cash basis. We can only report on what exists and the accounting framework has always been on a cash basis. In fact, throughout this region there is only one country that I know of—well, two now, that have actually moved towards an accrual basis, and that is the Cayman Islands and island of Barbados. And Barbados in their implementation of the accrual basis have actually incurred a lot of issues in implementing it.

In fact, even First World countries, America, is not even on a full accrual basis in terms of their accounting framework. So, you know, it is a process; it is a policy decision as to what you are going to do, and from our research it is recognized that implementation of that particular policy decision towards an accrual framework, of accounting framework, can take well over 10 years. Because as you recognize you spoke of assets, one would have to have policy decision as to how do you capitalize a road, how do you capitalize a bridge; these are your assets.

So these are the sorts of things, it is not just an easy process to just say that you are moving over into an accrual basis framework or presentation, accounting framework. But, again, these are policy decisions that would need to be taken into the direction in which you would wish your accounts to be done.

Ms. Seepersad: While I understand that, does it mean that it is not something that we should not be looking at? And the fact that some countries do not do it, it is fine, but that does not mean that we have to follow suit. We need to do what is the best for us, and even if it takes a long time, it is something that, I think, you know, we should be pushing towards. Anyway, I noted that there seems to be some issues between the BIR and the Auditor General with respect to some issues in terms of recommendations, and I am just—well, I am concerned that they are not resolved, and I was wondering, one, what were the recommendations made that seems to be causing the issues, and if any reasons were given for not accepting them and what steps are being taken to come to some ground where people can move on and everybody is satisfied with the results going forward. I am not sure who is going to answer the questions, but that is a real concern of mine, just reading through the report.

Mr. Chairman: I wonder if I could ask the head of BIR to respond. First of all, what the particular problem is and the reason for the impasse, because I know what the general issue is, and the members of the Committee would be aware of that. So, perhaps you can explain, head of BIR?

Ms. Raphael: All right. Good morning again. The issue is the sharing of information. The Auditor General, in order for them to do all the checks on the accounts, our accounts, they would want to look at the taxpayer information, especially for ICT, and all these checks, and the law, our law, section 4 of the Income Tax Act does not allow us to share that, and that is the issue that we have. The legislation, it was recommended that they be included in legislation to allow them or to allow us to share information with them, but that has not come out. So, as a result, we are bound by the law not to provide it.

Mr. Chairman: Can I understand it clearly, the big issue is that you are bound by the law, not that you object to the change of the law, is that correct?

11.35 a.m.

Ms. Raphael: We are bound by the law, yes. The change in the law, I think it is a governmental policy.

Mr. Chairman: Decision.

Ms. Raphael: It is a decision, yes.

Mr. Chairman: And if the law is changed, of course you will then abide by that law.

Ms. Raphael: Of course, of course. Yes.

Mr. Chairman: All right, and what is the—but I mean, in making a law such as that, we will—any Government would have to take into account what the BIR is thinking, okay. What is the particular objection? Does the Auditor General want to come into the BIR to examine individual taxpayer accounts or is it to get a sense of the extent of taxpayer compliance?

Ms. Raphael: I am not totally sure. The Auditor General will have to answer as to why. Yes she will—right. But our concern of course, my concern, the concern of the Board of Inland Revenue is that the whole foundation of the collection of taxes is based on voluntary compliance and some of the issues you have with that is that the taxpayers will not want to share the information if they know that many people can see their information and that is the issue we have. So if you want to share the information that we have with different organizations, you may find that the whole collection process is undermined. And that is our concern.

Mr. Chairman: Okay. I will just ask the Auditor General, what is the information that you want from the BIR? Can you explain it clearly? And I will pass over now to Sen. Seepersad to take the questioning from here.

Ms. Pujadas: All right, thank you again, Chair. Chair, we have had over the years previously—because I have been in Auditor General's Department for a little while, we have had in previous years where we have gone in and we have accessed information, including taxpayers' information and used that as part of our sample. But this issue started I think in 2012?—in 2012 when we were undertaking to try and get an assessment of—we noted that there were more registrants coming on board for value added tax. However, we were noticing that the revenue figure was going down as far as value added taxes was concerned.

So the initial request which was to get a registration list of all the persons that were registered for Vat and also to get a listing of all the persons under the hotel tax Act, to determine how many registrants were registered, so that we could have done some sort of analytical review to assess whether or not there were revenue leakages taking place somewhere.

And we were denied access to that information. Now that is core, because I would want to draw to your attention that within our report which highlighted the fact that revenue is approximately 50 billion. Of that 50 billion, 31.4 billion belongs to taxation. It belongs to taxation revenue. So if one is really to assess whether or not from a completeness point of view, that revenue that is due to be collected is being collected and there is no revenue leakage, we need to have access to information.

Not necessarily—we do not necessarily need to go down and pull a sample to see if taxpayer X is but basic simple things of registration lists pertaining to VAT registration lists, hotel registration lists and I am not sure how that compromises section 4 of the

BIR—of the Income Tax Act and how that would impact on their secrecy and the offence that they would be committing in that regard.

But basically—that is basically for us to really be assured that the completeness of revenue collection. We just need to be able to do some analytical reviews. We have had issues in terms of being able to access their electronic system, their information system and we have had proposed that, okay, we do not need to know persons. You all have identification codes. Perhaps you could block out for us information and we would still be able to interrogate the data. Block out the information that could specifically identify, you know, and even that was denied, because it is perceived to be a breach under the Secrecy Act.

Again, from a legal prospective I am not sure if it is or if it is not, but that is basically our issue.

Ms. Seepersad: Well, I guess we will have to take that on at a different—this is not the forum to conclude that discussion. I just have one question, one last question so far. On page 19 on the analysis of transfers, I notice that you have a category called "Other 35 per cent" and I just wondered what category is, or what made up that other figure? What was included there? Page 19 of the report.

Mr. Peters: Member, we will have to get back to you because most likely it would be made up of a lot of small individual entities. So if you want any details on that—

Ms. Seepersad: Yes, maybe you can send it to the Secretariat, because I think it is a large number to not know what is included in it. Chairman.

Mr. Chairman: Sen. Henry.

Dr. Henry: Morning. There are some—a lot of very provoking stuff that just took place here and I think I sympathize a lot with the Auditor General in your view of, what you expressed in terms of the information and what you need to do your work properly. I think it is highly appropriate what you are suggesting.

I want to start with PS Dhanpaul. You kind of made me a little bit uncomfortable this morning, because your opening statement made me realize, I was reading this Auditor General Report very thoroughly and I might be wasting my time. Could you elaborate on what you meant by your opening comment? You do not have to give full details but just give me one example as to what would have been there that is not, that, that is somehow not properly there.

Mr. Dhanpaul: Thank you, Senator. The opening statement was simple. I have never been afforded an exit interview by the Auditor General and one of the—if you want an example, an issue that could have been resolved, at the BIR, there was a claim that the BIR went over PS's limit in approving invoices. That turned out not to be true and turned out to be an error on the part of the Auditor General. That is a simple example. Had this been brought to our attention in an exit interview, I am sure that could have been resolved. Something as simple as that.

Dr. Henry: Okay. I think that is very important and you—and thank you for providing the example. But I think that is an issue again we have will have to take into consideration and I am sure you will have that resolved.

I want to move onto the thorny issue that has come up every time we have had these meetings of the financial—Integrated Financial Management Information System. Could you give us an update on what is really happening with that? Because when I read the submission from the Ministry of Finance, one of the things that jumped out at me was, we are looking at another four years before this thing is implemented. On page—well it does not have a page number, it says:

Complete roll-out of the IFMIS is estimated to take between 44 to 48 months.

And then you list the stages—in the Ministry submission. What is really happening, could you give us an update on?

Mr. Dhanpaul: Thank you, Senator. Chairman, just before I answer Sen. Henry, could I respond to something that Sen. Obika said on the promissory notes?

Mr. Chairman: Okay.

Mr. Dhanpaul: Chairman, as you know, and Senator as you are aware, when countries join organizations like the IMF and the World Bank, it is essentially quota based, in other words, the more quotas you have the more voting power you have at the Board of Directors. These promissory notes are essentially capital increases over the years. So every country in the world who are members of these organizations would be to increase their quota at these organizations. It is not that we owe the IMF, it is just an agreement to the IMF. It is not policy loan or anything like that, it is just capital increases as we move forward.

Mr. Obika: I am sure the public as well as myself are grateful for the clarification and then, I guess then that will give complete answer for the CDB and the other —

Mr. Dhanpaul: Exactly and you will see them. To answer Sen. Henry, I just want to put something on the record, Chairman, if it is okay with you. As the acronym suggests, it is an integrated financial management system and one of the most progressive IT concepts that ever attempted in the history of Trinidad and Tobago, in the history of finance in Trinidad and Tobago. And it could be broadly defined a suite of integrated software applications, which use a central data platform to collect, store, manage and interpret data from many Government Departments, providing a real time integrated view of the core business processes of the Government. This enables the Government to plan, execute and monitor its budget and track a report on all its revenues and expenditure from one database. In other words, you are modernizing the way in which we do the budgeting process in Trinidad and Tobago. What is interesting here Senator is that although it is a four-year time period, it is a four-year time period starting 2018. So right now we are really into the second year and we expect—we are going to do a pilot starting with the Ministries of Finance, Planning and Development, Education and Tobago House of Assembly starting January 2020. We expect that pilot to last until July 2020 and based on the success of the pilot, we expect the full roll-out in the third quarter of 2020.

Dr. Henry: But could you speak specifically to the issue of the pension problem that we have been having with people getting their gratuity payments and their pension?

Mr. Dhanpaul: And that is one of the major issues I have been trying to solve over the last few years. As you know, one of the measures that we implemented this year was having everyone on retirement receive their minimum pension. That is one of the policy that we implemented this year. What I would like to see, the perfect state is that you retire today and you get your pension tomorrow. That is the perfect state. The IFMIS is expected to drive this process and the Comptroller of Accounts will be able to assist me here, because they will be more informed in how that programme is progressing as far as the pension is concerned. But it is a major bugbear at the Ministry of Finance. As I said before and I said at this forum, that I do not think that it is right to have people retire at 60 and then be waiting for gratuity and pension at 62/63. It is just not right. So we are trying to solve that problem. And I expect the IFMIS to make a severe dent in how we treat with pensions.

Dr. Henry: Because one of the concerns I have had over the years is that this IFMIS or something similar to it should have been implemented, a very long time, long time ago. So I am hoping that we do not run into the problems that caused it not to happen before.

Mr. Dhanpaul: The good thing about this, Senator, is that it—as you know the IFMIS is driven by a loan from the IDB and because of that it brings a certain amount of discipline to the process because you have the multilateral organization overseeing the project as it proceeds.

Dr. Henry: Yeah, I am familiar with it. Are you satisfied with the progress that has been done and the work of consultant?

Mr. Dhanpaul: So far. I will just let you know also we have selected the vendor—

Dr. Henry: Yes, I see that.

Mr. Dhanpaul:—through using the IDB procurement processes and the vendors on board and the integrated software should be in place by July of this year.

Dr. Henry: Okay. And what about the directive from the Minister in terms of getting the file system, RFID? They said they completed about 30,000 files and so on. Could we—in terms of resolving the pension and gratuity issue?

Ms. Laban: Yes, that project was completed where over 30,000 files were tagged.

Dr. Henry: But the claim is that they have 110,000 files to date.

Ms. Laban: Well, the 30,000 are active files.

Dr. Henry: Just the people who are on active duty in Ministry.

Ms. Laban: Correct yes.

Dr. Henry: Okay. So you started that. Okay, no problem. I will stop here for now and come back—if we do a second round.

Mr. Chairman: Yeah please, follow up.

11.50 a.m.

Ms. Seepersad: Mr. Dhanpaul, would you be so kind as to give the Secretariat a list or a document which outlines the areas that you think should have been looked at by the Auditor General if they had done an exit interview with you?

Mr. Dhanpaul: Most definitely, Senator.

Mr. Chairman: Sen. Taharqa, you had some questions?

Mr. Obika: Yes.

Mr. Chairman: Please.

Mr. Obika: Sure. Thank you, Chair. My question again is just a follow-up for the Comptroller of Accounts. So, I did some calculations on the—which refers to the same issue of the overdraft facility, and the estimated, based on the *Estimates of Revenue and Expenditure*, the estimated revenue in 2015, that is the year currently being used as the base here, so the estimated expenditure was—revenue, sorry, was 59 billion, 59.011 billion, before you take into account loans which are not to be added. When you put the 13.6 over that you get in excess of 22 per cent. So, even if you use 2014 where the estimated revenue was higher, you still get close to 22 per cent in terms of the size of the overdraft as at balance sheet date. So the challenge that I am having is: What mechanism kicks in when the overdraft facility exceeds the legal limit? What mechanism? What tools does the Comptroller have that can bring some remedy?

Mr. Dhanpaul: Senator, if I may. The overdraft facility cannot exceed the legal limit. It is set by law. It is 20 per cent of the given budgeted revenue of a particular year. To move to another year you have to pay off the overdraft of that particular year. We are using 20 per cent of 2015 which is 20 per cent of 60 billion, which is 15 billion, roughly.

Mr. Obika: 20 per cent is not—that would be 12.

Mr. Dhanpaul: 20 per cent of—

Mr. Obika: Sixty billion would be 12 billion, 12 by five. So, at 13.6 we are significantly above it.

Mr. Dhanpaul: Well, actually, the year we are using is 20 per cent of 61 billion. I do not know the exact number.

Mr. Obika: No, I am saying even if we go as high as 62.3 billion, which was 2014, you are still at 21.9 per cent. So, the point I am making is, that you are over. So we are, as a nation, our overdraft facility is in contravention of the law. What mechanism does the Comptroller have?

Mr. Dhanpaul: Well, Senator, I just want to clarify again. I do not know the numbers you are using, I am not sure what they are.

Mr. Obika: I am using the number that was subject to our conversation at the beginning of this hearing, which is on page 109, the 13.6.

Mr. Dhanpaul: But what I would say—and Comptroller would clarify your numbers—that you cannot exceed the overdraft limit. By law of the Central Bank would stop you. In fact, if we get to 99 per cent, let us assume we get to 99 per cent, we immediately get—in fact, before 99 per cent, 95 per cent, we get a letter from the Central Bank stating that we are about to exceed the overdraft and it is not allowed by law. You are just not allowed to exceed the overdraft.

Mr. Obika: Well, I am submitting that the overdraft was exceeded based on information here unless a different statistic for the overdraft is presented. But based on the information in this report, we have to agree that the overdraft was exceeded, and you are saying that the Central Bank would stop it, so therefore there is no mechanism, the Comptroller is not empowered to do anything really. The empowerment really lies with the Central Bank.

Mr. Dhanpaul: Correct.

Mr. Obika: Then we should ask that question of the Central Bank. The issue that I have really would be with the Ministry of Energy and Energy Industries information, and it is captured on page 33 at the bottom of that page, but the Ministry submitted—excuse me.

Mr. Chairman: Those are official documents of correspondence.

Mr. Obika: So the Ministry seeing that they are looking at initiatives to determine the veracity of production data submitted by oil and gas companies and quarry operators, and the feasibility of same, the issue I have is: What is the role of the Auditor General's Department in ensuring that the Ministry lives up to this mandate? Which is ensuring the production data by the oil and gas companies and the quarry operators is true data? Because they have come before us in past hearings, and indicated that they are not in a position to verify the bona fide status of the data that is given to them by these operators. So, what is the role of the Auditor General in facilitating and ensuring they do their job?

Ms. Pujadas: Well, the role of the Auditor General is not to ensure of the data, but the role of the Auditor General is to ensure that where there are weaknesses and leakages, to point it out to the Ministry, and material weaknesses we bring to the reference here. With that regard, if you take note that we were unable really to verify the royalties because, again, the information was limited.

We are pursuing that again this year to see whether or not there has been any improvements at the Ministry of Energy and Energy Industries in terms of capping the leakages that they themselves have identified, and so that is on stream for us this year as one of our audit target areas is the Ministry of Energy and Energy Industries, and looking at the controls that are established in the Ministry of Energy and Energy Industries with regard to revenue.

So that is our focus as regards for this year. So that is our follow-up action with regard to that. But we cannot enforce. We are not an enforcement agency, and we are there to audit what is provided to us, and we are also there to ensure that revenue collected is correct and has been properly brought to account. And we can only do that if information is provided. Now, where they are not doing that, that presents another limitation and scope on our ability to really attest and to give assurance to the public that the true amount of revenue is being collected. And that is another area.

Mr. Obika: Then I want to ask if the Auditor General's Department, because revenue, and in terms of profits from oil and gas companies represents roughly 16/17 per cent—and is rising, because the price of oil is buoyant—of our entire expenditure base. It is higher when the expenditure is lower. It is about 20 per cent now, when the revenue base is lower. The issue is, can the Auditor General, from the institutional knowledge in your Department, provide this Committee with recommendations that can strengthen the process for monitoring at the Ministry of Energy and Energy Industries, this particular aspect of the outputs of these energy based operators?

Ms. Pujadas: I think we would be able to do that at this point in time, but what we will do is, as I said, this year that has been projected, revenue at the Ministry of Energy and Energy Industries, and looking at the control processes and looking at the systems involved. Part of our assessment is to assess the weaknesses and the gaps in that regard. So we can provide the Committee with that result of that approach, and after we have completed that exercise.

Mr. Chairman: Okay, would you take this as a formal request for that which we will document by letters?

Ms. Pujadas: Yes, we would.

Mr. Chairman: Some other questions, I noticed on page 10 you have the issue of procurement coming up again, and then recent developments on procurement. I wonder if this question might better be directed at the Permanent Secretary. If I could read the last lines here on page 11:

A final version of the regulations which include feedback from public consultations was sent to the Minister of Finance on November 30, 2018. Subsequently, revisions have been made and the regulations have been redrafted and submitted to the Minister of Finance.

Now, in the Parliament the Minister of Finance had promised the regulations to Parliament around March, and I know in a recent statement, I think at the end of the mid-year review process, he indicated that for a second time the Regulator had sent the regulations for him, for the Ministry. They had made some comments and they are back at the Regulator. Do you know, Permanent Secretary, what is the status now? What is happening with the procurement legislation?

Mr. Dhanpaul: Thank you, Chairman, Permanent Secretary Michelle Kissoon will respond.

Mr. Chairman: Okay, sure.

Mrs. Durham-Kissoon: Thank you, Chair. So, the first set of draft regulations, as you indicated was reviewed by the Ministry of Finance, a multidisciplinary team, and we submitted detailed comments. Subsequently, we sent comments and we met with the Regulator to discuss those issues, and prior to that, I think the Minister would have indicated in Parliament sometime, that we had received also comments from external counsel. So those comments had been taken into consideration by the Procurement Regulator, and they have been redrafted and submitted back to the Ministry. The Ministry is actively finalizing the comments to go back to the Regulator to be submitted in the next few days.

Mr. Chairman: So you seem to be in the final stages of the process?

Mrs. Durham-Kissoon: Correct, Chairman.

Mr. Chairman: The one concern we have, you know, is that this Bill was passed in January 2015 and amended twice, I think in 2016 and then in 2017, and it has not been fully proclaimed. Meanwhile there has been significant procurement initiatives taken involving large sums of money and involving things like boats and planes and other pretty sizable projects, that we are not sure, given the status of the proclamation of this legislation and the regulations, that these things will receive scrutiny by the Procurement Regulator, and I want to register our concern about that particular matter, and we are anxious for this matter of the procurement regulations to be finalized. I want to ask the Auditor General whether in fact, the fact that this thing has taken so long gives her any cause for concern at all given the fact that procurement has been going on anyway.

Ms. Pujadas: We have had discussions with the OPR in terms of what should obtain, and we have been advised that the Central Tenders Board Act continues to operate, and in that regard therefore any acquisitions or procurement that is being taking place at this point in time must still continue to be in compliance with the Central Tenders Board Act. As part of our standard procedures when we do the audits based on a risk based analysis, we would look at certain DP projects, certain infrastructure development projects, and as part of that we would look to seek that compliance with the Central Tenders Board Act has been maintained. And until such time as the full proclamation takes place, we seek to ensure that the compliance of the CTB Act has been continued to be adhered to.

Mr. Chairman: I hear you, but there is a problem. You see, the Central Tenders Board Act and the reason for the new procurement Act is precisely because under the Central Tenders Board Act, not everything comes under the Central Tenders Board. And when you have a special purpose company things can be done through the special purpose company. Under the new procurement Act, all of this will cease, and every entity, it does not matter what it is, must come under the scrutiny of the procurement board. And our concern is precisely this, because the whole purpose of the procurement Act was to prevent things from slipping through the cracks, whether they were Government to Government arrangements or whether they were done by a particular entity that might have been a special purpose company. And therefore, I mean, I think that it should be a concern of the Auditor General that things continue to slip through the cracks in a situation in which this comprehensive procurement law on which we spent years to finalize has not in fact been established. So that is what I was trying to confirm with you.

Ms. Pujadas: I understand, Chair, however from an auditing perspective, again I would have to say that we can only deal with the compliance issues and the control procedures that have been administered and that are in place by the various entities, and in those cases where we would assess whether there is a gap, in perhaps a control procedure has not be identified or they have not established proper authorization levels or they have gone outside the scope of the authorization levels. They have not perhaps sought—they have maybe selected a sole bidder instead of going through a process to evaluate a feasibility study as to whether a sole bidding selection is the best method. These things are still considered part your normal audit work even though it is not included and has not been passed that is a benchmark for an assessment of proper procurement procedures taking place. And so an auditor would, whether it is the Auditor General or a private auditor in any entity in looking at a procurement process, would look at those types of activities.

Mr. Chairman: All right. Some other issues I want to raise here. In the chapter two of this document they have two graphs of the analysis of actual expenditure by classification, and the current transfers which are registered at 42 per cent. This is a question for the Permanent Secretary: Has there been any significant change in the pattern of government expenditure over, let us say, the last five years? And has there been any change in the—any significant change in the proportion of current transfers? Those two questions I would like to ask. And the graphs are on pages 18 and 19.

Mr. Dhanpaul: Thank you, Chairman. As you are aware, on the Government fiscal accounts we move from an expenditure somewhere in 2015/2016 around roughly $60 billion, and in 2017/2018 we are around close to 50 billion, averaging around 50 billion. So that is a $10 billion contraction in the space of three or four years.

Mr. Chairman: That is a reduction, but we are talking about the pattern.

Mr. Dhanpaul: And obviously that came out of a changing shift in the pattern on which we distribute the expenditure. One way we did this was we entered into a public expenditure review with the World Bank where they provided recommendations on how we should go about in dealing with the social programmes especially. So, they investigated or reviewed expenditure in the Ministry of Education, the Ministry of Social Development and Family Services, the Ministry of Health, and that created a situation where we were able to adjust the level of expenditure in these Ministries. Especially the Ministry of Social Development and Family Services, as you are aware, several of the programmes under the Ministry of Social Development and Family Services were reviewed, several of them are now means-tested, and there were significant savings there. It is not easy, Chairman, as you know, for any countries, more specifically a developing country to contract expenditure by $10 billion in three years, and that is what we experienced. But the main aspects would have been from what we—the policy decisions of the Government would have been in health, education and the social services. As far as the transfers are concerned, to state enterprises and statutory authorities, obviously those have been adjusted also.

Mr. Chairman: Those have been adjusted. I see for statutory boards it is 15 per cent. That is a significant reduction?

Mr. Dhanpaul: Yeah.

Mr. Chairman: Okay.

Mr. Dhanpaul: Yes.

Mr. Chairman: So there has been a reduction there?

Mr. Dhanpaul: A significant reduction.

Mr. Chairman: Okay. I will just ask one more question and then I will ask my colleagues if they want to pursue any issues. When you look at page 21, we see one of the problems that comes up whenever we have the finance committee meetings in the Parliament, is that there are significant expenditures allocated for things like contracts for service providers, for security services, for janitorial services, et cetera, and they always elicit a lot of questions from the parliamentarians on that particular—on the day that we meet for the finance committee, and this happens in every Ministry.

And when I look at page 21 here, I see that:

Formal agreements between the Trinidad and Tobago Police Service and service providers with respect to rent/lease vehicles and equipment and other contracted services totalling—seven point—approximately 5 million—were not produced for audit examination.

Then you have:

No evidence of contract for container examination services for Customs and Excise.

Then you have:

Contract agreements not produced for provision of security services.

Then you have:

Formal contract between the Ministry of Finance and a provider for janitorial and security services—and so on.

I just want to ask the Auditor General, I mean, is this just like something that happens out of neglect or maybe somebody forgot or something like that, or is this a pattern in the Ministry? Is this a problem?

Ms. Pujadas: To answer short and sweet, I think it is a problem with Ministries in getting the formal approach in terms of finalizing agreements and going through to the end to making sure that things are properly documented, the terms are clearly articulated. And we have found in most of the times when we ask for a sample to verify what contractual arrangements are in place, most of the times we are not able to be provided with the contracts.

Mr. Chairman: What issues do these things raise though, when you have people who are doing work, there is no contract for the work that is being done, then you have payments or expenditure to be made in order to satisfy the work that has been done? I mean, what problem does it create for us?

Ms. Pujadas: Okay, from an audit perspective, as you know a contract sets the terms and conditions in the agreement. It would outline the expected service or services to be provided, and it would identify the cost related to those services. At times we have found in certain Ministries, and I would not want to say in all Ministries, but in certain Ministries there may be an indication there is a correlation to the fact that we may not see evidence of an invoice order even, or a contract in a more formal sense, or an invoice order that specifies, yet still a payment would have been made at some point in time.

Now, the extent of that could be that there may be commitments that are going unrecorded. So, there may be actually an expectation on the part of a supplier to be paid from moneys that have not been accounted for because there has not been an invoice order made or there has not been a formal agreement, and that may not have been reflected in the particular ledger, the vote book.

So going forward, a bill may appear for a service for which the accounting unit will have to find the necessary funds to make that for which no money was committed and there was no evidence that there was an agreement for that service to be provided by way of a contract or by way of an invoice order. And that has happened over time in a number of Ministries.

Mr. Chairman: So it creates a problem both for the contractor and for the Ministry?

Ms. Pujadas: It does.

Mr. Chairman: All right. Two quick things here. I noticed here on page 22, 2.25:

At the Ministry of Works and Transport no documentation was submitted as evidence of evaluation or monitoring in respect of moneys transferred to the following entities: Airports Authority, Port Authority, Public Transport Service Corporation…

Now, we have had opportunity to deal with some of these entities here, each one of these, and we know that there are problems there. I mean, is the Auditor General trying to flag a particular problem here? I mean, what is the problem that we are dealing with here in these entities which in themselves when we examine them are quite problematic?

Ms. Pujadas: Chair, as you will note and I think the member has raised it, 42 per cent of current expenditure, recurrent expenditure goes out to current transfers and subsidies by way of subventions. Airports Authority, Port Authority, Public Transport Service Corporation, National Carnival Commission, these are all entities that receive money by way of subventions under the current transfers and subsidies allocations. We would expect that Ministries and Departments, given the large sums of moneys that are being appropriated to these entities, that certain structures would be put in place, certain control mechanisms that would be put in place and certain accountability measures would be devised so that you can monitor, properly monitor the level of expenditure, and the moneys that you are releasing are normally released for a specific purpose.

And therefore, we would like to see that Ministries take the initiative to verify and to substantiate that the moneys are being used for the purposes in which they are being released. And that is one matter. And so again, because we have flagged it here, we are not leaving it here. I would like those who are listening in and for the PSs that are present here, to take note that this year we are embarking upon looking at what procedures have been put in place for monitoring these particular entities who are receiving large sums of subvention moneys by way of subventions. And so that is one of our audit scope areas this year, that we will be focusing on the level of monitoring that has been established formerly to account, to bring to account, and to ensure that these entities are actually utilizing the moneys that they are receiving for the purposes in which the moneys have been released. And that is our audit scope for this year.

Mr. Chairman: Okay, one final question before passing on to my colleagues. On 23, you make reference to the fact—I would not read in order to save time—that there are several Ministries in which people below the appropriate level of signatory, sign off on cheques in those particular Ministries, and clearly you are flagging this issue. Besides the business of what you might call administrative negligence, is there any additional problem that goes with these that you have been able to see or is it just that they have flouted the rules?

Ms. Pujadas: I think just from a control purpose, an authorization level. Authorization is one of your highest forms of controls on the internal control system, and any organization can have. And from an organizational point of view it is good form to ensure that the appropriate person has the due authority and has been authorized and delegated to do—perform certain functions, and when it comes to payments and expenditure, you know, we must as Accounting Officers and Heads of Departments, we need to ensure that the right persons are making the expenditures. Because that cannot be—

Mr. Chairman: It just cannot be anybody.

Ms. Pujadas: It just cannot be anybody.

Mr. Chairman: Okay. My colleagues.

Mr. Obika: Thank you, Chair. This question is in reference to the Customs and Excise Division, regarding "IT Controls" on page 31 of the report. And the report of the Auditor General's Department points to a number of weaknesses, and to me, one of the most worrying is on subsection 3(16), the ASYCUDA Customs was configured to classify containers at different levels based on risk management units of Customs, however—unless I am reading it incorrectly, the Auditor General's Department was not provided with the criteria that can be used to verify the eventual classification of containers, and in the earlier points stating that among many other things, the lapses can result in revenue leakages. Two questions, one for the Auditor General's Department: Was there any way to guesstimate the size of the leakages to the State?

Ms. Pujadas: No, there was not.

Mr. Obika: So, to the Customs and Excise Division: What is the current status of this and how can this be rectified in terms of providing the Auditor General's Department with the relevant criteria?

Ms. Marcial: Thank you for the question, Senator. So the Customs and Excise Division has a risk management team, and they monitor and review the effectiveness of the selection criteria and report to management on its performance. Now, this criteria is not fixed. It is constant—it is changing every day. It is done day-to-day with our available resources. The criteria for selection of a particular declaration is based on many factors, but it is not limited to but includes the nature of the goods, whether it is high duty rates, the frequency, misclassified tariff heading numbers, the repeat offenders, traders, declarants with a history of breaches and under valuation, licences and permits requirement such as National Security, Ministry of Trade and Industry, plant quarantine, any information that we would get from the declaration. This risk management system, again, we are bound by our confidentiality rules. We operate according to Chap. 78:01. If however, the Auditor General needs some of the criteria, that could be provided, but it is based on intelligence gathering.

12.20 p.m.

Mr. Obika: If I am to be clear, is it that it is not usually provided but it may be provided if they request it? The criteria?

Ms. Marcial: The criteria is not usually provided, it is what we use in-house based on information and intelligence that we receive. We could sit with the Auditor General and do an explanation as to how we come about with the various criteria, such as how we determine a red lane, a yellow lane, a blue lane, what does that mean, or a green lane. What that means in terms of the criteria and selection.

Mr. Obika: Can I ask the Auditor's General Department, would this—what approach would work? Would it be a general approach or would it be a line by line approach based on each, I guess, each container? I am not sure.

Ms. Marcial: I will defer to Ms. Dwarika-Ali for this question.

Ms. Dwarika-Ali: In terms of obtaining the criteria set to configure the system in use at Customs, we were able to get some in terms of discussion but we needed documentary evidence for us to perform our application testing within the system. So maybe we could have some additional discussion with Customs to rectify the situation.

Mr. Obika: Thanks, and the other question is with section 3.15 where it says:

Officers at all levels have the ability to input, validate and make certain changes on the system which can result in unauthorized transactions being processed and possible revenue leakages.

Can I get any—can this Committee, sorry, get any information from the Customs and Excise Division regarding this conclusion by the Auditor General's Department?

Ms. Marcial: Thank you, Sir. An officer is an authorized user of the Customs Border Control System. The officer has the ability to make changes where they are the officer in charge. So if you are a Customs and Excise Officer I, you are vested with only some responsibilities as the responsibilities vary according to your level, or according to your seniority. All changes on this Customs Border Control System require completion of an inspection act that justifies the change. So before you could go onto the system you must discuss this change with your officer in charge. The Customs Border Control System maintains a complete audit trail of all the changes made, and by whom, because every officer has access to the system, and a user name, so it identifies individuals, and any version of the declaration including attachments can be viewed at any time for any given period.

Mr. Obika: Thanks, I have one last question and it has to do with the influx of foreigners—not mentioning the nationality for obvious reasons. Because you all know in the southwest peninsula—what is the strength of Customs in terms of personnel in the southwest peninsula, and in terms of IT support systems for this influx of foreigners regarding the fact that they are trading in goods?

Ms. Marcial: We do not really have any information on the trading in goods. The processing of the immigrants would be an Immigration issue.

Mr. Obika: Sorry, let me be clear. So for example, it is alleged or reported that they would barter, so they would bring commodities and they would purchase—they would trade. So a simple example, because I live in Point Fortin and you would be at your doorstep and a car would pull up, and they would ask you if you want to sell what you have and they would provide you with electronic appliances that they brought from Venezuela. So to get those electronic appliances in, clearly they would have had to pass through some level of checks. Do you have sufficient personnel in the southwest peninsula that can check these things? What is the strength, the personnel strength, in the southwest peninsula?

Ms. Marcial: I beg to differ Sir, but we do not have any information of this bartering, and our staff at the southwest peninsula is like about 20 persons.

Mr. Chairman: Sen. Seepersad, you have some questions to ask.

Ms. Seepersad: Just a follow-up question. A common thread running through this report is that we have rules and regulations and in a—I mean, they have the fleet, contracts and so on, and it seems for some reason some people—

Mr. Chairman: There are rules and regulations with no control.

Ms. Seepersad:—but there are no controls and so people do not follow the rules and regulations. I was just wondering from an audit perspective what recommendations would you as the Auditor General have in terms of recommendations to resolve these issues which to me is a flagrant disregard of people's policies and procedures, and you get fired for doing those kind of things in the private sector. That just does not happen and you know you are awarding contracts and so on and so on. And you know there must be some kind of sanction or something to prevent this from happening.

Ms. Pujadas: Regulation 27 of the Exchequer and Audit Act, the Minister of Finance has the opportunity to surcharge officers who are in flagrant breaches and found to be so, and it is not the responsibility of the Auditor General to surcharge. However, what we are attempting to do is really as you say identify this common theme and to really bring it to the fore because we have a lot of rules. The rules are not rules by themselves. The purpose of these rules are they form part of the organization's control system. Breakage and non-compliance with these rules could lead to misappropriation of assets, can lead to things being recorded as an asset and they no longer exist in the entity, so it can lead to an over statement of your assets, it has a cost element, for example, flagrant breaches in terms of the control on your gas in terms of vehicle usage has a cost element, and we know that we are living in tight—expenditure tightening of the fiscal expenditure at this point in time and these are expenses that Ministries have to put out significant amounts of moneys towards. So what we are recommending is that the Heads of the Departments, and the relevant Accounting Officers look at these areas with a view to tightening it and putting in place maybe stronger, not just the rules, not following the rules, but maybe adding to the rules stronger control mechanisms to give them the assurance that these things will not happen and are not happening. Because it is really to the benefit of the Accounting Officer and Permanent Secretaries, and the Heads of the Departments if they strengthen their control system in general. And so sometimes you may need to look at the rules that have been established, and add to those rules and just to strengthen the control system altogether. It is about controlling the environment, the accounting environment, your expenditure environment, your revenue collection environment, to the good of the citizenry of Trinidad and Tobago.

Ms. Seepersad: Just a quick follow-up. Do you do follow-up reviews or just follow-up reviews on things like this? Not waiting for the annual audit to be done but for critical issues, say okay, in three months' time we are going to go back and look or whatever, and see what progress is being made?

Ms. Pujadas: Part of our audit programme is really the responses that we have received in response to the management letters with some of the issues that we have raised here, because not everything is material enough to raise here. Part of our standard procedure is to go back and verify that the corrective action that is deemed to have—would be taken place or have been agreed to take place have taken place, and if it had not, it generally would find its way back again in the audit report in the subsequent year.

Mr. Chairman: I know that the Attorney General's office is present and I do not want them to feel that we had them here for no cause. So I have two questions to ask. One is: With regard this impasse between the Auditor General's office and the Board of Inland Revenue, what is the perception of the Attorney General's office of what is to be done?

Ms. Barrow: Good afternoon, we would have submitted an opinion from the Attorney General and basically it is indicating that the—advising that the Board of Inland Revenue as well as the Ministry of Finance that they need to sort this out and issue instructions to the Ministry of the Attorney General in case that we need to provide any update of the laws. So basically we are still awaiting their instructions.

Mr. Chairman: Okay. Could I ask that—the CPC's representative is here right? The big issue in this is the privacy issue and the protection of the privacy issue, and the other issue is the access to information to do the analysis which gives creditability to the public accounts and therefore facilitates action in this regard to ensure that we have credible and authentic public records. Can the CPC in your opinion at this point and I know you are not yet drafting legislation for that, but, at this point can this matter be resolved in legislative drafting that would address both issues, both the public need and the private need?

Ms. Eversley: Yes, Chair, it would require—it can be done We have in recent times in a number of pieces of legislation, for example the TIEA factor, we ensure that confidentiality of information coming into the Board of Inland Revenue in relation to persons who have foreign accounts in the territory and that are to be reported that that information is protected and does not go back out. There are penalties, even in the amendment that was done last year in 2018 to the Income Tax Act, where the FIU and the FIB, the police were given the ability to look to get some more information from the Board of Inland Revenue. That information is also under confidentiality and there is a penalty, some serious penalties, I believe $300,000 on summary conviction and $500,000 on indictment for using information that was given for purposes not—for other purposes, so I believe it can be achieved, but there has to be some agreement between the board and the Auditor General.

Mr. Chairman: So it is resolvable by discussion?

Ms. Eversley: Yes.

Mr. Chairman: Okay, another thing I wanted to ask Attorney General's office. On page 29, there is and unreconciled difference of $1.41755 between the statement of receipts and disbursements and the records of the Treasury Division, I do not, I mean, my instinct tells me that this is just a paper issue but is there an explanation?

12.35 p.m.

Ms. Barrow: Yes, Chair. We would have prepared a response to the Auditor General because what we did find is that it was an error on our part, where we would have collected information pertaining to funds that were being disbursed in this fiscal rather than last fiscal.

Mr. Chairman: The year before.

Ms. Barrow: Yeah. So we have an entire breakdown of the error.

Mr. Chairman: Okay, and this has been passed on to the Auditor General?

Ms. Barrow: Yes.

Mr. Chairman: Okay. And there were some issues here related to—I am just going to close up now, I am not going to spend too much time here. We have run a full couple of hours and I do not want to waste anybody's time. But I want to go back to Customs and Excise Division which is that, I mean, there are two or three references here to leakages and irreconcilable figures with Customs and then the ICT issue which does not make for easy reconciliation of numbers in the Customs department. Do you have any comments on this? I mean, do you all still use paper? I thought we had gotten to the point where Customs has—you have ASYCUDA, I thought you had more technology involved in the Customs operation and so on. Why is this still such a thing? Are we still using paper there?

Ms. Marcial: Chair, yes, we are still using paper but this difference—

Mr. Chairman: You are still? Are you saying that?

Ms. Marcial: We are still using paper.

Mr. Chairman: Okay, all right. So it is still paper based.

Ms. Marcial: It is still paper based because we need to have that—

Mr. Chairman: So that means you have a set of paper files—

Ms. Marcial: Files, yeah.

Mr. Chairman: So when you have to reconcile something you have to go—

Ms. Marcial: You have to go to the station, get the relevant paper in order to.

Mr. Chairman: Okay.

Ms. Marcial: This difference of 102 approximately million, it was between the statement of receipts and disbursement and the digital cash book.

Mr. Chairman: Well, the difference was about 9million, right.

Ms. Marcial: The Treasury card.

Mr. Chairman: Is that correct?

Ms. Marcial: Sorry?

Mr. Chairman: The difference was about 9 million that was not reconciled. Is that correct? I am not on the same page that you are on, but I think I have that from memory.

Ms. Marcial: It is on page 30, 3.8. It is two amounts. You have the 102. So what we had is that the Treasury cards, they were presented, they bore the Treasury stamp, an official signature, but they were not reflected on the final Treasury cards that were received. So that process has to be completed by the Comptroller of Accounts.

Mr. Chairman: Yeah, but why was it not completed to the tune—well, to put the Auditor General in a position not to have to write this down. And secondly, it is not $102, it is 102 million. You know, I mean, can this be justified by any explanation? Can I hear it?

Ms. Marcial: Well, the Comptroller of Accounts may be able to explain.

Mr. Chairman: Could you help me with this? I find this is kind of—

Ms. Laban: Chair, I cannot say offhand without looking at the actual records.

Mr. Chairman: Well, could we have a written response to explain this, how you could have a difference of 102 million between two documents?

Ms. Laban: Yes, you can.

Mr. Chairman: Okay. I mean, would we have known if the Auditor General did not flag this? Auditor General, I am asking you.

Ms. Pujadas: No. You would not have known.

Mr. Chairman: What would have happened to the 102million? I am asking my questions innocently, but I am being very serious.

Ms. Pujadas: We would hope that eventually it would be reconciled.

Mr. Chairman: Okay. So it would have been like a book problem that would have been eventually resolved? But you are hoping. There is no way of knowing for sure? Is that correct? I need to have you say it, you are the Auditor General.

Ms. Pujadas: Yes.

Mr. Chairman: You are hoping, but there is no guarantee, all right. Could I have a formal explanation of that? It may be not a big deal, but it could be a big deal and I just want to know what the facts are. Okay. Could we have that? Permanent Secretary, I thought you might—were you going to say something about this?

Mr. Dhanpaul: Eventually, Chairman, the books must be reconciled and it would have taken care of.

Mr. Chairman: And it would have?

Mr. Dhanpaul: It would show up eventually.

Mr. Chairman: Eventually you would find it.

Mr. Dhanpaul: Of course, of course.

Mr. Chairman: Okay, all right. And what the about the other, smaller amount, 10 sub-items totalling 9.171 million?

Ms. Pujadas: Same thing.

Mr. Chairman: Same thing? But you realize all of this is because you are still doing the stuff on paper? I am not saying that that is the only reason because you can make mistakes on a computer too and you can fail to make an entry, but I think the chances are less, because you will pick it up on your screen, not so? So a key thing in all of this is the ICT system. I do not think we can, I mean I do not know. Permanent Secretaries, is there something that we can do on the financial side of this? I know you are dealing with the ISMS, but this thing with Customs and Immigration and so on, this is not the first time this thing is coming up, you know. We have written many recommendations on this from 2016 going forward.

Mr. Dhanpaul: Well Chairman, I do not know if I can say this, but if we implement the Trinidad and Tobago Revenue Authority and we combine the functions and Customs and Inland Revenue—

Mr. Chairman: The ICT element of it.

Mr. Dhanpaul: Of course. It must have.

Mr. Chairman: Okay, well, I mean, there is the collection side of that and the integration side of that which you are talking about, but of course there are other issues with the authority which do not have to do with accounts or accounting, which are the source of the problem. I do not think anybody is against the integration to get the moneys due to the State, but there are other issues which we need not bring in this particular forum.

All right then. Any questions, any other questions? All right. Well, I have kept you here a long time, but as you realize this is an important document. Auditor General, we may have some further questions for you which we might ask on paper or if necessary. Well, we know that the Auditor General is always there; the office is always represented as we do the accounts with the various people, so we are thankful for that. But if we need to bring you back we will ask.

So I want to take the opportunity now to bring this matter to a close and to take the meeting to adjournment. But before I do so, I do want to emphasize that this ICT business is a serious matter and I really think it has to do with the difference between being a modern country with a relatively sophisticated bureaucracy and a backward country that is still there with pencil and pen and paper doing things and pretending to be a progressive country in today's world. I mean, we just cannot continue to do this, "man". I think it really—I think it is kind of shameful for Trinidad and Tobago to be in this position. I am being quite frank with you.

We have to have an ICT based Internet system that allows us to conduct modern public business in the interest of the customers of public service which are the citizens of the country and it is 1.4million people. You know as I was saying in the Parliament the other day, that is a little village in Nigeria; is a "lil" village in India; is a "lil" village in China, 1.4million people is not any big shakes. So, I mean, if other countries can do it, we can do it. And I really think we have to break the back of this ICT problem that we have here in this public sector. And it is also holding back business by the way. It affects the private sector, it holds back business, it holds back the relationship of the public sector with the rest of the society and it causes a big problem for us. And you cannot even reconcile the accounts, you have to do it by paper. I mean, it does not make sense at all, not in this day and age.

Well the other issues, some of them are perennial issues which keep coming up and I think I am going to take a little interest in this and when we do the report try to focus on those things that have come up in the report from 2015, '16, '17, et cetera. I think we did that, if I am not mistaken in 2018, when we did our report to Parliament. But I think we need to do that again and highlight the things which keep recurring that do not seem to want to go away and really, what can I say, subverts the entire development process of the country and we got to get those things right and try and find a way of resolving some of those issues.

I want to take this opportunity now to thank the Auditor General and the members of her department. We thank you for your continuing support because we lean heavily on you and we know that you are very responsive to our needs and we are grateful for that. The Ministry of Finance and the Permanent Secretary leading his team, I want to say thank you very much. I mean, the attempt here was not to put stress on the Ministry of Finance in any way, but given the major role of the Ministry of Finance in so many of these things that have to do with money and the importance of it to the Auditor General's Report, it really, there is no way that we could have avoided engaging you on some of these issues. And we will have the opportunity to deal with that again.

The Board of Inland Revenue, Chairman I want to thank you for engaging us on this issue. I hope you will continue the discussions and try and resolve the issue in the public interest. I understand your point of view. I want to let you know that I do not, not appreciate your concerns and I take your point very seriously that the basis of taxation policy in a democratic society is voluntary, a compliance with taxation law. And I understand that, but I also understand the Auditor General's point of view, which is that, how you can look after the public accounts and give it the scrutiny that it deserves and ultimately the accuracy that you need if you do not have access to information. So we have to try and find a resolution to some of those issues.

Comptroller of Accounts, I thank you very much. I know that you are under a little pressure because of the issues having to do with reconciliation of numbers and so on, but I mean, that is why we are here, that is what the job of this Committee is about. And the Ministry of the Attorney General and Legal Affairs, we thank you also for being here and for complying, giving us the answers to some of our questions. And also from the CPC's office. I know that the CPC's office is Parliament rather than AG, but I know you work closely with the legislative process of the Attorney General's Office.

I want to thank the members of the public who are present and all members who came here in support of this exercise and were ready to ask questions and to volunteer information. And I want to especially thank the media for being here. Remember, this is a public education event in addition to whatever else it is. And it is important for the public to understand how their Government works. It is important for the public to understand what accountability means. It is important for the public to understand what their role is and what their demands can be in a democratic system. And for that reason it is important for them to understand what goes on in Government, what is right, what is wrong, what can get better, what can be corrected and that is one of the purposes of this Committee.

So I want to thank you all for coming and we hope that the media will help us in the transmission of some of the content of today's proceedings so that the public will better understand what we are about here. Thank you very, very much. And of course, thanks to my colleagues and the parliamentary staff who always work diligently on their part of the responsibility. Thank you all very much.

12.50 p.m.: *Meeting adjourned.*