PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

PAC

THIRTY-FOURTH REPORT OF THE

PUBLIC ACCOUNTS

COMMITTEE

FIFTH 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 2019.

Public Accounts Committee

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[1]
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
Mr. Justin Jarrette	Graduate Research Assistant
Mr. Darien Buckmire	Graduate Research Assistant
Ms. Vanna Jankiepersad	Procedural Officer Intern
Ms. Anesha James	Administrative Assistant
Ms. Natoya O'Neil	Clerk Typist I

Publication

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[1] 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 Thirty-Fourth 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 2019***.

This report highlights the issues, observations and recommendations made by the Committee in its review of the 2019 Auditor General's Report.

During this inquiry, the following issues arose:

1. The challenges of the COVID-19 pandemic on the audit scope of the Public Accounts and the measures in place to address these challenges;
2. The status of the Business Continuity Plan of the Auditor General's Department (AGD);
3. The significant increase in revenue collection by the Board of Inland Revenue in the financial year 2019 when compared to the financial year 2018 from natural gas and crude oil Production Sharing Contracts;
4. The pervasive issues identified across the public service;
5. The gaps in the implementation of the fleet card facility for the procurement of fuel and lubricants at the Fire Services Division, Ministry of National Security;
6. The effect of the non-provision of documents including contracts on the conduct of the audit of the Public Accounts;
7. The challenges posed by the data storage weaknesses observed at numerous Ministries, Departments and Agencies;
8. The status of the overdraft facility on the Exchequer Account;
9. The status of statue barred scholars and the measures recommended by the Auditor General to avoid scholars' debts from becoming statue barred;
10. The changes necessary to better align the timeframe of the payment cycle of the CAPE scholarship programme with the academic calendar;
11. The reason for the use of the Extraordinary Expenditure Vote and the measures to be taken to address this issue;
12. The role of the Comptroller of Accounts in the monitoring of withdrawals from the Heritage and Stabilisation Fund (HSF);
13. The audit relationship between the Auditor General and the HSF;
14. The concerns raised by the Comptroller of Accounts regarding the need for a coordinated policy approach to address Central Government Debt and Contingent Liability;

15. The continued manual processing of transactions at the Customs and Excise Division;
16. The risk culture across the public service;
17. The weak compliance with financial directives across the public sector;
18. The effect of the high turnover of accounting staff in the public service on the level of compliance achieved;
19. The need for training of Accounting Units to enhance compliance with the financial instructions and directives;
20. The status and challenges of the audit of the financial statements of the Tobago House of Assembly for the year 2016;
21. The need for effective oversight by Line Ministries of entities under their purview;
22. The intention to write off non-performing loans owed by Statutory Bodies and other Governments;
23. The need for a strong information technology governance framework, policies and procedures and business continuity planning for the entire public service;
24. The slow rate of progress in the implementation of biometric systems in the public service;
25. The status of the implementation of the Integrated Financial Management Information System (IFMIS);
26. The improvements that would be facilitated by the implementation of IFMIS;
27. The status of the AGD's audit of the Government's procurement of patrol vessels from Australian shipbuilder Austal for use by the Trinidad and Tobago Coast Guard;
28. The status of the green fund; and
29. The allocation to Carifesta and the cost of Carifesta 2019.

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

- ***The Committee acknowledges the challenges faced by the Auditor General's Department in the conduct of its audits for FY 2019 because of COVID-19 and notes that technology-driven solutions adapted to the new context have been devised and applied;***
- ***The Committee prepared its 34th Report on follow-up on the status of the implementation of the recommendations on Information and Communication Technology (ICT) governance and general controls made in the Auditor General's Reports in 2017 and 2018;***
- ***The Committee welcomes the news of the increased FY 2019 revenue collection from Production Sharing Contracts; and***
- ***The Committee noted the numerous issues raised in the Special Audit of the CAPE Scholarship Programme and intends to examine the issues further in the First Session of the Twelfth Parliament.***

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

- ***The Treasury Division should report to Parliament on the following by September 5, 2020;***
    - ***the scheduled timeline for the start and completion of the work of the short-term consultant from the United States Treasury Department; and***
    - ***the cost of engaging this consultant.***
- ***The Comptroller of Accounts should confer with the Public Service Academy and report to Parliament on how the Accounting Units of Ministries, Departments and Agencies could be provided with training*** **to enhance compliance with the financial directives,** ***by September 5, 2020;***
- ***The Ministry of Public Administration should report to Parliament on the development of an IT plan as recommended by the Auditor General and highlight the ways in which the Plan would be aligned to the National ICT Plan by September 5, 2020;***
- ***The Ministry of Finance should provide a status update on instructions for Draft Amendments to the Income Tax Act Chap 75:01 to Parliament by September 5, 2020;***
- ***The Treasury Division should provide Parliament with a copy of the monitoring and control procedures for the fleet card facility by September 5, 2020;***
- ***The Ministry of Finance should assess the possible aspects of the fleet card facility which could be strengthened to ensure greater compliance and report to Parliament by September 5, 2020; and***
- ***The Ministry of Energy and Energy Industries should report to Parliament on whether any similar progress was made in FY 2019 regarding the collection of minerals revenue by September 5, 2020.***

Introduction

The PAC of the Eleventh Republican Parliament was established by resolutions 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, Standing Orders 111 of the House of Representatives and 101 of the Senate also empower the Committee, inter alia, 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 Fifth Session of the Eleventh Parliament during its thirty-seventh meeting held on Wednesday September 11, 2019. These entities are:

1. National Library and Information System Authority (NALIS);
2. Ministry of Energy and Energy Industries (MEEI) and Ministry of Finance (MoF) (Revenue Collection);
3. National Insurance Board of Trinidad and Tobago (NIB);
4. Caribbean Industrial Research Institute (CARIRI);
5. College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT);
6. Sports and Culture Fund;

7. Follow-up:
    - Water and Sewerage Authority
    - Trinidad and Tobago Electricity Commission
    - Airport Authority of Trinidad and Tobago
    - Chaguaramas Development Authority
    - Land Settlement Agency
    - Public Transport Service Corporation
    - National Lotteries Control Board
    - Trinidad and Tobago Bureau of Standards
8. Trinidad and Tobago Civil Aviation Authority;
9. Trinidad and Tobago Securities Exchange Commission; and
10. Trinidad and Tobago Unit Trust Corporation

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 2019 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 2019. This public hearing was held on June 17, 2020.

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 2019. 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 2019;

II. Conducted a public hearing to which the relevant witnesses were invited to attend and provide evidence on Wednesday June 17, 2020;

III. Forwarded questions for additional information to the Auditor General's Department, the Ministry of Finance, the Treasury Division, the Central Bank of Trinidad and Tobago, the Ministry of the Attorney General and Legal Affairs, the Ministry of Education, the Ministry of Energy and Energy Industries, the Ministry of Health, the Ministry of National Security and the Ministry of Sport and Youth Affairs on June 22, 2020. Questions for additional information were also forwarded on June 25, 2020;

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[2]

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[3]

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.

[2] Auditor General Department's website http://www.auditorgeneral.gov.tt/content/history accessed June 23, 2020.
[3]Constitution of The Republic of Trinidad and Tobago http://laws.gov.tt/pdf/Constitution.pdf

Mission[4]

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[5]

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

Core Values[6]

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[7]

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).

[4] Auditor General's Department, Mission and Vision, http://www.auditorgeneral.gov.tt/content/mission-and-vision accessed on June 23, 2020.

[5] Ibid

[6] Ibid

[7] Auditor General's Department, Appointment, Role and Function http://www.auditorgeneral.gov.tt/content/appointment-role-and-function accessed on June 23, 2020.

Current Auditor General[8]

2019 - Present   Ms. Lorelly Pujadas

Role and Function[9]

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.

Duties and Powers of the Auditor General[10]

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,

[8] Auditor General's Department, Profile of the Auditor General, http://www.auditorgeneral.gov.tt/content/profile-auditor-general accessed on June 23, 2020.
[9] Auditor General's Department, Appointment, Role and Function, http://www.auditorgeneral.gov.tt/content/appointment-role-and-function accessed on June 23, 2020.
[10] Exchequer and Audit Act Chapter 69:01 http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/69.01.pdf

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[11]

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.
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.

[11] Auditor General's Department, Over of the Audit Process, http://www.auditorgeneral.gov.tt/content/overview-audit-process accessed on June 22, 2020.

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, 2019, the Committee identified both pervasive and individual issues and proposed recommendations:

Pervasive Issues

1. 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 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 explained that the complete roll-out of IFMIS would take just under four (4) years.

In the AGD's 2019 Report, it was explained that the hardware for the IFMIS Project was purchased and installed. It was also highlighted that a short-term consultant for Treasury reform matters (cash management and bank reconciliation) was being negotiated with the Treasury Department of the United States Government.

Recommendation:

i. ***The Treasury Division should report to Parliament on the following by September 5, 2020:***
    a. ***the scheduled timeline for the start and completion of the work of the short-term consultant from the United States Treasury Department; and***
    b. ***the cost of engaging this consultant.***

2. Non-Compliance with Financial Directives

Determining compliance with financial directives is part of the Auditor General's audit scope. According to the Accounting Manual of the Comptroller of Accounts[12], the financial directives concerning public revenue and expenditure include:

- the Constitution of the Republic of Trinidad and Tobago Chapter 1:01;
- the Exchequer and Audit Act, Chapter 69:01;
- the Financial Regulations;
- the Financial Instructions 1965; and
- circulars / instructions issued by the Treasury on specific accounting matters.

During FY 2019, non-compliance with financial directives was a widespread problem. The Auditor General's Report highlighted numerous instances of failure to follow the financial directives regarding almost a dozen issues at 10 Ministries, Departments and Agencies (MDA) as summarised in the following table:

ISSUE	ENTITY
Cash Books	- Ministry of Sport and Youth Affairs
Deposits	- Ministry of Health
Notes to Financial Statements	- Ministry of Finance – GATE Fund
Segregation of Duties	- Ministry of Sport and Youth Affairs
Statement of Arrears of Revenue	- Customs and Excise Division
Treasury Approvals	- Ministry of Sport and Youth Affairs
Unpaid Invoices	- Ministry of Agriculture, Land and Fisheries
Vaults	- Ministry of Health - Ministry of Sport and Youth Affairs
Vehicle Control	- Ministry of National Security
Vote Books	- Judiciary - Ministry of Agriculture, Land and Fisheries - Ministry of Community Development, Culture and the Arts - Ministry of Labour and Small Enterprise Development - Ministry of National Security - Trinidad and Tobago Police Service

Recommendation:

1. ***The Comptroller of Accounts should confer with the Public Service Academy and report to Parliament on how the Accounting Units of Ministries, Departments and Agencies***

[12] Comptroller of Accounts – Accounting Manual <https://www.auditorgeneral.gov.tt/sites/default/files/Accounting%20Manual%20Comptroller%20of%20Accounts.pdf> accessed June 29, 2020.

could be provided with training **to enhance compliance with the financial directives,** ***by September 5, 2020.***

3. The Effect of COVID-19 on the Audit of the Public Accounts

The Auditor General quickly adapted to sudden changes brought on by the pandemic. The measures implemented to stop the spread of the COVID-19 virus in Trinidad and Tobago affected the ability of the Auditor General's Department to thoroughly conduct the necessary audits. In particular, field work to verify information provided by MDAs had to be scaled back due to the restrictions. This was the case for the Information Technology Assessment at the Ministries of Education, Finance, Health, National Security, Public Administration and Works and Transport. The Auditor General's Department planned to enhance its use of ICTs to get around the physical restrictions that are part of the new normal in light of COVID-19.

Observation:

i. ***The Committee acknowledges the challenges faced by the Auditor General's Department in the conduct of its audits for FY 2019 because of COVID-19 and notes that technology-driven solutions adapted to the new context have been devised and applied.***

4. The Implementation of ICT's Across the Public Service

Although there has been increased ICT collaboration, there is still plenty of room for progress. Gaps in the uniform implementation of ICTs across the public sector have been highlighted every year since 2017 by the Auditor General in Special Audit Reports. Regarding FY 2019, the Auditor General commended MDAs for progress made in terms of collaboration on the use of technological resources, which led to greater efficiency. However, the Committee is of the view that there is room to accelerate the necessary initiatives being undertaken.

Further, while it noted progress in some areas, the 2019 Report highlighted shortcomings such as the continued procurement of ICT resources by some MDAs on an individual basis. Such duplicate purchases are a wasted opportunity to make savings. This is all the more true given that there is a drive to enhance collaboration in the procurement and use of ICT resources across the public sector led by iGovTT.

It was also pointed that the Ministry of Public Administration, which is responsible for the administration and execution of the Government's enterprise-wide ICT strategy needed to develop an IT strategy in alignment with the strategic objectives of the National ICT Plan 2018 – 2022.

Observation:

i. ***The Committee prepared its 34th Report on follow-up on the status of the implementation of the recommendations on Information and Communication Technology (ICT) governance and general controls made in the Auditor General's Reports in 2017 and 2018.***

Recommendation:

i. ***The Ministry of Public Administration should report to Parliament on the development of an IT plan as recommended by the Auditor General and highlight the ways in which the Plan would be aligned to the National ICT Plan by September 5, 2020.***

Recurring Issues

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

The Constitution provides the Auditor General with the right to access all necessary documents for the audit of the Public Accounts. However, the secrecy requirements of Section 4 of the Income Tax Act, Chapter 75:01 have restricted the Auditor General's access to data at the Inland Revenue Division (IRD). Because of this, the Reports on the Audit of the Public Accounts have included a Limitation of Scope regarding the audit of revenue at the IRD every year since 2012.

This issue 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.

The Committee noted in its examination of the Auditor General's 2018 Report that amending Section 4 of the Income Tax Act fell under the purview of the Ministry of Finance (MoF), which would instruct the Ministry of the Attorney General and Legal Affairs (MAGLA) accordingly. The 2019 Report it was noted that the MAGLA was still awaiting the relevant instructions from the MoF.

Recommendation:

i. ***The Ministry of Finance should provide a status update on instructions for Draft Amendments to the Income Tax Act Chap 75:01 to Parliament by September 5, 2020.***

6. Improper use of the Fleet Card Facility

The fleet card facility for the procurement of fuel and lubricants was established by the Minister of Finance. Through these cards, MDAs can purchase fuel and lubricants specifically from the Trinidad and Tobago National Petroleum Company Limited (NP) service stations.

The 2019 Auditor General's Report indicated that the Fire Services Division (FSD), Ministry of National Security purchased $541,647.58 worth of fuel using the fleet cards, but not from the approved supplier and no written evidence of clearance for these transactions was provided.

This is a recurring issue as the 2018 Auditor General's Report similarly reported issues with the use of the fleet card facility. The 2018 Report indicated that the Treasury Division of the Ministry of Finance established a set of procedures to monitor and control the custody and use of the fleet cards. These procedures were meant to reduce the vulnerability of the cards to misuse. However, the Auditor General noted numerous issues at MDAs in spite of the monitoring and control procedures. The issue identified at the FSD in the 2019 Report is the most recent example of these issues with the proper use of the fleet card facility.

Recommendations:

i. ***The Treasury Division should provide Parliament with a copy of the monitoring and control procedures for the fleet card facility by September 5, 2020; and***
ii. ***The Ministry of Finance should assess the possible aspects of the fleet card facility which could be strengthened to ensure greater compliance and report to Parliament by September 5, 2020.***

Individual Areas of Concern

The Ministry of Energy and Energy Industries (MEEI)

7. Revenue leakages at the MEEI

The Committee's 30th Report on an examination of the concerns raised in the Report of the 2016, 2017 and 2018 Auditor General's Report with specific reference to the Ministry of Energy and Energy Industries (MEEI) and follow up on the implementation of the recommendations in the Fourth, Fourteenth and Twentieth Reports of the Public Accounts Committee highlighted revenue leakages at the MEEI. These leakages occurred due to the Ministry's weaknesses in the verification of production data from oil and gas and quarrying companies and in keeping reliable records of moneys collected or owed.

The AGD made recommendations with respect to material weaknesses and for the strengthening of the monitoring processes at the MEEI. The 2019 Auditor General's Report indicated that there was a 179% increase in the revenue collected by the MEEI from Production Sharing Contracts in 2019 ($2,521,465,625.00) compared to 2018.

Observation:

i. ***The Committee welcomes the news of the increased FY 2019 revenue collection from Production Sharing Contracts.***

Recommendation:

i. ***The Ministry of Energy and Energy Industries should report to Parliament on whether any similar progress was made in FY 2019 regarding the collection of minerals revenue by September 5, 2020.***

Ministry of Education (MOE)

8. Caribbean Advanced Proficiency Examination (CAPE) Scholarship Programme

The Special Audit Report on the CAPE Scholarship Programme highlighted cases of infringement of the terms of the Programme by awardees. This included awardees neglecting to fulfil their obligatory service upon completion of their studies. Failure to perform national service makes awardees liable to reimburse the State for monies spent on their studies. The Special Audit Report noted that almost all of these awardees who did not perform their national service also failed to reimburse the State for sums spent. The Auditor General recommended that the MOE ensure that the established policies set out for the management of the Scholarship Programme are adhered to and that all parties involved in the process are aware of the implications of not following the set guidelines. The Auditor General also recommended that the MOE take action to ensure that debts owed by defaulting awardees do not become statute barred.

Observation:

i. ***The Committee noted the numerous issues raised in the Special Audit of the CAPE Scholarship Programme and intends to examine the issues further in the First Session of the Twelfth Parliament.***

Concluding Remarks

The sudden onset of the COVID-19 pandemic affected the ability of the Auditor General's Department to conduct audits. The Audit Scope for FY 2019 had to be modified and that traditional methods of verification became mostly impracticable. This highlights the importance of the use of ICTs in the functioning of all MDAs and thus the importance of MDAs doing even more to implement the recommendations made by the Auditor General.

The weaknesses noted across the public sector in the compliance with the financial directives in 2019 are similar to the widespread shortcomings noted in 2018 concerning Accounting Officers and insufficient internal controls. The concern expressed by the Committee about compliance regarding FY 2018 therefore still apply to FY 2019.

The Committee welcomes the progress made at the MEEI in its revenue collection. This is an encouraging sign that progress can be made towards resolving recurring issues. The Committee hopes that similar progress will be made in other areas highlighted in the Auditor General's Reports as well as its own Reports.

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 June 17, 2020, the following witnesses were in attendance:

Auditor General's Department (AGD)

- Ms. Lorelly Pujadas - Auditor General
- Ms. Jaiwantie Ramdass - Deputy Auditor General
- Mr. Gary Peters - Assistant Auditor General
- Mrs. Nela Dwarika-Ali - Audit Director

Ministry of Finance – Treasury Division

- Ms. Catherine Laban - Comptroller of Accounts
- Ms. Joycelyn Thomas-Vialmosa - Deputy Comptroller of Accounts
- Ms. Avonelle Browne - Treasury Director (Ag.)
- Ms. Naleisha Bally - Treasury Director

THE PUBLIC ACCOUNTS COMMITTEE –
FIFTH SESSION, ELEVENTH PARLIAMENT
MINUTES OF THE FORTY-SECOND VIRTUAL MEETING HELD ON WEDNESDAY, JUNE 17, 2020 AT 10:12 A.M.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Taharqa Obika	-	Vice - Chairman
Ms. Charrise Seepersad	-	Member
Mr. Adrian Leonce	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant
Ms. Vanna Jankiepersad	-	Procedural Officer Intern

Excused were:

Mr. Randall Mitchell	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mrs. Ayanna Webster-Roy	-	Member

Absent was:

Dr. Lester Henry	-	Member

COMMENCEMENT

1.1 At 10:12 a.m. the Chairman called the meeting to order and welcomed those present. The Chairman informed the Members that Mrs. Webster-Roy, Mrs. Gopee-Scoon and Mr. Mitchell asked to be excused from the Meeting.

THE EXAMINATION OF THE MINUTES OF THE FORTY-FIRST MEETING

2.1 The Committee examined the Minutes of the Forty-First (41st) Meeting held on Wednesday March 11, 2020.

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

MATTERS ARISING FROM THE MINUTES OF THE FORTY-FIRST MEETING

3.1 With reference to item 3.1, the Chairman informed Members that the responses to the questions for additional information from the Water and Sewerage Authority of Trinidad and Tobago were received by the Secretariat on May 12, 2020 and used to draft the Thirty-First Report of the Committee.

3.2 With reference to item 6.4, the Chairman informed Members that the responses to the questions for additional information from the Trinidad and Tobago Electricity Commission were received by the Secretariat on May 8, 2020 and used to draft the Thirty-Second Report of the Committee.

PRE-HEARING DISCUSSION RE: EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2019

4.1 The Chairman informed Members that the purpose of the meeting was to examine the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2019 to determine the challenges being faced and possible solution to these challenges.

4.2 The Chairman invited Members to review the Issues Paper based on the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2019.

4.3 The Chairman invited Members to raise any issues or questions on the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2019. The Members discussed the issues of concern and the general approach for the public hearing.

OTHER BUSINESS

5.1 The Chairman invited Members of the Committee to raise any other matters related to the Committee's work.

5.2 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:27 a.m.

EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2019

6.1 The Chairman called the public meeting to order at 10:36 a.m.

6.2 The following officials joined the meeting:

Auditor General's Department

- Ms. Lorelly Pujadas - Auditor General
- Ms. Jaiwantie Ramdass - Deputy Auditor General
- Mr. Gary Peters - Assistant Auditor General
- Ms. Nela Drawika Ali - Audit Director

Ministry of Finance – Treasury Division

- Ms. Catherine Laban - Comptroller of Accounts
- Ms. Joycelyn Thomas-Vialmosa - Deputy Comptroller of Accounts
- Ms. Avonelle Browne - Treasury Director (Ag.)
- Ms. Naleisha Bally - Treasury Director

6.3 Key Topics Discussed:

30. The challenges of the COVID-19 pandemic on the audit scope of the Public Accounts and the measures in place to address these challenges;
31. The status of the Business Continuity Plan of the Auditor General's Department (AGD);
32. The significant increase in revenue collection by the Board of Inland Revenue in the financial year 2019 when compared to the financial year 2018 from natural gas and crude oil Production Sharing Contracts;
33. The pervasive issues identified across the public service;
34. The gaps in the implementation of the fleet card facility for the procurement of fuel and lubricants at the Fire Services Division, Ministry of National Security;
35. The effect of the non-provision of documents including contracts on the conduct of the audit of the Public Accounts;
36. The challenges posed by the data storage weaknesses observed at numerous Ministries, Departments and Agencies;
37. The status of the overdraft facility on the Exchequer Account;
38. The status of statue barred scholars and the measures recommended by the Auditor General to avoid scholars' debts from becoming statue barred;
39. The changes necessary to better align the timeframe of the payment cycle of the CAPE scholarship programme with the academic calendar;
40. The reason for the use of the Extraordinary Expenditure Vote and the measures to be taken to address this issue;
41. The role of the Comptroller of Accounts in the monitoring of withdrawals from the Heritage and Stabilisation Fund (HSF);
42. The audit relationship between the Auditor General and the HSF;
43. The concerns raised by the Comptroller of Accounts regarding the need for a coordinated policy approach to address Central Government Debt and Contingent Liability;
44. The continued manual processing of transactions at the Customs and Excise Division;

45. The risk culture across the public service;
46. The weak compliance with financial directives across the public sector;
47. The effect of the high turnover of accounting staff in the public service on the level of compliance achieved;
48. The need for training of Accounting Units to enhance compliance with the financial instructions and directives;
49. The status and challenges of the audit of the financial statements of the Tobago House of Assembly for the year 2016;
50. The need for effective oversight by Line Ministries of entities under their purview;
51. The intention to write off non-performing loans owed by Statutory Bodies and other Governments;
52. The need for a strong information technology governance framework, policies and procedures and business continuity planning for the entire public service;
53. The slow rate of progress in the implementation of biometric systems in the public service;
54. The status of the implementation of the Integrated Financial Management Information System (IFMIS);
55. The improvements that would be facilitated by the implementation of IFMIS;
56. The status of the AGD's audit of the Government's procurement of patrol vessels from Australian shipbuilder Austal for use by the Trinidad and Tobago Coast Guard;
57. The status of the green fund; and
58. The allocation to Carifesta and the cost of Carifesta 2019.

Please see Verbatim Notes for the detailed oral submission by the witnesses.

6.4 The Committee agreed that additional questions should be sent to the Auditor General's Department, the Treasury Division, the Central Bank of Trinidad and Tobago, the Ministry of the Attorney General and Legal Affairs, the Ministry of Education, the Ministry of Energy and Energy Industries, the Ministry of Finance, the Ministry of Health, the Ministry of National Security and the Ministry of Sport and Youth Affairs for written submission. [**Please see Appendix 1**]

6.5 The Chairman thanked the representatives from the Auditor General's Department and Treasury Division of the Ministry of Finance for their attendance.

<u>ADJOURNMENT</u>

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

7.2 The adjournment was taken at 12:42 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

June 17, 2020

Request for Additional Information
<u>Auditor General's Department</u>

Questions:

1. What were the key issues and recommendations raised during the exit interviews conducted with accountable officers?
2. How often were discussions held with Permanent Secretaries concerning entities of which their Ministries had oversight?
3. In cases where there were no exit interviews, to what extent did this affect the overall quality of the audit of those entities?

CHAPTER 2 – ACCOUNTS OF ACCOUNTING OFFICERS
General Question:

1. In its examination of the 2018 Auditor General's Report, the Committee noted the need to sensitise Accounting Officers of their duty to ensure that rules and regulations are followed.
    a. From the AGD's observations, has there been any improvement in this regard in FY 2019?

CARIFESTA XIV 2019 (Page 45)
Question:

1. Provide an update of the responses received from the Ministry of Community Development, Culture and the Arts regarding procurement and accounting procedures.

Contracts (Pages 48-49)
Question:

1. Provide an update of the responses received from the following regarding the submission of proof of contracts:

- Ministry of Agriculture, Land and Fisheries;
- Ministry of National Security;
- Trinidad and Tobago Police Service;
- Ministry of Education;
- Ministry of the Attorney General and Legal Affairs; and
- Ministry of Community Development, Culture and the Arts.

CHAPTER 5 – SPECIAL AUDIT REPORTS
Information Technology Assessment
Limitations (Page 78)

5.9 Audit was unable to verify the responses submitted by some Ministries and Departments due to the measures undertaken by the Government because of the COVID-19 pandemic. This restricted the amount of fieldwork conducted. The six ministries and departments are as follows:

- Ministry of Finance - Treasury Division – status of IFMIS and EFT;
- Ministry of National Security - Immigration Division;

- Ministry of Education – Funding and Grants Administration Division – GATE;
- Ministry of Works and Transport - Licensing Division;
- Ministry of Health; and
- Ministry of Public Administration.

Question:

1. As COVID-19 restrictions are eased, would it be feasible to complete verification at the six Ministries and Departments and submit findings at a later date?
    a. If yes, what is the estimated timetable for the completion of this work?

<u>Treasury Division – Ministry of Finance</u>
CHAPTER 1 – GENERAL MATTERS

Limitation of Scope/Independence (Page 35)
Limitations of the Audit of Statement of Revenue
Because 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) since 2015, the AGD included a limitation of scope in its 2019 Report. This is an obstacle to the necessary conduct of analytical reviews as part of the audit.
The Auditor General in 2019 and 2020 requested the Attorney General to file an interpretation summons for the interpretation of section 4 of the Income Tax Act. To date, the matter remains unresolved. In 2019, the Ministry of the Attorney General and Legal Affairs explained that it had to await instructions from the Ministry of Finance regarding amendments to Section 4 of the Income Tax Act.

Question:

1. What is the Treasury Division's perspective on this issue?

Recent Developments (Page 36)
Cash Basis International Public Sector Accounting Standards (IPSAS))
The Treasury has been making a progressive move from generally accepted cash accounting procedures to Cash Basis IPSAS since March 2017.

Questions:

1. What is the status of completion of the move to IPSAS?
2. If the move has not been implemented across the public service, what are some of the challenges that have been identified?
    a. What is the estimated timeline for completion?

CHAPTER 3 – ACCOUNTS OF ACCOUNTING OFFICERS
Audit of Revenue (page 58)
FN3 – Comptroller of Customs and Excise, Ministry of Finance
3.7 Differences totalling $392,979,308.12 were noted between the total receipts as per the Statement of Receipts and Disbursements and the Electronic Cash Book.

This issue was also noted in the 2018 AGD Report, where a difference of $102,133,351.41 between the Statement of Receipts and Disbursements and the Digital Cash Book was noted (page 30). It was stated that 'a number of weaknesses were noted […] which may result in the inaccurate recording of revenue and the risk of data becoming compromised' (page 31). It was explained at the public hearing on May 22, 2019 that the discrepancy was due to the time needed for the Comptroller of Accounts to process Treasury Cards.

Question:

1. The continued manual processing of Treasury Cards led to processing delays.
    a. What support does the Treasury Division need in order to overcome this challenge?

CHAPTER 4 – FUNDS & ACCOUNTS OF ADMINISTERING OFFICERS
Green Fund (Page 70)

Question:

1. The item 'Payments Ministry of Planning and Development' increased from $767,315.00 in FY 2018 to $13,649,273.00 in FY 2019 – a change of 1,678.84%.
    a. What reason was the reason for this sharp increase?

CHAPTER 6 – THE ACCOUNTS OF THE TREASURY (Page 117)
TREASURY STATEMENTS
THE EXCHEQUER ACCOUNT - ($41,380,061,388.10)

6.2 The Exchequer Account is the bank account for the Consolidated Fund. Section 20 of the Exchequer and Audit Act allows for a fluctuating overdraft on the Exchequer Account. The Account has been in overdraft since fiscal 2003.

6.3 According to the records of the Comptroller of Accounts as at 30th September, 2019, the Exchequer Account was overdrawn by $41,380,061,388.10 which was an increase of $**1,133,667,949.42** or 2.82% when compared to the previous year's figure of **($40,246,393,438.68)**.

6.4 The overdrawn balance of **$41,380,061,388.10** as at 30th September, 2019 according to the records of the Treasury was reconciled with the credit balance of **$40,508,467,148.53** as confirmed by the Central Bank of Trinidad and Tobago.

Question:

1. What is the difference between the calculation method used by the Treasury Division – Ministry of Finance and the one used by the Central Bank of Trinidad and Tobago?
2. What was the status of the overdraft as at September 30, 2019?

Non-Performing Loans (page 123)

Several loans totalling $1,930,751,179.47, which represents 96% of total loans from general revenue – are not being serviced by borrowers. This is a recurring issue as, the amount reported for FY 2018 was $1,932,131,432.26 and for FY 2017 was $1,898,072,981.54.

Questions:

1. What were the purposes of the loans to the Trinidad and Tobago Electricity Commission (TTEC), TT Post and the National Energy Skills Centre (NESC)?
2. What measures should be implemented to address the prevalence of non-performing loans?

Non-Performing Loans – Other Governments (Page 124)

In FY 2019, non-performing loans totalling $308.5 million were made to 5 CARICOM Governments (Antigua and Barbuda, Dominica, Grenada, St Lucia, and St Vincent and the Grenadines). The corresponding sum in FY 2018 was $309.9 million and 277.5 million in 2017, distributed as follows:

	2017	2018	2019	Increase (Decrease)
Grenada	$194,423,992.24	$206,669,403.09	$206,687,756.30	$12,263,764.06
Dominica	$23,279,259.24	$26,157,000.00	$25,757,000.00	$2,477,740.76
St Lucia	N/A	$11,055,000.00	$11,055,000.00	--
Antigua and Barbuda	$36,747,863.00	$40,543,350.00	$39,923,350.00	$3,175,487.00
St Vincent and the Grenadines	$23,046,217.00	$25,503,075.00	$25,113,075.00	$2,066,858.00

Questions:

1. The 2019 Auditor General's Report states that 'non-performing loans' outstanding balances have been revalued at a rate of US1.00=TTD$6.7570' (page 123).
    a. Are the increases in the sums owed by foreign governments from 2017 to 2019 due to the US dollar revaluation?
    b. If no to (a), are the increases due to additional loans being granted to those governments?
    c. If yes to (b), what was the reason for these additional loans, what were the amounts loaned and the dates of the additional loans?
2. Articles 3 and 4 of the Revised Treaty of Chaguaramas Establishing the Caribbean Community, including the CARICOM Single Market and Economy designate the More Developed Countries (MDC) and Less Developed Countries (LDC) of CARICOM. While Trinidad and Tobago is an MDC, all 5 of the recipients of non-performing loans are LDCs.
    a. Are there special terms when loans are made to CARICOM Governments, particularly CARICOM LDCs?
    b. If yes, how robust are these terms given that these loans are not being serviced?
    c. What is the policy for writing off non-performing loans?

<u>Central Bank of Trinidad and Tobago</u>

TREASURY STATEMENTS
THE EXCHEQUER ACCOUNT - ($41,380,061,388.10)

6.2 The Exchequer Account is the bank account for the Consolidated Fund. Section 20 of the Exchequer and Audit Act allows for a fluctuating overdraft on the Exchequer Account. The Account has been in overdraft since fiscal 2003.

6.3 According to the records of the Comptroller of Accounts as at 30th September, 2019, the Exchequer Account was overdrawn by $41,380,061,388.10 which was an increase of $**1,133,667,949.42** or 2.82% when compared to the previous year's figure of **($40,246,393,438.68)**.

6.4 The overdrawn balance of **$41,380,061,388.10** as at 30th September, 2019 according to the records of the Treasury was reconciled with the credit balance of **$40,508,467,148.53** as confirmed by the Central Bank of Trinidad and Tobago.

Questions:

1. What was the status of the overdraft as at September 30, 2019?
2. In a written submission to the Committee dated June 11, 2019, the CBTT explained the following:
   'The Exchequer Accounts are just two accounts in a listing of accounts which is used to assess the Government's net overdraft position'.
   a. Identify the other accounts used to assess the Government's net overdraft position.
3. The Comptroller of Accounts indicated that there is a difference between the method of calculation used by the Treasury Division and the one used by the Central Bank of Trinidad and Tobago to determine the balance of the Exchequer Account.
   a. Was the CBTT aware of this difference?
   b. What is the CBTT's method of calculation?
   c. How does this differ from the one used by the Treasury Division?

<u>**Ministry of the Attorney General and Legal Affairs**</u>

LIMITATION OF SCOPE/INDEPENDENCE (Page 35)

Limitations of the Audit of Statement of Revenue

The Auditor General has always maintained that it has a legal right to access the information and due to the inability of the parties involved to come to a consensus, the Auditor General in 2019 and 2020 requested the Attorney General to file an interpretation summons for the interpretation of section 4 of the Income Tax Act. To date, the matter remains unresolved.

Questions:

1. What is the status of the interpretation summons for the interpretation of section 4 of the Income Tax Act requested by the Auditor General?
2. What was reason for this matter remaining unresolved?

CHAPTER 1 – GENERAL MATTERS
AND
CHAPTER 2 – ACCOUNTS OF ACCOUNTING OFFICERS

Payments made out of public moneys to a Member of Parliament in accordance with section 25 (2) of the Act. (Pages 37 and 53)

1.19 During the financial year, Senator John Heath received the sum of $100,000.00 in respect of services rendered for a court matter. Paragraph 2.65 of this Report, refers.

2.65 A fee schedule provided (by the MAGLA) for audit examination reflected an amount of $100,000.00 paid to former Senator John Heath instead of $60,000.00 as disclosed in the Notes to the Appropriation Statement.

Question:

What was the reason for the discrepancy?

Ministry of Education

CHAPTER 4 – FUNDS AND ACCOUNTS OF ADMINISTERING OFFICERS GOVERNMENT ASSISTANCE FOR TUITION EXPENSES
(GATE) FUND - $76,374,336.61 (page 68)

4.22 The Financial Statement submitted by the Administering Officer did not include Notes to the Statements which would have provided a brief description of the activities financed by the Fund as required by financial directives.

4.23 Evidence of Internal Audit checks on the Accounting records was not seen.

Questions:

1. What was the reason for not submitting the Notes to the Financial Statements?
    a. What measures have been implemented to ensure that this does not reoccur?
2. What is the status of the Internal Audit checks of these Accounting Records?
3. When was the last internal audit of the GATE Fund conducted?
    a. Submit a copy of this internal audit.
4. When is the next internal audit of the GATE Fund scheduled to be conducted?

CHAPTER 5 – SPECIAL AUDIT REPORTS
Summary Report on a Special Audit of the Caribbean Advanced Proficiency Examination (CAPE) Scholarship Programme (Page 102)

General Question:

1. Provide a copy of the policy for the granting scholarships?

Limitations on the Audit Scope (page 102)

5.100 During the course of the audit there were several limitations that hindered the progress of the audit. Retrieval of information from backup files was not easily understandable. In addition, retrieval of certain files stored offsite was also an issue as these files were damaged due to water saturation. Also the information contained in the physical copies of the scholars' files were incomplete.

Questions:

1. Who is responsible for the security of information pertaining to scholars?
2. What is the reason for the missing information in the physical copies of the scholars' files?
3. What kind of information was missing from these files?
    a. What systems are in place for the recovery of this information?
4. What measures were implemented to ensure that this does not reoccur?

Limit on the Number of Scholarships (Page 105)

5.110 In February 2016, Cabinet took a decision to establish on an annual basis the number of scholarship which were to be awarded; a ceiling of 400 scholarships was established.

Question:

1. What are the benefits of this limit of 400?

Recent Trends in Scholarship Programme Expenditure (Pages 105 to 107)

Following the establishment of the limit of 400 annual scholarships in 2016, the yearly number of additional scholarships decreased each year, from 389 in 2016 to 377 in 2018. At the same time, the number of open scholarships increased each year, more than doubling from 91 in 2016 to 187 in 2018.

This being the case, there was an increase of over 25% in the average amount spent per scholarship awardee from 2016 onward. The highest level for the period presented was in 2017.

CAPE SCHOLARSHIP PROGRAMME - AVERAGE EXPENDITURE PER SCHOLARSHIP

YEAR	TOTAL EXPENDITURE	NUMBER OF SCHOLARSHIPS	AVERAGE
2012	$102,338,317.00	376	$272,176.38
2013	$94,331,372.93	433	$217,855.36
2014	$124,250,988.55	458	$271,290.37
2015	$121,607,684.34	465	$261,521.90
2016	**$121,849,645.00**	**389**	**$313,238.16**
2017	**$150,107,712.65**	**379**	**$396,062.56**
2018	**$147,868,850.43**	**377**	**$392,225.07**

Question:

1. What accounted for the increase in total and average spending per awardee despite the overall decrease in the number of scholarships awarded since the limit of 400 was implemented in 2016?

Funding (page 107)

5.118 The MOE and by extension the Ministry of Finance should revisit the payment cycle for CAPE Scholarships with a view to developing a policy that is mutually beneficial to all parties and is within the State's financial reporting period.

Questions:

1. Does the Ministry plan to implement this recommendation from the Auditor General?
    a. If yes, provide the implementation plan.
    b. If no, what is the reason?

Monitoring (Governance) (Page 109)

5.128 The MOE needs to ensure that the established policies set out for the management of the scholarship programme are adhered to and that all parties involved in the process are aware of the implications of not following the set guidelines.

Question:

1. What systems are in place at the MOE to inform awardees of their responsibilities and the consequences for non-compliance with the terms of the Programme?
    a. How can the MOE improve these systems?

Recovery of Funds from Defaulting Awardees (page 112)

5.139 During the period 2012 to 2019, there were 141 scholars who never performed their obligatory service. This was 4% of the total of 3,277 awardees.

NUMBER OF DEFAULTING AWARDEES	TOTAL INDEBTEDNESS	SUM REPAID	SUM OUTSTANDING
120	$58,196,309.07	$31,631,835.41	$26,594,470.66

The amounts owed by 21 scholars were not provided.

Questions:

1. Is the information regarding the other 21 defaulting awardees available?
    a. If yes, why was it not provided to the Auditor General?
    b. If no, why is it not available?
2. What would be necessary to enable more robust enforcement?
    a. If yes, provide details of the required amendments.

5.141 There were three scholars who did not return to perform their obligatory service and have not repaid the full indebtedness. The Ministry sought the advice of the Attorney General and the matters have subsequently been taken to Court. Once the indebtedness of the scholars becomes a court matter, such indebtedness will be handled by the Court and any payments recovered will be addressed by the Court.

Questions:

1. What is the sum owed by each of these 3 scholars?
2. When were these matters taken to court?
3. How many similar matters resulted in litigation before these 3 cases?
    a. Has this past litigation resulted in recovery of sums owed?

Statute Barred (Page 112)

5.145 Of the 163 statute barred scholars, 54 of them had debt totalling $14,345,290.29. Of this, $13,666,928.14 (95%) remains outstanding to the State.
5.146 The indebtedness of the remaining 109 scholars could not be determined since documentation was not provided. As a result, the actual indebtedness to the State by scholars who have been classified as statute barred could not be quantified. The monies lost by the State due to scholars classified as statue barred represents significant revenue leakages.
5.147 The Ministry of Education should ensure that procedures are followed to avoid scholars' debts becoming statute barred.

Questions:

1. What is the status of the requested documentation on the 109 other statute barred awardees?
2. What measures have been implemented to ensure that defaulting awardees do not become statute barred in future?

Ministry of Energy and Energy Industries

Notes to the Accounts

14. Production Sharing Contracts (Page 29)

Under the provisions of the Production Sharing Contracts, the Government of the Republic of Trinidad and Tobago is entitled to a share of the production of natural gas and crude oil from the operations of the contractors. The moneys received are placed in the Deposit Account Head 111/570 (Production Sharing Contract). From this share of production, the Minister of Energy and Energy Industries is responsible for meeting the respective Contractor's tax and similar financial obligations to the Government. Total Payments made to the Board of Inland Revenue in respect of the financial year 2019 is $2,521,465,625.00. **Revenue collection increased by 179% when compared to the receipts collected in the financial year 2018**. Details of payments made in the financial year 2019 are shown below:

DATE	AMOUNT COLLECTED
31/12/2018	$259,987,562.00
14/05/2019	$439,889,230.00
08/07/2019	$450,087,473.00
24/07/2019	$303,251,143.00
26/09/2019	$283,475,608.00
26/09/2019	$574,817,968.00
26/09/2019	$209,956,641.00
TOTAL	**$2,521,465,625.00**

Questions:

1. What accounted for the 179% increase in the revenue collected in 2019 compared to 2018?
2. Deficiencies in production verification and meter calibration at the Ministry of Energy and Energy Industries were highlighted in previous reports of the Auditor General and Reports of the Public Accounts Committee.

a. Did the implementations of the recommendations in these Reports lead to the increase in revenue collection?
b. If yes, state the specific improvements that facilitated the increase in revenue collection.

Ministry of Finance

CHAPTER 1 – GENERAL MATTERS
Limitation of Scope/Independence (Page 35)
Limitations of the Audit of Statement of Revenue

Because 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) since 2015, the AGD included a limitation of scope in its 2019 Report. This is an obstacle to the necessary conduct of analytical reviews as part of the audit.

The Auditor General in 2019 and 2020 requested the Attorney General to file an interpretation summons for the interpretation of section 4 of the Income Tax Act. To date, the matter remains unresolved. In 2019, the Ministry of the Attorney General and Legal Affairs explained that it had to await instructions from the Ministry of Finance regarding amendments to Section 4 of the Income Tax Act.

Question:

1. What is the status of the amendments to Section 4 of the Income Tax Act?

CHAPTER 2 – ACCOUNTS OF ACCOUNTING OFFICERS
Fleet Management (Page 42)
Procurement of Fuel and Lubricants – Ministry of National Security (MNS)

2.7 In March 2015, a fleet card facility for the procurement of fuel and lubricants was established by the Minister of Finance. This facility allowed Ministries and Departments to purchase fuel and lubricants from the Trinidad and Tobago National Petroleum Company Limited (NP) service stations using a coded debit card facility.

From a sample of vouchers examined, two vouchers totalling $491,305.41 in favour of NP were not produced.

Documentary evidence of the authority for the Fire Services Division, Ministry of National Security to purchase fuel and lubricants totalling $541,647.58 from United Independent Petroleum Company Limited (UNIPET) instead of the NP, the approved supplier, was not provided for audit examination.

A formal agreement between the Ministry of National Security and the UNIPET for the supply of fuel and lubricants to the Fire Services Division was not produced for audit examination.

Questions:

1. What enabled the Fire Services Division to procure fuel and lubricants outside of the official Fleet Card Facility?
2. What systems are in place to ensure compliance with the rules of the fleet card facility?

Board of Inland Revenue

CHAPTER 1 – GENERAL MATTERS
Limitation of Scope/Independence (Page 35)
Limitations of the Audit of Statement of Revenue
Because 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) since 2015, the AGD included a limitation of scope in its 2019 Report. This is an obstacle to the necessary conduct of analytical reviews as part of the audit.
The Auditor General in 2019 and 2020 requested the Attorney General to file an interpretation summons for the interpretation of section 4 of the Income Tax Act. To date, the matter remains unresolved. In 2019, the Ministry of the Attorney General and Legal Affairs explained that it had to await instructions from the Ministry of Finance regarding amendments to Section 4 of the Income Tax Act.

Question:
1. What is the status of the amendments to Section 4 of the Income Tax Act?

Ministry of Health

CHAPTER 3 – ACCOUNTS OF RECEIVERS OF REVENUE
Receivers of Revenue Late deposits (Page 59)
HE1 – Permanent Secretary, Ministry of Health
3.10 Cash was not stored in a fireproof vault as required by financial directives.

Deposits
3.11 Cash was not deposited on a daily basis as required by financial directives. For example, revenue collected between the periods 26th October 2018 to 29th November, 2018 was not deposited until 30th November 2018, twenty-one working days later.

Over the course of FY 2019, a total of only 40 deposits were made.

Questions:
1. What systems are in place to ensure compliance with the Financial Regulations and Treasury directives concerning internal controls, accounting procedures, the safe storage of cash and the frequency of deposits?
2. What is the status of the implementation of electronic transactions to reduce the need to collect and deposit cash?
3. What does the Ministry's official risk management policy entail?

Ministry of National Security

CHAPTER 2 – ACCOUNTS OF ACCOUNTING OFFICERS
Fleet Management (Page 42)
Procurement of Fuel and Lubricants – Ministry of National Security (MNS)

2.7 In March 2015, a fleet card facility for the procurement of fuel and lubricants was established by the Minister of Finance. This facility allowed Ministries and Departments to purchase fuel and lubricants from the Trinidad and Tobago National Petroleum Company Limited (NP) service stations using a coded debit card facility.
From a sample of vouchers examined, two vouchers totalling $491,305.41 in favour of NP were not produced.
Documentary evidence of the authority for the Fire Services Division, Ministry of National Security to purchase fuel and lubricants totalling $541,647.58 from United Independent Petroleum Company Limited (UNIPET) instead of the NP, the approved supplier, was not provided for audit examination.
A formal agreement between the Ministry of National Security and the UNIPET for the supply of fuel and lubricants to the Fire Services Division was not produced for audit examination.

Questions:

1. Provide a copy of the formal agreement with UNIPET for the supply of fuel and lubricants to the Fire Services Division (FSD).
    a. If no agreement exists, what was the legal basis for these transactions?
2. How does the PS ensure accountability, transparency and value for money in instances where Heads of Division are delegated authority to spend?
3. What is the delegated spending authority between the PS and Chief Fire Officer?
4. As Accounting Officer with oversight of the FSD, was the PS asked to approve the UNIPET transactions?
    a. If yes, and the transactions were approved, what was the reason for allowing non-compliance with the parameters of the fleet card facility?
5. What is the role of the Ministry's internal audit in the FSD?
6. Does the fire service have an internal audit unit?
7. What is the status of the two vouchers totalling $491,305.41 for purchases from NP which were not provided to the Auditor General for the audit?

<u>Ministry of Sport and Youth Affairs</u>

CHAPTER 3 – ACCOUNTS OF RECEIVERS OF REVENUE
Receivers of Revenue Late deposits (Page 60)
SP1 – Permanent Secretary, Ministry of Sports and Youth Affairs

3.17 Revenue collected at two locations of the Ministry of Sport and Youth Affairs was not deposited in a timely manner. For instance, revenue collected at one location between the periods 1st May to 22nd May, 2019 and at the other location, between the periods 1st June to 14th June, 2019 respectively was still on hand at the time of the survey in June, 2019.

3.18 number of instances of non-compliance with financial directives was noted as follows:

- The fireproof safe/vault at one location was not securely attached to the building or built into the wall.
- There was a lack of segregation of duties with respect to revenue collection, receipting, depositing, recording and custody at both locations visited. Adequate supervisory controls to be implemented in the absence of segregation of duties were not evident in the records examined.

- The cashiers' functions at both locations were performed by contract employees for whom the prior approval of the Treasury was not sought.
- The cash books were not certified on a daily basis by a Senior Officer.
- The cash books were not balanced daily nor were brought forward and carried forward balances reflected.
- At the time of the survey in June, 2019, at one location, entries in the Remittance Register were not properly verified by the Checking Officer in that, a signature was affixed but no date inserted and the last entry certified was dated 26th October, 2018.

3.19 At one location, the last check by Internal Audit in the Remittance Register was dated August, 2018.

Questions:

1. For each of the concerns listed above, what are the specific steps taken to address the issues?
2. What does the Ministry's official risk management policy entail?

VERBATIM NOTES OF THE VIRTUAL FORTY-SECOND MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, JUNE 17, 2020, AT 10.35 A.M.

PRESENT

Dr Bhoendradatt Tewarie	Chairman
Mr. Taharqa Obika	Vice-Chairman
Ms. Charrise Seepersad	Member

SECRETARIAT

Ms. Hema Bhagaloo	Assistant Secretary
Ms. Vanna Jankiepersad	Procedural Officer Intern
Mr. Justin Jarrette	Graduate Research Assistant

ABSENT

Dr Lester Henry	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member
Mrs. Paula Gopee-Scoon	Member
Mr. Randall Mitchell	Member

AUDITOR GENERAL

Ms. Lorelly Pujadas	Auditor General
Ms. Jaiwantie Ramdass	Deputy Auditor General
Mr. Gary Peters	Assistant Auditor General
Ms. Nela Dwarika Ali	Audit Director

MINISTRY OF FINANCE

Ms. Catherine Laban	Comptroller of Accounts
Mrs. Joycelyn Thomas-Vialmosa	Deputy Comptroller of Accounts
Ms. Avonelle Browne	Ag. Treasury Director
Ms. Naleisha Bally	Treasury Director

Mr. Chairman: Good morning, everybody. This morning we are going to be examining the "Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2019". My name is Bhoendradatt Tewarie. I am the Chair of the Public Accounts Committee, and I have with me three other members of the Committee who are present, and before us we will engage this morning, the Auditor General of Trinidad and Tobago and her team.

The purpose of this virtual meeting, and this is a virtual meeting of the Public Accounts Committee, is to examine the "Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2019".

Based on the issues identified, the following key stakeholders have been invited: The Auditor General's Department, and the Auditor General is here with her team. I will have them introduce themselves, as I will have members of the Public Accounts Committee introduce themselves. We also have the Comptroller of Accounts from the Treasury Division, Ministry of Finance.

This virtual meeting is being broadcast live on the Parliament's Channel 11 and on Radio 105.5 FM, and the Parliament's YouTube Channel, *ParlView*. Viewers and listeners can still send their comments related to today's topic via email at Parl101@ttparliament.org. You can reach us at facebook.com/ttparliament and of course by twitter @ttparliament.

All I will ask of my colleagues today, both on the questioning side and on the responses to the questioning side, is to keep your microphones muted until it is your turn to speak. And generally I will recognize you and you will then have the opportunity to speak, but it will make the matters flow a lot easier if we can do that.

What I want to do now is to ask members of the Auditor General's Department, including starting with the Auditor General, to introduce themselves, and members of the Treasury Division, Ministry of Finance to introduce themselves thereafter. Would you do that please?

[*Introductions made*]

Mr. Chairman: What I will then do is that I will ask my own members of the PAC if they would also introduce themselves at this point, and I would ask the Auditor General and the Comptroller of Accounts to be prepared to give a short statement after the introductions by members of the Committee.

[*Introductions made*]

Mr. Chairman: I introduced myself before, Bhoendradatt Tewarie, Chairman of the Public Accounts Committee.

So I will ask the Auditor General of Trinidad and Tobago if she would begin by giving a brief statement and overview, and this will be followed by a statement from the Comptroller of Accounts.

Ms. Pujadas: Good morning again. Thank you, Chair. The Auditor General of Trinidad and Tobago under these very trying times with regard to COVID and the restrictions and the stay at home order continued, and with the help of the staff, and at this point I would really want to congratulate my staff for working so hard to make sure that this Report of the Auditor General was completed on time, and submitted in accordance with the statutory requirements.

This year we focused a lot on expenditure, compliance, internal controls and compliance with financial directives and instructions, and whether or not the internal controls that provide or overarch the financial structure, were being complied with. The purpose of that was to give us an assurance that the financial statements submitted, the appropriation accounts, the public statement, the public debt statement, et cetera, and Treasury statements, et cetera, that we have the requisite assurance that the statements represent a fairly true and fair representation of transactions that took place this year.

This is my brief statement, and I will lead out to Ms. Laban, Comptroller of Accounts, at this point in time.

Mr. Chairman: Thank you very much, Auditor General.

Ms. Laban: Good morning again, Chair. I would just like to say that I am glad to be here to provide clarification and to help you gain a better understanding of the public accounts and of the—[*Inaudible*] Thank you.

Mr. Chairman: All right. Short and succinct. So we go into the questions now, and I will rotate the questions. I will start by asking some general questions as Chair, and then we will rotate. Other members will ask questions. Generally a member will have an opportunity to ask a few questions, and we will keep rotating until we are satisfied that we have by and large exhausted the most important issues that we want to query based on the Auditor General's Report of 2019.

Now, Auditor General, when you started, you started by talking about the fact that you were able to do this report on time and within the specifications required of you, notwithstanding COVID. Can I ask a question: How did the COVID-19 pandemic affect the scope of works of the Auditor General's Department? This is for the Auditor General.

Ms. Pujadas: Good morning again and thank you, Chair, for the question. In terms of the interim work which we do earlier in the year it did not really affect the scope. However, with regard to the verification of the substantive testing of the appropriation and accounts and the statements, we did have some challenges in completing our designated programme of work. However, what we sought to do because of the lockdown was to reduce our sample size. Also to minimize exposure, staff were asked to enter into the requisite clients' places, obtain the necessary documentation that they could have gotten by way of soft copy or by way of photocopying, notifying the entity that we have in fact looked at the source documents, and they were then asked to work from home in terms of analysing the data that they have received.

Obviously the sample size had to be reduced, because you cannot take all of the client's source documentation, photocopy all of their documentation, et cetera, but we tried to look at key areas and focus on key areas in terms of that reduction of our sample size. Thank you.

Mr. Chairman: What percentage of the audit scope you would say was curtailed? Auditor General, did you hear my question?

Ms. Pujadas: No, Sir, I did not.

Mr. Chairman: What percentage of the audit scope was curtailed you would say?

Ms. Pujadas: I think from a substantive testing point of view we would say about 20 to 30 per cent.

Mr. Chairman: Okay; that is a good deal, though. Would you say that that curtailment of 20 to 30 per cent affected in any way your ability to reach informed conclusions, based on the very thorough investigations that you normally do as the Auditor General?

Ms. Pujadas: I would say because we did some significant work during the interim phase, we were able to get the level of assurance that we needed to help add to our conclusions reached at the end of the substantive phase.

Mr. Chairman: Even though the sample size was reduced you do not think the accuracy of your assessment was altered in any way? I am losing you; I am losing your sound.

Ms. Pujadas: Because we did the interim work we were able to get the level of assurance that we needed. So even though we had to reduce the sample size we still had a significant high level

of assurance that what was being produced by the client could be reasonably relied upon.
Mr. Chairman: Okay. Did the COVID experience perhaps alert you more forcefully than it might have before, of the need for a business continuity plan for the Auditor General's Department, and if so, how are you going to deal with that now?
Ms. Pujadas: You were a little unclear, but I am gathering from your question you are asking about the COVID experience and business continuity plans across the board?
Mr. Chairman: No, for you.
Ms. Pujadas: Or, you are speaking from the Auditor General's perspective?
Mr. Chairman: Yes.
Ms. Pujadas: Yes, this has certainly alerted us that there is a need for us to retool our methodologies and improve on our technologies and the way we are doing our work at present. In fact, we are having discussions in terms of moving towards using teams, meeting our clients via the Teams modem. We are also looking at how we can improve our own software, how we can improve our own file storage, our data storage, our data retrieval. These are the sort of things that we have to look at as well, as well as our clients, because it has certainly brought out to us the need.
For example, we were able to do our audit work because we had a particular software where we were able to access via our server our files that were stored on the server. We were able to do that with a restricted number of personnel. There is need therefore to improve upon that so that a greater capacity of our staff would be able to utilize that particular facility, and be able thus to interrogate data at a higher level as well.
Mr. Chairman: Of course business continuity and your ability to do your work also depends on the extent to which other institutions are able to have their own business continuity plan, not so? That is an important part of the report which I will get to later.
Ms. Pujadas: Agreed.
Mr. Chairman: Did the Auditor General's Department make representation to the Ministry of Health regarding the possibility of being included among the essential services stated in the Public Health Regulations, because you were not included as essential services?
Ms. Pujadas: We were not included, and no we did not make representation to the Ministry of Health.
Mr. Chairman: Okay. I mean, in the context do you think that that was an oversight, not on your part but from the Ministry of Health not including you as essential services?
Ms. Pujadas: Yes, Sir.
Mr. Chairman: Because, I mean, everybody knows April 30th is the day for completion in the entire governmental system for the Auditor General's Department, so that might have been an error or something overlooked by the Ministry.
Ms. Pujadas: It was possibly overlooked, Sir.
Mr. Chairman: Yes. Okay, I will stop at this point and I will pass on to my colleagues. Who is first? Who would like to speak? I have some questions for the Comptroller of Accounts, but I will leave that for after my colleagues ask.
Ms. Seepersad: I can go, if you have—
Mr. Chairman: Yes. Okay, fine.
Ms. Seepersad: Mrs. Pujadas, I was wondering with respect to revenue, the revenue for 2019—

are you hearing me?

Mr. Chairman: Yes, we are hearing you.

Ms. Seepersad: Okay. The revenue for 2019 was $2.521 billion, and that increased by 179 per cent over 2018. Can you give me an idea what caused the great increase in revenue?

Ms. Pujadas: I was not quite hearing you.

Ms. Seepersad: Are you hearing me now? What caused the increase in revenue collection of 179 per cent, so that revenue for 2019 reached $2.521 billion? This is in comparison to 2018.

Ms. Pujadas: I am not quite clear where you are getting that figure. Could you give me the paragraph reference in which you—?

Ms. Seepersad: This is the "Production Sharing Contracts" on page 29.

Ms. Pujadas: Excuse me, this "Production Sharing Contracts" is part of the note that is accompanying the consolidated statements and assets and liabilities. I believe that you should direct that question to the Comptroller of Accounts, because they are the ones who prepare the accounts. We are just the auditors of the accounts.

Ms. Seepersad: Okay, well, can the Comptroller of Accounts deal with it?

Ms. Laban: Is it that you are asking what caused—

Ms. Seepersad: What caused the increase over 2018?

Ms. Laban: To the $2.5 billion?

Ms. Seepersad: Yes, over 2018.

Ms. Laban: This would be within the remit of the Ministry of Energy and Energy Industries. I can get the information to you on that.

Ms. Seepersad: Sorry?

Mr. Chairman: I think she is answering that the reason for the increase was increased revenue from the Ministry of Energy and Energy Industries, and that she will provide that information. I think it had to do with the increase in the production of gas and also the price at the time.

Ms. Seepersad: All right. The other thing I am interested to find out, one of the things on "Fleet Management". This is on page 42 of the report. This concerns the fact that NP is the approved supplier, but it seems that Unipet was used to purchase fuel instead of NP, and there was no formal agreement for the change in the supplier. Were the fleet cards used for purchasing the fuel, and what was the basis of the authorization to change supplier? This is under "Vehicle Control" on page 42.

Mr. Chairman: Ms. Pujadas, we are not hearing you. Auditor General, we are not hearing you.

Ms. Pujadas: Me now?

Mr. Chairman: Yes, you are on now.

Ms. Pujadas: Could you repeat the question again, please?

Ms. Seepersad: On page 42, you deal with vehicle control and the cost of fuel and lubricants, and in the report we see that NP is the approved supplier of such items. But the fire services, Ministry of National Security, purchased fuel from Unipet to the tune of $541,000. I am asking: Were the fuel cards used to purchase the fuel and, two, what was the basis of authorization for such a change of supplier?

Ms. Pujadas: I think in the context with what we were raising was the controlled differences. So the issue we were raising and we focused on is that the authorized person to deal with it was the NP. So we are indicating that we have found a control breach in terms of the directives, because we were looking at the control features and the breaches in the control features. In terms of whether the fleet cards were used to purchase, this we cannot say. The question would have to be raised directly with the Ministry of National Security, fire services.

Ms. Seepersad: On what basis did the Ministry change supplier, was there an agreement? Did you see documentation to approve the change in supplier?

Ms. Pujadas: No we did not. We did not see documentation, and this is the reason why it is a material difference that we have noted, and this is why it is being brought to account here in our report. These things would have been written to, to the entity at exit meetings and by way of management letters. Responses to these things have yet to be received from them as to why these courses of action were undertaken.

Ms. Seepersad: Could we get the answer from you when you receive it? Because I think this is a breach, and we need to know on what basis would people just change suppliers, and is there a contract, did the Permanent Secretary approve it? I would be very interested to hear the response from the relevant people.

Ms. Pujadas: Certainly. We can certainly follow up with the Ministry of National Security, fire services, with your queries, but we would just want to add that we certainly did not see a contract, and again this is one of the reasons why we have brought this to the attention of the Public Accounts Committee by way of this report. But we will certainly follow up in terms of our management letter response, and add to that response the queries that you have raised today.

Ms. Seepersad: Okay. Dr. Tewarie, can I ask one more question in this round?

Mr. Chairman: Sure, please proceed while you are on the floor.

Ms. Seepersad: Page 45, Carifesta 2019. I noted in your report you said expenditure was $28 million, bills on hand of $12 million was in excess of the allocation. I am curious to find out, did you see approvals for the increase in expenditure of the $12 million, and were you satisfied with the explanations you received for the expenses to exceed the budget?

Ms. Pujadas: But the budget was $43 million.

Ms. Seepersad: Yes, and in the report it says there was an excess of the allocation.

Ms. Pujadas: Yes, the budget was $43 million but in the annual budget, annually, a $28 million was allocated to Carifesta. On top of that they added they had bills on hand when we checked of 12. So for the annual year of 2018/2019 for that particular year it was an excess of 12.

Ms. Seepersad: Okay, and were you provided with satisfactory explanations as to why?

Ms. Pujadas: We have not received a response as yet from the Ministries, because remember a lot of the Ministries are now returning to work, and so therefore a lot of them will now have to go through the letters that we sent, and will now have to respond to us formally.

Ms. Seepersad: Again, could we get some information on that when you receive it?

Ms. Pujadas: Certainly.

Ms. Seepersad: My final question deals with contracts. On page 48 and 49 it seems based on what you have said that there were contracts issued for which there were no approvals. I am curious to find out what were the reasons for contracts being issued, or for expenditure of $25 million by the Ministries of Agriculture, Land and Fisheries; Education; National Security; Community Development, Culture and the Arts; the police service. They did not provide you with formal contracts for expenditure. How did this affect the conduct of your audit?

11.05 a.m.

Ms. Pujadas: Thank you, Ms. Seepersad. In the context of internal controls and overall framework and financial directives, one of the standard requirements for our Ministries and Departments in pursuing to do expenditure is that they follow a particular courses of action. For certain services, they are supposed to have contractual agreements and the terms of conditions which must be defined. So from our perspective, as the auditor, we would be looking to see that the Ministries would have been in compliance with this.

Now, we cannot say overall because remember that we are looking at sample. So what the report has reported is that based on the sample, we found instances where we were not able to verify evidence—documentary evidence that contracts to support the particular service existed. Again, the Ministry has to respond to our query but—because we would have written to the Ministry on this matter, and the Ministry would have to formally respond to our query.

Ms. Seepersad: Yes, because I think this is something that requires explanation because I would like to know how payments would be made without the contracts, who approved them, were they approved by the PS, and if not, if the contracts were awarded, did they go through the correct process for the award of contracts? So, again, I am asking, if we could be provided with the information when you receive it? Thank you.

Mr Chairman: Okay. So there have been requests for information, please, take note of it and the Secretariat here will write to you to confirm what the information that we require is. Who is next? Is it you, Sen. Taharqa?

Mr. Obika: Thanks, Chair. I have a few questions and I want to start with the— well, I guess it may be the Auditor General or it may be the Comptroller of Accounts. When you go to the Auditor General's Report and you go to page 128, you see that the size of the funds, it is just short of $28 billion, if you use 28 billion as a figure in terms of the funds that the Government has at its disposal. But when you go to page 117, you see that the Exchequer Account, the overdrawn balance as at balance sheet date, September 30, 2019 was $41.4 billion, so you have a disparity of 10 plus three. So you have a disparity of $13.4 billion. Based on the increase— based on the amendments to the law that allows for an overdraft facility, because my recollection is 20 per cent of expected revenue. So even if you were take the expenditure figure of $53 billion, 20 per cent of that would be significantly short of 13 billion, at least, by a couple billion dollars.

Given that this is the law, how do you reconcile an overdrawn Exchequer Account of $41.4 billion, when the funds that the State has on page 128 only stand at 28 billion? That is the question I have, has there been an infringement of the law?

Ms. Pujadas: I think you are looking at—if you look at their statement of assets and liabilities—their consolidated statement of assets and liabilities, which is in the volume 1, you will see that in terms of presenting a financial statement, the overdraft is represented as a current liability of 41 million. What I think you are addressing—billion—what you are addressing is a question, I think, as to whether or not of the sustainability of the Government to continue to maintain an exchequer deficit overdraft, that is not something that I could possibly answer for you. But I know under section 46 of the Central Bank Regulations, Central Bank is allowed to give the Government, as you rightly stated, 20 per cent of estimated revenue as an overdraft facility. It is an overdraft facility on the Exchequer Account because the Exchequer Account, like a normal bank account, comes like if you had a personal bank account and a personal chequing account, a bank can give you an option of providing you with an overdraft facility, and I think that is what that particular matter is. It is a facility that is provided to the country so that transactions can continue to function, but I am not the best person to speak on that because I am not the accounting officer, I am the Auditor General on that matter. So I do not if Ms. Laban or any of her team would like to add further to what I have indicated here.

Mr. Chairman: Comptroller, would you like to say something on this? Would you be in a position to say something on this?

Ms. Laban: I just wanted to ask, is that the Senator is asking, whether we are in breach of the Central Bank overdraft?

Mr. Obika: I am not hearing, Ms. Laban.

Ms. Laban: Is it that you are saying that we have overdrawn our balance at the Central Bank, our overdraft?

Mr. Obika: So the question is, given the formula for calculation, whatever is the disparity between the exchequer overdrawn balance and the size of the funds that you say it has, that difference cannot exceed 20 per cent of revenue. Notwithstanding that, given that the overdrawn balance is significantly above that when you account for the $28 billion in state funds, has there been an infringement of the law? Because that is the law that guides the use of the Exchequer Account.

Ms. Laban: Well, I would say no, because the figures in our books are a bit different from that as presented by Central Bank due to timing differences, mainly in the unpresented cheques, and those are the cheques that Central Bank would have recorded as uncashed and those that we would have recorded as presented in the system. So there would always be a timing difference which would make our balance appear larger than the actual overdraft at the Central Bank. According to the Central Bank's figure at the end of September 30, 2019, it would not be in excess of the overdraft of 20 per cent limit.

Mr. Obika: I got most of what you said, in that, basically you saying that you operate with different books of accounts. But then, for the purposes of this Committee, I believe it should not be difficult to ask for the Comptroller to provide us with a similar balance sheet date information so that we can determine, we can rest assured that, in fact, there was no increase above the legal limits when you consider the Exchequer Account and the overdrawn balance in the Exchequer Account which is 41.3 billion on this book. So whatever would have been the balance on your book at balance date, vis-à-vis the funds that the State has as well in their account, so that we can rest assured, at the level of the Committee that, in fact, there was no infringement of the law, at least, from the books of the Ministry of Finance.

Ms. Laban: Yes. We will provide that information to you.

Mr. Chairman: Okay. So this is something we will request. And, Sen. Taharqa, given the nature of your question, and the answer from the Comptroller of Accounts, I think it might also be necessary to write to the Governor of the Central Bank on this matter, and also, to get the information in such a way as we can reconcile what the Comptroller of Accounts is saying with what the Governor of the Central Bank might say, and that might also give us an idea of what is the revenue sum that on which the Central Bank bases its 20 per cent. Because I suspect all those things are involved in the calculation of that figure. If that is okay with you, Sen. Taharqa, we will also write to the Central Bank. We will have the Secretariat ask the Governor of the Central Bank to response as well.

Mr. Obika: Yes, Chair, in fact, I can recall someone from the Ministry of Finance in a prior year stating that the issue with revenue had to do with the base year date. That is the reference year that is used—

Mr. Chairman: Yes.

Mr. Obika:—but we want to ensure that that is consistent with the legislation. So if they reduce that response that was verbal at that time, in writing, then we can become more comfortable with the method of calculation, that is—

Mr. Chairman: At least, we would know what figure from what year is being used to base their calculation.

Mr. Obika: Definitely.

Mr. Chairman: I agree with you. Okay. Proceed. You have more questions?

Mr. Obika: Yes. Let me just ask a couple chopped-up questions. So on page 49, the Ministry of Community Development, Culture and the Arts, a Ministry that I am very close with given my involvement in culture, I am seeing that section 2.47 there were some issue regarding non-provision of information for auditing examination from $477,713.56. Can we get any—has there been any clarification on that since? I guess this will be for the Auditor General.

Ms. Pujadas: This, again, has to deal with a similar question that Sen. Seepersad raised in regard to the Ministry of Agriculture, Land and Fisheries. Again, we were looking at whether or not contracts existed for certain goods and services. We were not provided with these particular contracts to the tune of 477. Formal response, again, as repeated earlier, as indicated earlier, have not been received from the Ministry with regard to why or whether or not contracts do exist. However, we had asked for it and at the time of our departure from the entity, we did not receive it, and so, again, we know as one of the controlled features and internal controlled feature to ensure that the goods and services that is being provided is in accordance to the terms of the contract and in accordance to the specification. We would have needed to see that to substantiate the expenditure being spent and we were not provided with that particular level of evidence— documentary evidence.

Mr. Obika: I will hold my other questions for the next round.

Mr Chairman: All right. MP Leonce.

Mr. Leonce: Yes. Thank you, Chair. I wanted to ask some questions with respect to the CAPE scholarship. On page 112, you spoke about a number of scholars that did not fulfil their obligatory service and have moneys due to the State, and actually to such a long time that it might actually become statute barred. In your report, you said the Ministry of Education should ensure that procedures are followed to avoid scholars that are becoming statute barred. My question is, what are some of the measures that the Ministry of Education could implement, based on what you would have investigated to streamline the processes to avoid long lapse, time lapse in efforts to recover the sums owed?

Ms. Pujadas: Well, I think, you know, one of the key functions that why these things happen is that a proper system of creating a proper database of these scholars that you have, where they are, and of course, contents that they are pursuing and the time frames in which they are pursuing, needs to be established. Such a database should also have particular flag points in it which will alert the Ministry as to whether or not this scholar is coming close to be completing or even such flagged points because this is something we have also discovered that some students may not be actually making the grade, and actually should not be getting any further funding. And so, the Ministry needs, you know, by way of getting their reports from the schools as to their status and these sorts of things, needs to be configured in such a way, as we move into the technology world, that needs to be done. So that point flags could be made throughout that would alert the particular officer that is reviewing these things that something is not awry, or that they need to get in touch with the particular student so that the situation will not become statute barred. Because as long as there is communication on either side, the statute barred limitation will not come into effect, so monitoring and proper procedures established for monitoring is the key.

Mr. Leonce: Okay. So you are suggesting that a review of their monitoring policy be done to mitigate against this?

Ms. Pujadas: Yes, we are suggesting that, but they do have a particular policy in place. So not only a review to assess the gaps, but there is also a situation of implementing the policy and ensuring that the policy has been implemented.

Mr. Leonce: Okay. You also spoke about, with respect to funding on page 107 of your report, that the Ministry of Finance should revisit the payment cycle for CAPE scholarships. What do you see as the key challenges to implementing the recommended changes? And how practicable would these changes be?

Ms. Pujadas: This is a very, very good question. The problem, of course, is the financial year starts October 1st, and so does many of the schools and scholarship persons also start on October 1st. So there is always a challenge for students to obtain the necessary funding in a timely manner. I would say that obviously there would be always be a timing difference, so it is a dialogue and a discussion that perhaps we would need to take place between the Ministry of Finance and the Ministry of Education as to when perhaps scholarship are actually disbursed, and whether or not the students could start in the first term or the second term or there is a delayed process in starting, but it is a dialogue that needs to take place between them as to a best fit. Because we did see, when we had examined a certain number of files, that a number of students did have some challenges in terms of the timing that the funding was received.

Mr. Leonce: Is it that you are suggesting maybe that they do not go that year and they go the following year, or something like that?

Ms. Pujadas: I would not want to make a pronouncement or a suggestion because, you know, I am not necessarily an expert in terms of how an education programme should be administered or a scholarship programme, but we did find that there were gaps in terms of funding and when the students were receiving the funding, and it did have an impact on some of the students. Again, I would say that, you know, it is a conversation and it is a conversation that needs to take place at a policy level, and a policy decision-making level as to what is the best fit, but I would not want to intervene on a policy level.

Mr. Leonce: Okay. My last question and I will come back in the next round. You spoke about, on page 102 of your report, you spoke about several limitations that hindered the progress of the audit. So I know based on your audit, you would have given some information. How severe was the effect of these limitations in terms of you achieving your audit objective? You spoke about files being stored offsite, and water damage, and physical copies of—

Ms. Pujadas: Well, I think, that impacted in terms of being able to assess how many students are actually owing to the State. What status are we at right now with students in terms of how many of them have not returned to provide the service. How many of them have not followed through on their obligations according to the terms of the scholarships, because as indicated in the report from the sample, we were looking to address those types of things and get an understanding of those things but the files, unfortunately, were waterlogged or damaged so we were not able to really analyze those files.

Mr. Leonce: So based on just your opinion, in your report there is about 40 million that is at-risk with respect to students going the State. Is it that based on the trends you suspect that it could be twice as much? Or what is your anticipation based on the information that you were not able to retrieve?

Ms. Pujadas: I think I would want to stick to what we know rather than to project in terms what is a projection. Because, you know, not knowing the full volume, I would not want to expand or extrapolate, I cannot scientifically say.

I would want also want to add that the Minister themselves have acknowledged that there are certain things that they need to improve upon, and I think they have indicated and we sought to put that into the report as well, that they are making attempts to move towards providing a database, and updating their current database which they stopped using, and getting the information to the point where they would have more accurate information and improve in terms of their monitoring systems as well.

Mr. Leonce: That is good. Thanks, Chair.

Mr. Chairman: Okay. Thank you very much, MP Leonce. Auditor General, I would like to take you to page 43 of the Auditor General's Report to item 2.20 "Extraordinary Expenditure", and I will just read quickly from it, it is short:

"The Detailed Estimates of Recurrent Expenditure identifies Extraordinary Expenditure as on unforeseen expenditure that is not likely to reoccur. However, the sample selected for examination showed monthly payments amounting to $431,916.25 to three contractors for janitorial services and rental of vehicles which were charged against the Extraordinary Expenditure Vote. It was also noted that several unpaid invoices relating to previous years for monthly janitorial services and vehicle rentals to the same service providers were also charged against the Extraordinary Expenditure Vote."

So what this says is that the Extraordinary Expenditure Vote did not satisfy the requirement for unforeseen expenditure but was in fact used for recurrent increased expenditure that were not planned for, and they involved the same contractors over several years. Would you like to make a comment on that, Auditor General? I mean, I find this kind of extraordinary, if you ask me.

Ms. Pujadas: Chair, this is Ministry of National Security.

Mr. Chairman: Yes.

Ms. Pujadas: We did write to the Ministry of National Security and we have also attempted to get a verbal response. I think from what I understand, this is an item— because they do not have a specific item for a specific type of policing activity, over the years it has been an accepted practice. This is what has been intimated to me for use of this particular item of expenditure. However, I have advocated to them that if they so— again, they should seek to have a dialogue with the Ministry of Finance, Budget Division perhaps with establishing a specific item number for this particular type of policing activity that is undertaken. This is all I would like to say at this point in time.

Mr. Chairman: Would you say that given your approach in this particular 2019 audit where you said that your focus was on expenditure, on compliance and on internal controls, that this represents an instance in which, in the Minister of National Security, all three have been violated?

Ms. Pujadas: I would say that they have not utilized the Item number in accordance with what the estimates of expenditure has identified it for. And, of course, in terms of a control framework, of course, they should have been in compliance with that. However, I am not saying that they did not have the requisite supporting documentation to support the expenditure which would be a very material controlled breakdown.

Mr. Chairman: Okay. I could follow up with five or six questions, but I would not at this point because we are dealing here with—I will just leave that for now. I have a question to Comptroller of Accounts, so I will shift, at this point, to her. On page 16 of the report, Ms. Laban, in your particular report, you have a conclusion. Again, I will read the whole conclusion because it is short, and based on the information that you provided, this is what you are saying.

"The issue of the public debt and debt sustainability has long been a concern for policy makers of both fiscal and monitory policy. The Central Government Debt and Contingent Liability must be examined and analyzed in it's entirety to ensure present and future debt sustainability. It is important for overall macro-economic policy to manage the debt and needs to be coordinated closely with fiscal, monitory and other macro-economic and financial policies. For this reason, debt managers… and monitory policies, given the independence among the policy instruments."

—sorry, I think I skipped a line:

"For this reason debt managers and fiscal and monitory authorities should share an understanding of the objectives of debt, fiscal and monitory policies, given the independence among policy instruments."

And this last line is critical, this last sentence:

"Close coordination is needed to choose an appropriate mix of financing and policy adjustment to facilitate economic recovery while preventing the build-up of an unsustainable debt burden."

Could you, Comptroller of Accounts, share with the general public, what was your burning concern or worry which led you to write that short and succinct, but very pointed conclusion?

Ms. Laban: Just to summarize, really, what was intended to really show—to emphasize the part that the three independent bodies should continue and increase their coordination amongst themselves to ensure the most appropriate mix of financing and policy adjustment. So it was really to emphasize that fact.

11.35 a.m.

Mr. Chairman: Okay. Do you sense a certain amount of dissonance or perhaps not enough synchronization now?

Ms. Laban: Possibly. I am saying that because they have always advocated this doing that and it could always improve. The coordination could always be improved.

Mr. Chairman: Okay, and this is the link between policy formulation, monetary policy, fiscal policy and debt management. Is that correct? Is that what you are talking about?

Ms. Laban: Yes. Yes it is.

Mr. Chairman: All right, thank you very much. I want to ask one more question before I go on to my colleagues, and I had it here just now and I do not know what I did with it. It really has to do with the issue—and I will ask this to both the Comptroller of Accounts and the Auditor General. As you know, the Government has come to Parliament recently and requested a drawdown on the HSF in respect of COVID of $1.5 billion, and in the last budget review the Minister of Finance mentioned that he had drawn down $400 million, all of this related to COVID, and following up on this loan issue that you raised, the Parliament gave approval for borrowing up to $10 billion more from the Development Fund, and the Minister of Finance indicated that he had borrowed about a billion dollars out of the $10 billion so far, both of them under the amount that they are actually allowed by Parliament. I wanted to ask: At what point does the Comptroller of Accounts become involved in this? Is it only after the expenditure and the reportage of the expenditure in both cases for the development loan and the HSF? Or is this monitored as moneys are drawn down, for instance? Could you give me a little insight into how that is done?

Ms. Laban: "We really" at the end point.

Mr. Chairman: At the end point?

Ms. Laban: Yes, "we really" at that.

Mr. Chairman: When it is reported?

Ms. Laban: Yes, when it is reported.

Mr. Chairman: You can only act on the report?

Ms. Laban: Yes. And when it is drawn down we bring it to account on our books. When the Heritage and Stabilisation Fund is drawn down we would have to account for it and bring it to account in the books. We consolidate it.

Mr. Chairman: But your only role is recording the information. Is that correct?

Ms. Laban: Yes.

Mr. Chairman: Okay. Might I go now to the Auditor General and ask her a question, as to how these matters, such matters are dealt with in the Auditor General's Report? Because I imagine she would pick up this information on the basis of your report. Is that correct? Am I correct, Comptroller?

Ms. Pujadas: Yes. We audit the statements, Sir. So, for example, if a loan is taken out it would form the basis of the statement of the public debt and it would be included in the statement of the public debt. So, in looking at that, in our sample we would oftentimes look at the new loans that are taken up and look at the conditions of those new loans, the guarantees. We look at the information that is presented in the public debt and match that to the records of the Treasury to ensure that the information is correct, and that everything has been reconciled, and that is as it relates to the statement of the public debt.

The Heritage and Stabilisation Fund by statute is a legal entity in itself, and therefore is required to produce financial statements in its own right.

Mr. Chairman: But, does that come under your scrutiny, or is it under the scrutiny of the Central Bank and you then look at the Central Bank accounts?

Ms. Pujadas: We would look at, like, for example, we are the auditors of both the Central Bank and HSF.

Mr. Chairman: Yes.

Ms. Pujadas: So, for example, now this would be a material activity that has taken place this year. So, in terms of our risk profile in looking at the HSF accounts which have to be presented by November of this year, we would look at the drawdowns and the procedures to ensure compliance with the legislative requirements have been complied with, so that would take place when we are reviewing the accounts of the HSF.

Mr. Chairman: Okay, thank you very much. Other colleagues, you are now free to ask questions please. Sen. Seepersad, would you like to ask questions?

Ms. Seepersad: Thank you. I am looking at pages 48 and 49, sorry 58, my apologies, of the report, concerning the audit of revenue, and in particular I am looking at Customs and Excise, Ministry of Finance, where there is a difference of 393,000 between the total receipts as per the statement of receipts of disbursement and the electronic cashbook, and we note that these are some timing differences and that is what we were told in May last year that this was because there were timing differences between the—from the Comptroller of Accounts to process Treasury cards, and I was wondering what the Comptroller of Accounts is doing to ensure that the delays are shortened so that you would not have these challenges in the future?

Ms. Laban: Yes. Well, right now we are still largely under. So, with the advent of the limits that, we would get the computerized system at least we would be getting information on an online real-time basis and it would reduce a lot of the variances in the adjustments.

Ms. Seepersad: Pardon me, you are breaking up so I was not hearing you clearly. Could you just say that again, please?

Ms. Laban: Is it that you were asking about the differences in the electronic cashbook?

Ms. Seepersad: Yes, because of the delay in processing the Treasury cards.

Ms. Laban: All right, well what would help— What I was saying is, right now we are looking at the Integrated Financial Management Information System, and that would greatly help, because that would give us real time online information and it would reduce the delays in the adjustments. It would reduce the adjustments actually so there would not be any long delays in producing the Treasury cards.

Ms. Seepersad: So it will eliminate this issue?

Ms. Laban: Yes, it should.

Ms. Seepersad: Okay. The other thing I was looking at is the cash deposits and this is on pages 59 and 60, where we realized that funds are not being deposited on a timely basis, and I was wondering what measures are being put in place to—because what we found is that the cash is not stored in a fireproof vault. I am referring specifically to the Ministry of Health, the Ministry of Sports and Youth Affairs, and not deposited on a daily basis, and I am wondering what recommendations would the Auditor General have to prevent these things from happening? Because these are very straightforward things that is normal financial practice, you store cash overnight in a fireproof vault and you deposit cash on a daily basis.

Ms. Pujadas: You are directing this question to the Auditor General, but the Auditor General again, I am going to repeat is the Auditor under section 116(2) of the Constitution. The control mechanisms that deals with the control framework is normally addressed through Treasury directives and is under the financial management scrutiny of the Ministry of Finance. So, the question as to whether or not what improvements can be made should be addressed to the Ministry of Finance.

Ms. Seepersad: Forgive me, but you as the auditor would not have a role in making recommendations to deal with these issues?

Ms. Pujadas: Our role is to ensure that the accounts are prepared in accordance with the directives, financial directives, in accordance with the regulations. Our mandate is defined for us in section 116(2), that is, a review of the accounts. Now, obviously, when we report these matters in terms of the timely delays and stuff we would expect that those persons involved in the administration of the financial and those persons who are involved in maintaining the control framework of the finances would take note of these things and therefore would seek to address it. However, the regulations in itself require daily submissions, daily deposits. So, therefore, the Ministry would have a right to ensure that their deposit, their cash deposit, is being done at the out stations and being deposited on a daily basis. So that again comes back to the question of monitoring and ensuring that monitoring is being adhered to and being followed up. So, the Ministry has to take action, the Ministry of Finance has to take action, and then we would go back to look to see that such action is being taken.

Ms. Seepersad: Well, okay. My other question concerns non-performing units. This is on page 123 of your report. The Port Authority, their loans increased by 56 per cent in 2018 and then again in 2019 by 66 per cent. Did you get an explanation as to why there was such an increase?

Ms. Pujadas: No, we did not.

Ms. Seepersad: And what actions and so on, what follow up I should say, are you doing on this?—because, I mean, there must be some reason for the increase and somebody must have approved it.

Ms. Pujadas: Are you directing this question to the Auditor General or to the Comptroller of Accounts?

Ms. Seepersad: I thought it was the Auditor General because this came out of your—

Ms. Pujadas: Well, this is an extract to what would have been in Volume 1 of the Comptroller of Accounts' statement. That is a representation of what they had stated in their report, so we were just highlighting the fact that they have drawn reference that there are several loans which represent 96 per cent. So this is in Volume 1 of the Treasury statements report.

Ms. Seepersad: Okay, well then who can give me the explanation as to why there was an increase? I mean, is it the Comptroller of Accounts?

Mr. Chairman: Could I ask the Comptroller of Accounts if she would like to make an input here?

Ms. Laban: Yes. I would not have that information on hand, but why there was an increase, I can get that information to you.

Ms. Seepersad: Okay, great. Thank you very much. Chairman, I would come back. If there is another round I would come back, I would give the others.

Mr. Chairman: Okay. I would strive for closure at about 12.30, and I would go on now to Sen. Taharqa. Are you ready with questions?

Mr. Obika: Yes, Chair. My first question arises from the non-performing loans section on page 123, it flows into 124 of the Auditor General's Report, and it is really with—there are two items of concern there. The first item has to do with the National Energy Skills Centre having a non-performing loan, or an outstanding balance, or being delinquent, whichever would be the appropriate term, the tune of 50.9, so effectively $51 million, and I would want to know if there is any explanation offered for such delinquency?

Ms. Laban: With respect to all of these non-performing loans, because they have not been paying on these loans, a write-off is being sought from— [*Inaudible*] —to have them written off, because they have been on the books for quite a long time.

Mr. Obika: Okay. [*Inaudible*] When we look to the Government in the Caribbean, all right, in fact there are substantial loans to our neighbours who, of course, we care for their welfare, but when you are in long-term loan arrangements and the loans are not being serviced, what exactly is the recourse of the State regarding these things? Is it that for the Government of the Caribbean there is an effective write-off or there are other avenues for recourse?

Ms. Laban: I cannot say whether there are other avenues, but right now we are looking at a write-off because of the length of time that these have been outstanding.

Mr. Obika: Okay, Chair, I would stop there because I was really hoping that there would have been some notes to assist us in those two points.

Mr. Chairman: Okay, well you can always come back if we have another five minutes or so. MP Leonce, you have some follow-ups?

Mr. Leonce: Yes, just a general question actually. Throughout the report there were some deficiencies in terms of, like Ministries not having their formal contracts, the provision for contracts, we also have some deficiencies with Current Transfers and Subsidies, I am just wondering—and some deficiencies actually in terms of some of the reporting of the internal auditors within the different spheres—I am wondering if, do you think this is due to maybe a lack of training or a lack of possibly communication in terms of what is required, and if some form of training probably headed by your office, the Auditor General's office throughout the Ministries, could you mitigate against some of these deficiencies?

Ms. Pujadas: Throughout my tenure in this department documentation, retrieval of documentation, storage of documentation, monitoring by the internal audit, these have been issues that have been flagged by successive Auditor Generals in successive Auditor General's Reports. What we have come to understand, training is an aspect, but it is also a question of staff rotation. The accounting units, by and large, staff move in, staff move out. So you do have a dedicated core of staff like at the more senior levels: The Director of Finance, Accounting Executives Is and IIs, which would have the requisite experience, but they are not throughout the public service. Many of the larger Ministries would have these particular positions on their establishment. Other than that you would have staff that are clerical staff really functioning in these accounting positions and then they may get a promotion or they may get acting in a higher position outside of the accounting unit. So that also has an impact on the way the work is performed. But I think I am harping and I think you can see from the report that monitoring is a key to ensuring that the controls which have been established by the Financial Regulations are being adhered to and being complied with.

Mr. Leonce: Well, I understand the employee attrition being a major issue and from what I am getting from you, monitoring and implementation of the monitoring is key in terms of being effective. Is it that there are different standards throughout different Ministries or everybody doing their own thing in a different way, and can that be standardized? I am just asking.

Ms. Pujadas: The standard is the Financial Regulations, the finance instructions and Treasury directives. That is the standard that is supposed to be applied across the board, and this is the reason why you will find in the report where it is reported where it is not being in compliance with Treasury directives, Treasury guidelines, Treasury instructions, Financial Regulations and the Exchequer and Audit Act Ordinance.

Mr. Leonce: Okay. I am leaning back on training. Training I am anticipating is definitely required for persons to account to being compliant with the regulations. All right, thank you.

Ms. Pujadas: I think training is key, and to underpin that, training, it needs to be placed in a context, and therefore they need to understand, okay, so if I do not do this it is not to them, okay, so I have not signed the Vote Book properly or I have overlooked an authorized signature on the invoice order, big deal. But they are not understanding the concepts behind it and the control features behind it. So I think in administering the training—

Mr. Leonce: And the consequences.

Ms. Pujadas:—they need to understand the context and the impact by not doing something the potential risk that could occur, for malfeasance or misappropriation.

Mr. Leonce: Okay, thanks a lot, Chair.

Mr. Chairman: All right then. A couple of things Auditor General. We did not, because of how the report was constructed on the basis of themes or issues that were considered important, we did not have really departmental analysis of particular problems. You tended to take them thematically. So, for instance you dealt with the issue of ICT capacity and so on, which I would come to in a minute. But I want to ask, one of the problems we have had over the years in this particular Committee based on the reports that you have given are the accounts of the House of Assembly. Can you indicate to the Committee and the general public, what is this situation with audited accounts for this particular entity?

Ms. Pujadas: At present we are working on the accounts for the Assembly. I am assuming, Chair, that you are speaking of the Tobago House of Assembly?

Mr. Chairman: The Tobago House of Assembly, yes.

Ms. Pujadas: Right. The Tobago House of Assembly audit with respect to 2016 is at present ongoing, and we are hoping to finalize that particular report shortly. We did have some challenges with the Tobago House of Assembly 2016, because one of the divisions of that Ministry also had some challenges with their documents, being where the documents were stored, and therefore the destruction of some of those documents. We have not received financial statements for 2017 or 2018, but we are committed to completing 2016 with these next two quarters here so that the accounts could come before the committees, the relevant committee.

Mr. Chairman: And all accounts have been audited up to 2015. Is that correct?

Ms. Pujadas: No, Sir. In fact we stopped at 2010 and then we sought to bring it up-to-date, identifying that okay, we would start with 2015, so in the financial year of 2015 we attempted to do 2015 then a the timely manner so that the timeliness of the accounts may become relevant. So, we succeeded with 2015 and we received 2016, and again there were some challenges on both our parts, both the Assembly's part and our own part in bringing that to completion, and then we have not received ’17 and ’18. I think their plan, which the previous Auditor Generals had sought to do, and which I presumed to continue doing, is that you try to have one current and one concurrent, one from back time being done simultaneously within the period, so that at least we can bring the Tobago House of Assembly’s accounts up-to-date, and in the same time-frame as the accounts at the Public Accounts Committee September 30th deadlines.

Mr. Chairman: So, as it stands then you have unaudited accounts for 2011, ’12, ’13, ’14 and you also have ’15, or was that completed?

Ms. Pujadas: No, ’15 was completed.

Mr. Chairman: Was completed. So you have ’11, ’12 ’13, ’14 and then you have ’15 and ’18?
Ms. Pujadas: Yes.
Ms. Pujadas: The second issue which I wish to raise and which I did not see in the report, are the issues of the procurement of the ships or ferry vessels based on a government-to-government arrangement between the Government of Trinidad and Tobago and the Government of Australia? Did that matter come under your scrutiny at all or did you ask for information in relation to that?—because it is a big issue of procurement involving the lack of formalization of the new procurement legislation and the limbo situation of the Central Tenders Board? So, I just wanted to ask if that matter came under your scrutiny or under your questioning at all?
Ms. Pujadas: At present we are reviewing. It is a DP project and an Infrastructure Development Projects, and so we are reviewing that project, but it is a work in progress.
Mr. Chairman: Okay. So, are you saying then arrangements were made for this particular government-to-government transaction, which, as I understand it, involved private providers under the government-to-government arrangement? Are you saying that financial arrangements for these boats or ferries were done through the Development Programme and the Infrastructure Development Fund?
Ms. Pujadas: National security boats were done through DP, some, and the ferries were done through infrastructure.
Mr. Chairman: Okay, and are you aware at all of the procurement procedure that led to the payment of sums from these funds?
Ms. Pujadas: We are still reviewing the evidence. We have done our necessary field work. We are still receiving evidence. We have not completed the report as yet, so as I indicated it is a work in progress.
Mr. Chairman: Can I ask when you might have such a report? Would it be done prior to the next Auditor General’s Report, or is it something that we will have to wait for in the next Auditor General’s Report?
Ms. Pujadas: It is not a special audit. It forms part of—it is part of our programme of work, so it would probably be included in the next Auditor General’s Report.
Mr. Chairman: Is there any way of making that a matter of urgent priority?
Ms. Pujadas: Well, as you indicated before, it is a work in process and it is being done, right. As we have indicated before, it is a work in progress.
Mr. Chairman: Have you been given the information that the Auditor General’s Department has requested over time in the pursuit of your mandate?
Ms. Pujadas: I am not clear as to the direction of the question. Are you asking in the same context of the conversation that we are at present having, or is it in a wider context that you are speaking of?
Mr. Chairman: No, no, I am asking in this particular instance. You said that the Ministry of National Security did the Development Programme for the boats and then you said there is Infrastructure Development payment as well, and you said that these matters are being investigated.
Ms. Pujadas: Correct.
Mr. Chairman: In the investigation to make sure that you get the facts, has there been cooperation? [*Technical difficulties*] I am not hearing a sound.

Ms. Pujadas: We have not had any major challenges in terms of obtaining documentary evidence.

Mr. Chairman: So, it is only a question of getting all and doing the report?

Ms. Pujadas: Correct.

12.05 p.m.

Mr. Chairman: Okay. In the Auditor General's Report you mentioned the fact that there was a biometric system established in 2014, I think, in the Ministry of Social Development and Family Services and that that was abandoned some time later, perhaps 2016. Given that there is discussion now about a unique identifier system for the citizens of Trinidad and Tobago, how would you—would you be willing to say whether we—I mean, had missed some time in not allowing this biometric system to evolve, because I noticed that there was a 5.9 per cent inclusion and at that point it was abandoned. Have we lost some time there? And I am really using that leading up to some questions I want to ask on ICT capacity on which you have an entire chapter in this document.

Ms. Pujadas: Chair, through you, can I ask my Audit Director responsible for IT audit to address that question?

Mr. Chairman: Yes. I would very much appreciate that and I would be happy to get the response.

Ms. Pujadas: So I will now invite Ms. Dwarika Ali.

Ms. Dwarika Ali: Thank you, Madam Auditor General. Chair, I would answer, yes, we would have lost some time because as you would know, in terms of IT and a rapidly changing environment, we are kind of left behind and the biometric system in terms of the social services which certainly would have helped in enhancing service delivery.

Mr. Chairman: So if we had continued with that, let us say, by 2015, we would have achieved about 5 per cent we could have achieved more in 2016 and so on. It is possible that with time, let us say, in two years, three years' time, we could have had every single person, certainly within the social development matrix, and I know that there are significant numbers of them, over 300,000, we could certainly have had all of them under the biometric card.

Ms. Dwarika Ali: Certainly, the valid persons, certainly.

Mr. Chairman: Yes. And then the second thing is that the biometric card could have easily been—what can I say?—dovetailed into any unique identifier system. So it would have been a support system for a unique identifier for the nation as a whole. Would you say, and I am not trying to put anything, make you say anything—I think you said it already that we really missed an opportunity and lost some time with that system by not carrying it through. Is that true?

Ms. Dwarika Ali: As I said, we saw—yes, we did miss an opportunity.

Mr. Chairman: Okay. Now, I read the ICT report and I had a conversation with the Auditor General before prior to this particular meeting in order to clarify a few things and at that time I did say that I was tremendously satisfied with the special audit that was done with the IT system across the governmental system, which is from page 76 of this report up to—just one second, I just want to get it right. It went on until page 100. So this part of the report is actually 24 pages. And before I ask you any questions I want to reiterate again that I thought that this particular report, this special audit report for information technology assessment was very well done. I do not know how much you were affected by COVID, but I think in assessing this situation, trying to give the truth about what in fact had been achieved in terms of information technology capacity in certain places, so that you identified that significant amounts had been achieved in the Attorney General's Office, in social development, et cetera. But you also identified in my view very, very honestly the serious problems we had in IT. One, with business continuity which emerged and what can I say, signaled in a very strong way when the COVID crisis emerged.

Secondly, the silo effect of everybody doing their own business in IT throughout the Ministries, sometimes with two Ministries buying the same thing for the same purpose and not talking to each other and then 20 or 30 Departments doing different things, not talking to each other, not having any continuity. And then the serious consequential effects of this from having a governmental system and a public service system that could be properly digitized.

Could you tell me a little bit about your findings? Tell me about the problems—you can tell me the good things, I have no problem with that if you say what you have achieved, but I also want you to tell me what are the hurdles that we must cross if we are to be a 21st Century country in terms of digitization of the public service and not be a backward country in the 19th Century.

Ms. Dwarika Ali: Thank you, Chair. I will say some of the good things first in that I must commend some of the Ministries and Departments in implementing some of the recommendations that we had made in the 2017/2018 report. Also there has been some collaboration and integration and those are recommendations that were made previously in terms of the Ministry of Social Development and Family Services, Elections and Boundaries, licensing and customs.

So we have made some improvement, we have made some small steps, but when you are looking at an IT environment that is ever changing rapidly we need quicker steps. Although it might be small steps, but it has to be at a pace.

Presently, we are not where we should be and as we said it came to the fore with the onset of the pandemic, where we realized that we were not ready in terms of digital government.

In terms of the National ITC Plan, two of the strategic thrusts would have been, ease of doing business and enhanced public service delivery. Now, if we have IT governance that is lacking across all Ministries and Departments, we would not be able to achieve those goals.

In terms of those goals, what we need, we need proper infrastructure, we need a framework, we need policies, procedures and these are the things that were mentioned in the previous reports that are still outstanding. The Ministry of Public Administration, they are responsible for ICT and they have made some progress in terms of policy rules and procedures and implementing certain recommendations. Due to lack of good IT governance, this—always and most times it would lead to inefficiencies, it would lead to not getting value for money in IT investments; it would lead to not optimizing your information system. So these are things that we have to look at in the future.

We also as a country need to look at emerging technologies. We have cloud computing. That would solve a lot of our problems in terms of where we talk about shared services, shared resources. Of course, we have to look and weigh the risk in terms of what the information security risks when using a cloud.

Mr. Chairman: Is there a cloud computing service for the public service now?

Ms. Dwarika Ali: I am sorry. Can you repeat because I did not hear you?

Mr. Chairman: Yeah. Is there a cloud computing service? I mean, do you have a cloud that you operate under in the public service?

Ms. Dwarika Ali: No. I am not aware of that. I am aware that—

Mr. Chairman: Okay, so a cloud does not exist.

Ms. Dwarika Ali: Not that I am aware of.

Mr. Chairman: So a first solution problem for storage of collective information of the Trinidad and Tobago public service system and therefore a common basis on which the governmental system could talk to each other is a cloud service to cover the entire system.

Ms. Dwarika Ali: Well, firstly, if we have to speak about these systems talking to each other we need multiple interfaces. Currently there are a number of systems that cannot speak to each other, so we need those interfaces. And of course in terms of the cloud computing, storage is just one aspect that we would be able to aid in, but bear in mind as I said, the information security risks in terms of that we have to make sure and classify our information, in terms of unrestricted or restricted or sensitive and it is only when we do that analysis we would decide, okay, if we need a public cloud or if we need a private cloud for their encryption controls and so.

Mr. Chairman: Okay. All right, but I cut you by my intervention, I am sorry. You were saying some other things.

Ms. Dwarika Ali: In terms of emerging technology?

Mr. Chairman: I mean, for instance, let me ask you a question. Let us say there was a general consensus in the country that we want to be a 21st Century country and therefore the unique identifier is a critical place to start, right? So we have missed the boat with the system in social development, but we could start with a unique identifier. Tell me what are the problems we would have to solve in the existing system to make that unique identifier work as it should.

Ms. Dwarika Ali: Currently we have a unique identifier in terms of the PIN number that we use from our birth certificates that is generated from the Registrar General. So that could be used as a unique identifier. However, in terms of when we spoke about having a central database of bio-data, where all Ministries will be able to access depending on their relevance, in terms of your name, date of birth and so on, Elections and Boundaries Commission would have been one entity that would have already verified those information. Once that is verified any other entity that needs this information as a criteria to access grants or whatever, then it will would be easy for them. They would just have one identifier that is already verified and a simple or real case came into fore during the pandemic when we were asking persons to apply for grants.

Now, these people, they each had to submit information on their ID, address and all those information to each different entity, be it NIB or Ministry of Social Development and Family Services or Ministry of Labour and Small Enterprise Development. And in times of these you needed something like a unique identifier that was already verified. So the person would not have needed to submit all those information that we verified. In terms of timeliness their approval and verification process would have already been done.

Mr. Chairman: Okay. So if you had to pick three things that you would do for the ICT system in the public service right now that would make a decisive difference, what would those three things be?

Ms. Dwarika Ali: Firstly, I would start with a proper IT governance structure and framework. Lack of that of course results now in a lot of the things that we identified in the report. So we will start there. In terms of strategic directions, your IT department needs to align their goals and objectives to the entity strategic plan. So we have to start at that strategic level, we have to have proper IT governance in the public service.

Secondly, there are a lot of policies and procedures in the public service in terms of ICT. We are lacking approved ICT policies and I must commend some of the Ministries and Departments, they took the initiative to develop their own policies and adopt certain information and security standards and international standards.

And the third being, we have to the look at the future, we have to look at in terms of capacity, we have to look in terms of emerging technologies. Maybe not AI, I do not think we are ready for that yet or blockchain but at least cloud computing. We need to be futuristic, we need to progress more in terms of IT than where we are at now. And of course I would add one more to that three, BCP, business continuity planning.

Mr. Chairman: Yes.

Ms. Dwarika Ali: That is lacking throughout the Ministries and Departments. There are a number of entities, they have developed draft plans, but of course, in terms of the recent pandemic these plans would need to be revised and updated to take into account biological disasters and such. So that is something that should be a priority.

Mr. Chairman: Okay. I have two questions for you based on what you said actually. The first one is this, you said maybe not blockchain but certainly cloud computing. And you said also maybe not AI. But are we not at a point now where, yes, we may not have AI throughout the system or blockchain throughout the system, but as we—understanding where the world is headed and pushed even further by COVID, where everybody is getting on a digital platform in order to simply function in the world. Should we not only do the cloud computing and do the digitization but look strategically at where AI and blockchain are very critical for the development of not just the public service, but the country, the economy, the services sector, et cetera, in the country. Do you not think that that would be a critical thing that we might do?

Ms. Dwarika Ali: So let me rephrase what I meant. I meant, of course we should look at AI and blockchain, but currently where we sit and what is happening currently in the public service, we need to address certain issues before we could even advance to that and put—

Mr. Chairman: Because we have basic. Yeah, because we are—

Ms. Dwarika Ali: So we need to have our foundation solid before we—yeah. But we would love AI and blockchain in the public service. That is the future.

Mr. Chairman: What difference would that make? Just tell me two things.

Ms. Dwarika Ali: Okay. Efficiencies, it will enhance efficiencies, enhance ease of doing business, information security. We will be more confident in terms of your processes and information being secured.

Mr. Chairman: All right, I want to thank you very much. I want to ask my colleagues, because we are coming to the end of time. I want to give you an opportunity to ask at least one question each before we go. I do not know if you want to ask it to the Auditor General, to the Comptroller of Accounts or if you want to continue to ask—

Mr. Obika: I have a question.

Mr. Chairman:—the head of IT. Who would go first? You want to start again—

Mr. Obika: Chair, I have a question for the Auditor General.

Mr. Chairman: Yes.

Mr. Obika: It has to do with, when you turn to page, between pages 49 to 51 of the report which shows you where there are some issues regarding payments. There was a late payment on the highway extension to Point Fortin which incurred default interest charges for late payment. There is the issue of NCC not having submitted any financial statements from 2015 to 2018, as well as the Commission for Self Help, where there was some level of a fiasco in the past couple of years not having submitted financial statements either for 2017 and 2018. So these three issues, the late payment on a debt to the highway loan to Point Fortin, the non-submission of financial statements for entities that spent millions, tens of million, hundreds of millions of state funds, such as NCC and NCHSL, the Commission for Self Help, Carnival commission and the self-help commission. What exactly are the sanctions that are available to the Auditor General so that this can be corrected or that the persons so responsible can be brought to account for the taxpayers?

Ms. Pujadas: I want to thank you for the question. Again, I want to highlight that this was presented here again in accordance with our mandate. We do not have enforcement as part of our mandate. We are not an enforcement agency as part of our mandate. We are here as part of the overarching framework of accountability and presenting a sort of independent oversight of what is taking place. Now, I come back to my pet peeve and the issue is these items that we have presented at paragraph 251, on to 254, come under the context of Current Transfers and Subsidies.

As you can see from the chart, Current Transfers and Subsidies for the current year as has been in previous years ranged around 40 to 51 per cent of government subventions. And therefore, it behoves upon the Ministry and the accounting officer under whose remit these particular entities fall under, that they ensure the timeliness of payments, that they ensure that they are receiving information that would facilitate them in proper decision-making and will facilitate them in assessing the performance of these entities and also to put any mitigating risk factors into place so that they can address these factors.

So, we, as I started off saying, looked at these things because we believe now there is a State Enterprises Performance Manual which sort of directs how the Ministries are supposed to address these entities that are under their remit. And of course, part of that is that they need to look at their performance and how they are performing. And that being said, the performance manual requires the documents that we have set out here to be presented to the Ministries. Not only are they to be presented to the Ministries but the Ministries need to actually look at the documentation, assess the documentation and call these entities to account. That is why you have them under their remit.

Again, my pet peeve, monitoring, monitoring, monitoring, and by monitoring we do not just mean looking, we mean taking action, being influenced by the information that you receive and taking specific decision-making action. So I hope that has answered your question to some degree.

Mr. Obika: Thank you.

Mr. Chairman: Okay, Senator, do you have a question? MP Leonce, do you have a question that you would like to follow-up on? I do not know if you want to do something with—well, I do not want to advise what you—

Mr. Leonce: No, I do not have any questions.

Mr. Chairman: You are okay?

Mr. Leonce: Yes, I am fine.

Mr. Chairman: All right. Senator?

Ms. Seepersad: I am fine.

Mr. Chairman: You are okay?

Ms. Seepersad: Yes.

Mr. Chairman: All right. Let me just, we are going to close up now, but let me just ask a couple of questions having to do with the—where we have all of those funds, like the Green Fund, the unemployment funds and the others. I just wanted to ask the Auditor General, are all of those funds as far as you are aware, free? Are they encumbered in any way?—or—well, that simple question. Are all those funds as far as you are aware are unencumbered and free?

Ms. Pujadas: Chair, what do you mean, in what context do you mean unencumbered and free?

Mr. Chairman: I mean, for instance, there was a recent statement in which the suggestion was made that the Green Fund could—money could not be taken out of the Green Fund because it had been tied to the rise in the size of the Exchequer Account or the Central Bank overdraft. But I do not see anything related to that here. So I simply wanted to make sure that all of these funds were available and free to operate as they are supposed to.

Ms. Pujadas: Chair, each of these funds are directed by the particular statute that has established them and for the particular purposes for which they have been created. So therefore, legislatively the Green Fund was created for a particular purpose. There were drawdowns this year, significant drawdowns this year and they were used in accordance with that purpose.

There are other funds that are restricted in nature and they are described—the restrictions of those funds would be described, so again—and the restrictiveness of them are based on—for the purpose in which the fund was created. So for a more detailed analysis of restrictions I believe that information should be sourced from the Comptroller of Accounts.

Mr. Chairman: Okay.

Ms. Pujadas: Because that forms part of the cash management of the Ministry of Finance.

Mr. Chairman: I will ask her a question then about the Green Fund, but let me continue to ask this. Carifesta, in the report on Carifesta, I think that report said that there were a lot of things to be concerned about. Would you like to comment on that at all? Have you since gotten information or documentation that would cause you to change your mind about what you have in the report? There were several expenditures that were undocumented, several expenditures that were in excess of what was originally planned in Carifesta, et cetera.

Ms. Pujadas: We have not finalized, we are still working on Carifesta and that is still part of our programme and work for 2019/2020. So that this is going to be a brought forward activity that is going to be assessed. When it is brought forward we are hoping that the Ministry would respond in some detail to our queries and address some of the concerns raised in the report and we will take it from there.

Mr. Chairman: Are you getting cooperation now in complying with your request?

Ms. Pujadas: Thus far we have been getting the assistance from the Ministry.

Mr. Chairman: Okay. Now, I notice in the IFMIS that the Ministry of Finance is seeking to extend the time by which IFMIS is brought on stream by another year and this thing has been ongoing for some time. Can you tell me what it is IFMIS will achieve when it comes on stream, what that means in terms of Government's monitoring of its finances and what we are missing by not getting this done as expeditiously as possible?

12.35 p.m.

Ms. Pujadas: As you know, Chair, the Integrated Financial Management Information System by name, which is shortened analogy to IFMIS, the project is being implemented through the Ministry of Finance under the remit of the Comptroller of Accounts. So, obviously, it is an effort to improve the efficiency of the finances of the Government, the timeliness of the reporting, and also to ensure that there is standardization across the board. It will have obviously supposed to have some internal control features built into it, but in terms of what the actual project document and what it hopes to achieve, I do not know. Through you, Chair, if you can ask Ms. Laban if she can add to what I have stated here?

Mr. Chairman: Okay. I will go over to the Comptroller of Accounts now and then I will close the meeting, because I have two quick questions, one related to IFMIS and the other one to the Green Fund. So I will go over to the Comptroller of Accounts now, Ms. Laban, and the first question is the IFMIS question which is that: when we bring that on stream what will we achieve? What will it do in enhancing Government's capacity to manage its accounts? And what are we missing by keeping this thing postponed and extended all the time and continuing as we are continuing without this thing being on stream?

Ms. Laban: Chair, now the IFMIS, it is a software that has the stream—that has a suite of applications that would integrate all of Government accounts, and when that is done, you will have the recording, monitoring financial management of the accounts integrated and that will assist in the Government's carry on their budgeting and financial activities on an online and real-time basis. So, we would be able to produce financial statements, reports for better decision-making by the Permanent Secretary, Minister of Finance, and it would assist the whole of Government.

Mr. Chairman: Yes. I mean—and simply put, let us say, from the citizens' point of view, Government will be able to know on any given day, or at any given hour, what its financial position is in terms of cash availability and expenditure executed, would it not?

Ms. Laban: Yes.

Mr. Chairman: Okay. Thank you very much, and that would add a significant capacity in Government to be able to make serious decisions, no?

Ms. Laban: Yes.

Mr. Chairman:—on a very timely basis?

Ms. Laban: Yes, and just to add as to the status, the pilot is supposed to start in 2021—for the four pilot Ministries in 2021, with full roll out in 2022 actively— [*Inaudible*]— 2020.

Mr. Chairman: Okay, but this is postponed though. Was this not supposed to be before?

Ms. Laban: Yes, it was. But there were delays, COVID being part of it.

Mr. Chairman: Yes, well I understand that.

Ms. Laban: They are going to ask for an extension of one week.

Mr. Chairman: Okay. And on Green Fund I just wanted to make sure. This thing about the Green Fund being stymied, that is to say we were unable to give any grants from the Green Fund because it was tied to Central Bank Overdraft Account being so highly overdrawn. Is that a fact?

Ms. Laban: Because all of these accounts are included in the Central Bank overdraft statements, yes, it would cause a restriction on those accounts if they are close to the overdraft limits.

Mr. Chairman: Okay. So it is not because of any pledging of accounts. It is simply because these

accounts are taken into account as the Central Bank overruns—sorry, as the Central Bank runs up the overdraft, is that right?
Ms. Laban: Yes. Yes, they are.
Mr. Chairman: All right then. Thank you very much. I want to sincerely thank all members of the Comptroller of Accounts Department including the Comptroller of Accounts herself, Ms. Laban. And I want to thank all members of Auditor General's Department including the Auditor General herself, Ms. Pujadas. And, of course, I want to thank all my colleagues, parliamentarians from both Houses who are on this Committee for a very, very lively and engaging discussion this morning. I hope the public has enjoyed the questions that we have asked and the answers that have been given, and that they are more enlightened on the state of Government business and the state of the accounts for 2019.
So I want to thank all those stakeholders again who participated today, each and every one of you, and I want to mention your names, the Auditor General, Ms. Pujadas; the Deputy Auditor General, Ms. Ramdass; the Assistant Auditor General, Mr. Peters; the Audit Director, Ms. Dwarika Ali; the Comptroller of Accounts, Ms. Laban; the Deputy Comptroller of Accounts, Ms. Thomas-Vialmosa; the Treasury Director, Ms. Browne; the Treasury Director, Ms. Bally; and the Director, Economic Research and Planning, Ms. Collis; and I also want to thank the technical team from the Parliament and the Secretariat from Parliament for their support this morning in this task which was done virtually rather than from a single room with all the participants present.
I hope this did not cause any problems for the viewing audience on television, and I hope that you got all the information that was shared this morning. And again, I want to thank my own colleagues, Sen. Taharqa Obika, Vice-Chairman of this Committee, Senator—
Mr. Obika: Sen. Seepersad.
Mr. Chairman: Sen. Seepersad, sorry. I am sorry about that. I kept remembering Charrise and I could not remember your last name. And, of course, Minister and MP Adrian Leonce. Okay. Thank you all very, very much for a fruitful meeting. I hope you have enjoyed it as much as I have, and I hope the population or citizens are much more enlightened on this particular matter. Thank you very much. Good morning.
12.43 p.m.: *Meeting adjourned*.