AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO
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Please address your response to the Auditor General and quote the reference particulars below.

Our Ref: AGD 4/3/25

30th June, 2020

By Hand &
By electronic correspondence
"coth@ttparliament.org "

Mrs. Jacqui Sampson-Meiguel
Clerk of the House
Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street
PORT OF SPAIN.

Dear Madam,

Re: The Twenty-Fourth Report of the Public Administration and Appropriations Committee on an Examination into the Processing of Payment of Pension and Gratuity to Retired Public Officers and Contracted Employees.

Reference is made to the Report at caption.

Reference is also made to your email dated May 29, 2020 in which you requested a written response concerning the recommendations of the Committee which are directed to the Auditor General's Department (AGD) on pages thirteen (13) to twenty-nine (29) of the captioned Report. Presented below are the written responses of the Office of the Auditor General.

Response of the Office of Auditor General to the Recommendations of the Public Administration and Appropriations Committee- Pages 13-29

Page 15 of the Report recommends inter alia as follows:

> *"The Head of the Public Service shall conduct annual assessments based on the Report of the Auditor General on the Public Accounts of Trinidad and Tobago for the financial year on the processing of pensions and gratuity to Public Officers to determine whether Accounting Officers and Heads of Departments are complying with Sections 33 (1) and (2) of the Civil Service Regulations.*
>
> *The assessment shall be compiled in a report, submitted to the Committee on the 30th day subsequent to the laying of the Auditor General's Report...."*

Comments of the Office of the Auditor General

Based on the above recommendation, there is an inference that the **Report of the Auditor General on the Public Accounts of Trinidad and Tobago** includes an assessment of the processing of pensions and gratuities to Public Officers on an annual basis.

In this regard, the Committee is advised that the Auditor General's responsibility is to express an opinion on the Public Accounts based on the audit and to report thereon in accordance with Section 116 (2) and (4) of the Constitution of the Republic of Trinidad and Tobago and Section 25 (1) of the Exchequer and Audit Act, Chapter 69:01. The objectives of this audit are to obtain reasonable assurance about whether **the financial statements as a whole are free from material misstatement, whether due to fraud or error**, and to issue an audit report that includes an opinion.

The Committee is further advised that The Public Accounts of the Republic of Trinidad and Tobago as defined by Section 24 of the Exchequer and Audit Act, Chapter 69:01 (the Act) are comprised of the following financial statements:

- i) Financial Statements to be submitted annually by Treasury showing the financial position of the Republic of Trinidad and Tobago for the financial year ended September 30;
- ii) Appropriation Accounts of individual Accounting Officers showing among other things monies expended under the votes for which they are responsible, the services for which the money was voted, and the sums actually expended on each service during the period of account;
- iii) Statements of Receipts and Disbursements of individual Receivers of Revenue for the financial year ended September 30; and
- iv) Financial Statements for the period of accounting of individual Administering Officers of Funds in respect of funds administered under Section 43 of the Act.

The recommendation as proffered by the Committee appears to be outside the statutory remit of the Auditor General as it relates to the Public Accounts of the Republic of Trinidad and Tobago.

As referenced in the Committee's Report, the role of the Auditor General as it relates to the processing of Pensions is a requirement under Regulation 33 (2) of the Civil Service Regulations. Thus, the very nature of this legislative requirement subjects the Auditor General to be part of the processing and thus this function when performed by the Auditor General can be construed not to be an independent review.

Page 22 of the Report the Committee observed and recommended as follows:

- ***Observation:***

  The Committee noted that the Auditor General's Department did not demonstrate that it has taken any steps in addressing the incorrect practice.

- ***"Recommendations:***

  The Auditor General should meet with the Attorney General, the Ministry of National Security and the Director of Public Administration to discuss and clarify the role of the Auditor General in the processing of Pension and Gratuities for the services listed above." The Auditor General should provide a status update on the additional function given to the Department identifying the challenges or improvements made as at January 31, 2020. This should be submitted by June 30, 2020.

Comments of the Office of the Auditor General

The Auditor General advises the practice of forwarding pension files directly to the Office of the Auditor General by certain Services and Forces of the Ministry of National Security as stated during the hearing was a precedent that pre-dates the tenure of successive Auditor General's; the genesis of which to date cannot be ascertained.

The Auditor General notes that during the questioning period the assistance of the Committee was sought to carry the discussion forward to the appropriate bodies.

With regard to clarification the role of the Auditor General, it is noted that various pieces of legislation expressly states particulars of service are to enable the computation to be completed by the Comptroller of Accounts and the Auditor General. Examples of such explicit requirements are presented below, for ease of reference:

<u>Civil Service Regulations made under section 28 of the Civil Service Act, Chapter 23:01</u>

> *33(2)... particulars of service and pay of all officers whose retirement is known to be imminent are furnished accurately to the Comptroller (Financial and Accounting administration) ..., in order to enable the computation and checking of pensions, retiring allowances and gratuities to be completed by the Comptroller and the Auditor General ....*

<u>Police Service Regulations made under section 78 of the Police Service Act, Chapter 15:02</u>

> *183(2) ... particulars of service and pay of all officers whose retirement is known to be imminent are furnished accurately to the Comptroller of Accounts ..., in order to enable the computation and checking of pensions, retiring allowances and gratuities to be completed by the Comptroller of Accounts and the Auditor General ....*

With regard to the foregoing, it is respectively submitted that clarification of the Auditor General's role is not the issue. The issue rather, is divorcing the Auditor General from its current positon of pre-reviewing a 100 percent (100%) of the computations of pension files as ascribed under these various pieces of legislation.

Moreover, it is my view given that pension and gratuity falls within the context of officers' terms and conditions of service, then any suggested amendments and adjustments to administrative and legislative requirements is not vested with the Auditor General but rather such actions are under the remit of the relevant bodies responsible for the setting and monitoring of the terms and conditions of service for officers of the respective Services.

In that regard, the Auditor General would be willing to assist these bodies with any such action taken. The Committee has also requested a status update on the additional function. The Committee is advised that nature of this request that is 'additional function' is not clearly understood. Be that as it may, the Committee is, hereby informed that sixty-one (61) pension files were on hand at the Office of the Auditor General as at May 31, 2020. The breakdown of which is as follows:

- Corporations: 11
- National Security: Defence Force and other Services: 25
- Public Service: 14
- Other: 11.

Moreover during this period 400 files were processed and dispatched.

In addition for the financial period 2019/2020, the Auditor General's Department has observed, in the main, that in respect of the clients mentioned at page 22 of the Report the Internal Audit Units of these divisions were certifying officers' Pension and Leave records.

Page 28 of the Report the Committee observed as follows:

> ***Observation:***
> *The Committee notes the inclusion of gratuity payments as a line item for expenditure under Ministries and Department in the 2020 budget estimates."*

Comments of the Office of the Auditor General

The observation of the Committee regarding the decentralisation of contract gratuities payments was noted. This creation of a line item of expenditure, allows the Auditor General to perform an audit scrutiny for this item of expenditure. It should be noted that, in keeping with standard audit practice, examination of line items does not entail a 100 percent (100%) examination. The examination of any item of expenditure is based on risk and materiality. The nature of testing would entail, among other things, testing salary payments to a sample of contracted employees and verification of their terms of the contracts in other words start and end dates.

I trust the foregoing response adequately addresses the Committee's observations and recommendations.

Sincerely,

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LORELLY PUJADAS
AUDITOR GENERAL