

THIRD
REPORT
OF

The Public Administration and Appropriations Committee (PAAC)

FOLLOW-UP
ON

The implementation of the recommendations of the Twenty-Fourth Report of the PAAC on the examination into the Processing of the payment of Pensions and Gratuities of Retired Public Officers and Contracted Employees, First Session, Twelfth Parliament.

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Parliamentary Complex
Cabildo Building
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Republic of Trinidad and Tobago



Public Administration and Appropriations Committee

The Public Administration and Appropriations Committee (PAAC) is established by Standing Order 102 and 92 of the House of Representatives and the Senate respectively. The Committee is mandated to consider and report to Parliament on:

- (a) *the budgetary expenditure of Government agencies to ensure that expenditure is embarked upon in accordance with parliamentary approval;*
- (b) *the budgetary expenditure of Government agencies as it occurs and keeps Parliament informed of how the budget allocation is being implemented; and*
- (c) *the administration of Government agencies to determine hindrances to their efficiency and to make recommendations to the Government for improvement of public administration.*

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Publication

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Members of the Public Administration and Appropriations Committee



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Chairman



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Mr. Wade Mark
Member



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Mr. Stephen Mc Clashie
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Ms. Lisa Morris-Julien
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Ms. Yokymma Bethelmy
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EXECUTIVE SUMMARY

This Report of the Public Administration and Appropriations Committee (PAAC) for the Twelfth Parliament contains the details of the follow-up on the implementation of the recommendations of the Twenty-Fourth Report of the PAAC on the examination into the Processing of the payment of Pensions and Gratuities of Retired Public Officers and Contracted Employees, First Session, Twelfth Parliament..

The objectives of the Inquiry were to determine:

- i. potential steps going forward with regard to the decentralization process of pensions and gratuities;
- ii. training opportunities for staff to become more familiar with the pension and gratuity process;
- iii. ways to decrease the waiting time for the processing of pensions and gratuities; and
- iv. to encourage Ministries and Departments (M&Ds) to finalize pension and gratuity records by the statutory deadline.

The Committee reviewed the following responses:

- 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 Employees¹;
- The follow-up response from the Ministry of Finance - Public Service Pensions Report;
- The Updated response from the Chief Personnel Officer 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; and
- The Updated response of the Office of the Auditor General's to the recommendation 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 Pages 13-28

¹24th Report of the Public Administration and Appropriations Committee. Office of the Parliament website, accessed on August 16,2021: [20200501, Twenty-Fourth \(24th\) Report of the PAAC - Processing of Payment of Pension and Gratuity to Retired Public Officers and Contracted Employees \(ttparliament.org\)](https://www.ttparliament.org/20200501/Twenty-Fourth-(24th)-Report-of-the-PAAC--Processing-of-Payment-of-Pension-and-Gratuity-to-Retired-Public-Officers-and-Contracted-Employees)

The approach adopted by the Committee took into account the issues identified from the published report. The Committee made recommendations related to the issues identified.

Observations and recommendations are presented in **Chapter 3**.

1. INTRODUCTION

THE COMMITTEE

The PAAC of the Twelfth Republican Parliament was established by the revised Standing Orders to:

- examine the current public expenditure, thereby capturing the full budget cycle by providing Parliamentary oversight of the implementation of the budget; and
- conduct a real-time examination of the expenditure of Ministries and Departments (M&Ds).

In the 12th Parliament, the Members of the Committee were appointed by resolutions of the House of Representatives and the Senate at sittings held on Friday November 9, 2020 and Tuesday November 17, 2020 respectively.

Chairman & Vice-Chairman

By virtue of S.O. 109(6) and 99(6) of the House of Representatives and the Senate respectively, the Chairman of the Committee is the Speaker. At its First Meeting held on November 25, 2020, Dr. Lackram Bodoie was elected as the Vice-Chairman.

Quorum

Additionally, in order to exercise the powers granted to it by the House, the Committee was required by the Standing Orders to have a quorum. A quorum of three (3) Members, inclusive of the Chairman or Vice-Chairman, with representatives from both Houses, was agreed to by the Committee at its First Meeting.

2. METHODOLOGY

Determination of the Committee's Work Programme

At an in-camera meeting of the Committee held on Wednesday, November 25, 2020, the Committee agreed to conduct a follow-up on the Processing of Payments of Pension and Gratuity to Retired Public Officers and Contracted Employees.

The Inquiry Process

The following steps were undertaken by the PAAC when conducting the follow-up on the Processing of Payments of Pension and Gratuity to Retired Public Officers and Contracted Employees:

- i. The 24th Report of the Committee on Public Administration and Appropriations was laid in the House of Representatives on May 8, 2020 and in the Senate on May 1, 2020;
- ii. Ministerial Responses to the report were received from following Ministries and Departments:
 - Personnel Department (PD) - March 14, 2019;
 - Ministry of Finance (MOF)- March 15, 2019;
 - Treasury Division, Comptroller of Accounts (COA) - March 15, 2019;
 - Ministry of Public Administration (MPA) – March 22, 2019; and
 - Public Management Consulting Division (PMCD) - March 27, 2019.
- iii. Request for updated Ministerial responses were sent on May 11, 2021 to:
 - PD;
 - Auditor General's Department (AGD); and
 - MOF.
- iv. Review of the Updated Ministerial Responses to the 24th Report received on May 24, 2021 from:
 - PD;
 - AGD; and
 - MOF.
- v. Report Committee's findings and recommendations to Parliament upon conclusion of this follow-up inquiry.

3. ISSUES, OBSERVATIONS AND RECOMMENDATIONS

Personnel Department

1. Collaboration with the AGD to facilitate training sessions for fiscal 2021

Training of staff would be important to enhance the rate at which pensions and gratuities are processed, to aid in more effective ways of record keeping of pension files and the timely submission of pension files.

The PAAC learnt that the PD found it necessary to host training sessions for staff in order to:

- i. lessen the risks that can occur in the event of a realignment of the divisions of a Ministry, such as the backlog of processing pensions and gratuities. The Department explained that this realignment would slow down the process as employee pension records must transition to the new Ministry they were assigned. The PD stated that this was one of the main challenges in the pension and gratuity process;
- ii. determine ways for more efficient record keeping of pension files. The PD stated that as a result of the shortage of staff, record keeping was difficult to maintain and there was some loss of pension records;
- iii. encourage M&Ds to submit its pension and leave records on time, as some did not submit within the three-months deadline;
- iv. train the pertinent staff on how to submit accurate pension and leave records; and
- v. ensure the instructions in all Circulars issued were fully understood, in order to submit accurate pension and leave records in a timely manner.

The COA stated that at the 29th public meeting of the PAAC held on February 20, 2019, the MOF had intentions to conduct training sessions regarding the accurate preparation of pension records in collaboration with the MPA and the PD.

Observation:

- ***The Committee notes the need for the PD and the AGD to collaborate on conducting training sessions for fiscal 2021.***

Recommendations:

- ***The PD should submit a statement of the following to Parliament by January 31, 2022:***
 - ***training programmes conducted in fiscal 2021;***

- *the number of persons trained;*
- *the subject matter of the training; and*
- *findings on the evaluation of the training.*
- *The PD should submit a training schedule with proposed dates, entities and the subject matter to Parliament by January 31, 2022;*
- *The MOF through the Treasury Division should implement new methods to encourage all M&Ds to submit its pension and leave records within the stipulated timeframe. A status update should be provided on the new methods implemented and its effectiveness to Parliament by January 31, 2022; and*
- *The PD and AGD should work together to develop a communications plan geared towards improving collaboration on conducting training sessions. A status update should be submitted to Parliament by January 31, 2022.*

2. Finalization of the brochure with compliance instructions and guidelines

It is important to provide more tools to aid staff in M&Ds to process pensions and gratuities of retired public officers and contracted employees in an efficient and timely manner in compliance with the guidelines and regulations.

At the previous public hearings, the PD stated that a brochure was needed to assist all M&Ds in understanding compliance instructions and guidelines. The development of the brochure may address the issue of the backlog of pension and leave records and, the challenge of some M&Ds with the instructions and guidelines on accurate record keeping of pension and leave records. A brochure with Frequently Asked Questions (FAQs) for M&Ds was developed and expected to be finalized by June 30, 2021. The Department stated that the brochures should be updated and circulated annually by the MOF through the Treasury Division.

Observation:

- *The Committee notes the development of a brochure to assist M&Ds in understanding the compliance instructions and guidelines.*

Recommendations:

- *The PD should provide a status update on the finalisation of the distribution of the brochure and submit to Parliament by January 31, 2022;*

- *The MOF through the Treasury Division should collaborate with the PD to circulate the brochure regarding FAQs by December 15, 2021; and*
- *submit a report on the assessment on the effectiveness of the brochure on the operations of the M&Ds by May 31, 2022.*

3. The process of the standardization of contract positions by the PD

It is important to standardize contract positions to ensure approval of the terms and conditions so that interim payments which have no legal basis are avoided.

The PD stated that some positions were standardized and some were not. It was important to speed up the process of obtaining approved terms and conditions since there was no legal basis for interim payments. In the absence of approved terms and conditions, there was no computational basis for payment of contracted employees. The following are some of the contract positions that were expected to be finalized by June 30, 2021:

Job Category	Number of Positions	Name of Positions
Pension and Leave	1	Pension and Leave Supervisor
	1	Pension and Leave Officer

Recommendations:

- *The PD should ascertain the reason(s) for the delays in the standardization of the terms and conditions and provide a report to Parliament on solutions to immediately remedy the delays and the lessons learnt by January 31, 2022; and*
- *The PD should finalize the details and ensure contract positions are standardized to speed up the process of obtaining approved terms and conditions. A status update should be submitted to Parliament by January 31, 2022.*

4. The filling of core positions to assist in the process of pensions and gratuities of retired public officers and contracted employees

The PD stated that additional staff and resources are needed to enhance the processing of pensions and gratuities and to minimise issues associated with this process. This would significantly reduce the backlog of pension and leave records and would aid in making the process

much simpler for all public officers and contracted employees upon retirement. The PD also determined that hiring additional staff would reduce processing times. The status of the filling of the core technical positions were identified in the table as follows:

Position	Current Status
Human Resource Adviser I	These positions were advertised on February 28, 2020. However, they were not filled due to the freezing of recruitment for one year.
Human Resource Adviser II	Thirteen (13) positions of Human Resource Adviser II were filled by the Service Commissions Department Memorandum P: 9/69/29 Vol IV Temp. II dated August 24, 2020. The effective dates of appointments and or promotions were 14.9.20; 15.9.20; 16.9.20; 17.9.20; 18.9.20; 21.9.20; 22.9.20; 23.9.20; 25.9.20; 28.9.20; 29.9.20; 30.9.20; and 02.10.20
Human Resource Adviser III	Two (2) Human Resource Adviser II were recommended to be promoted as Human Resource Adviser III.

Recommendations:

- *The PD should submit a status update to Parliament on the filling of outstanding vacancies including the positions of Human Resource Adviser I and III by January 31, 2022; and*
- *The PD should submit to Parliament an update on the impact and any ongoing challenges of the filling of the positions of the HR Advisor II by January 31, 2022.*

5. Submission of a Note for the Revised Guidelines for Contract Employment to the Minister of Public Administration

To increase the efficiency of the processing of pensions and gratuities, it is important to have an updated Note with revised guidelines for contract employment. The Note for the Revised Guidelines for Contract Employment was completed and submitted to the MPA for the consideration of Cabinet by June 30, 2021. It was stated that the Note was pertinent to the continuous monitoring and updating of the guidelines for contract employment in the public service

and the approval of terms and conditions. This Note would also help to ensure pension and leave records will be tracked and maintained in an adequate manner.

Recommendations:

- ***The PD should provide a status update on the submission and approval of the Note for the Revised Guidelines for Contract Employment to Parliament by January 31, 2022; and***
- ***The PD should provide an implementation timeline to the Parliament by January 31, 2022 once the Note for the Revised Guidelines for contract employment is approved.***

Auditor General's Department

1. **The need to meet with the Office of the Attorney General and Ministry of Legal Affairs (MAGLA), the Ministry of National Security (MNS) and the Director of Public Administration (DPA) with regard to having each M&D responsible for its own pension and gratuity records.**

The AGD highlighted that each year the Department receives a substantial quantity of pension and leave records for processing M&Ds in addition to its existing workload, which slows down its efficiency and productivity. At a previous public hearing held on February 20, 2019 the Committee learnt that approximately two thousand (2,000) files go directly to the Auditor General's Department annually from the Defence Force, Fire Service, Prison Service and Police Service, without having been pre-checked by the Internal Auditor of the MNS and the Comptroller of Accounts Division. In these instances, the Auditor General becomes involved in a Human Resource function rather than an audit function.

The AGD stated that it undertook a review of the bodies, which forward its pension files directly and found that there was no apparent legislative support for this practice. Moreover, the role of the AGD regarding the processing of pensions and gratuity is one of verification of the computation before payment is disbursed as defined in the legislation applicable to public officers as follows:

- i. Civil Service Act – Chapter 23:01 Regulation 33(2)
- ii. Education Act – Chapter 39:02 Section 15
- iii. Police Service Act – Chapter 15:01 Section 183 (20)

- iv. Fire Service Act – Chapter 35:50 section 43 (2)
- v. Prison Service Act – Chapter 13:02
- vi. Defence Force Act – Chapter 14:01
- vii. Municipal Corporations (Pensions) Act – Chapter 25:05
- viii. Industrial Court 88:01
- ix. Parliament Legislative Act 2:03.

The AGD stated that its efficiency would increase if M&Ds processed and updated its respective pension and leave records in a timely manner. This would also minimize the problem of missing pension and leave records. Regarding the provision of alternatives to the receipt of pension and gratuity records by the AGD, the AGD wrote to the MAGLA, the DPA and the MNS on June 30, 2020 requesting a meeting. The AGD stated that since its letter no meeting was held. The purpose of that meeting was to begin the discussions on assigning M&Ds the responsibility for handling its respective pension and gratuity records. The AGD requested assistance from the Committee to commence and report on the progress of the discussion.

Recommendations:

- ***The AGD should convene the meeting no later than December 31, 2021;***
- ***The Permanent Secretary (PS) of MAGLA should assign a representative to attend this meeting;***
- ***The PS of MNS should assign a representative to attend this meeting;***
- ***The DPA should assign a representative to attend this meeting;***
- ***The AGD should provide a status update to Parliament no later than January 10, 2022 on the outcomes and steps taken from the meeting going forward; and***
- ***The Auditor General should provide a detailed report outlining the arrangements that could enhance the process of record keeping of pensions in each M&D to Parliament by January 31, 2022.***

2. The maintenance of pension and gratuity records in accordance with Ministry of Finance Circular No. 4 dated April 30, 2019²

² Ministerial Response from the Ministry of Finance to the Ninth Report of the Joint Select Committee on Social Services and Public Administration. Inquiry into the state of contract employment in the public service. Accessed on August 1, 2021: [20190618_Ministerial_Response_of_the_Ministry_of_Finance_to_the_Ninth_Report_of_the_Joint_Select_Committee_on_Social_Services_and_Public_Administration - Contract Employment in the Public Service \(tparliament.org\)](https://www.tparliament.org/Document/20190618_Ministerial_Response_of_the_Ministry_of_Finance_to_the_Ninth_Report_of_the_Joint_Select_Committee_on_Social_Services_and_Public_Administration_-_Contract_Employment_in_the_Public_Service)

All pension records should be maintained in accordance with MOF Circular No. 4 as this would ensure accuracy of pension and gratuity records. The purpose of this circular is to outline the new procedures for the payment of contract gratuities by M&Ds. The implementation of this measure will require M&Ds to process and print its gratuity checks after computing the benefits payable. It will be beneficial to improve the processing of pensions and gratuities if all records are submitted on time and in accordance with MOF Circular No. 4.

Recommendation:

- *The MOF through the Treasury Division should outline the improvements made with the maintenance of records and any additional steps taken to encourage M&Ds to submit pension and gratuity records in accordance with MOF Circular No. 4 to Parliament by November 30, 2021.*

3. The impact COVID-19 pandemic on the processing of pensions and gratuity.

The effects of the COVID-19 pandemic have negatively affected the timelines of handling pensions and gratuities. The Auditor General stated “the COVID-19 pandemic and its accompanying challenges such as staff rotation and quarantine etc. has had a significant impact on the speed at which pension files were being processed”.

Recommendation:

- *The AGD should provide an update to Parliament by November 30, 2021 outlining the steps taken to prevent further hindrances to the process of pensions and gratuities for retired public officers and contracted employees.*

Ministry of Finance

1. The decentralization of the processing of payments for ~~retired~~ contract employees

By MOF Circular No. 4 dated April 30, 2019 the processing of Contract Gratuity was decentralized with effect from October 01, 2019. This process is expected to result in greater efficiency and timely payments of gratuities to contract employees. Previously, contract gratuities were processed and verified by the Pensions Management Branch (PMB), Treasury Division. The files upon completion by the PMB were forwarded to the AGD to be verified. After the contract gratuities were verified by the AGD, the PMB, subject to there being no queries, would submit the file to the Permanent Secretary, MOF for approval to make the payment.

Following decentralization, for the period July 2019 to September 2020 M&Ds were required to send their contract gratuity computations to be approved by the PMB only. The PMB would check and ‘certify’ the computation and resend to the M&D for payment to be made by 3 “championing good governance” the M&D. The staff of the AGD were no longer required to verify or “pre-check” the computations of contract gratuities prior to payments.

Observation:

- ***The Committee notes the success of the actions taken by MOF to decentralize the payment of contract gratuities to ensure greater efficiency in the process.***

Recommendations:

- ***The MOF should assess the effectiveness (with supporting data) and evaluate the improvements in the efficiency and any challenges since the decentralization of payments and report to Parliament by January 31, 2022; and***
- ***The MOF should report on any outstanding gratuity payments to contract officers, which predates the implementation of Circular No. 4 to Parliament by January 31, 2022.***

CONCLUSION

During the First Session of the Twelfth Parliament, the PAAC conducted a follow-up inquiry into the processing of payment of pensions and gratuity of retired public officers and contracted employees. During its examinations which consisted of a review of written submissions, the Committee noted the challenges that were encountered regarding record keeping, collaborations between M&Ds, standardization of positions, compliance with Circulars, unclear roles and responsibilities of oversight agencies and the effects of the COVID-19 pandemic which must not be allowed to delay necessary transformational, strategic and operational processes.

Additionally, in the review of the MOF's Public Service Pensions Report, it was conveyed that there was room to analyze the short-term and long-term impact of public service pensions on staff motivation and retention and how this affects employees remaining in the public sector as compared to the private sector. There can also be a consultation process on public service pensions and how it can be improved.

The Committee is of the view that the adoption of its proposed recommendations will lead to greater efficiency towards the processing of pensions and gratuity of retired public officers and contracted employees. Moreover, the Committee intends to monitor the progress made in the implementation of the recommendations proposed in this Report.

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

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Chairman

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APPENDIX I

The Inquiry Process

The Inquiry Process

The Inquiry Process outlines steps to be taken by the Committee when conducting an inquiry into an entity or issue. The following steps outlines the Inquiry process followed by the PAAC:

- i. Identification of entity to be examined;
- ii. Preparation of Inquiry Proposal for the selected entity. The Inquiry Proposal outlines:
 - Description
 - Background;
 - Overview of Expenditure
 - Rationale/Objective of Inquiry; and
 - Proposed Questions.
- iii. Consideration and approval of Inquiry Proposals by the Committee and when approved, questions are forwarded to the entity for written responses;
- iv. Issue of requests for written comment from the public are made via Parliament's website, social media accounts, newspaper and advertisements;
- v. Preparation of an Issues Paper by the Secretariat for the Committee's consideration, based on written responses received from the entities. The Issues Paper identifies and summarises any matters of concern in the responses provided by the entity or received from stakeholders and the general public;
- vi. Review of the responses provided and the Issues Paper by the Committee;
- vii. Conduct of a site visit to obtain a first-hand perspective of the implementation of a project (optional);
- viii. Determination of the need for a Public Hearing based on the analysis of written submissions and the site visit (if required). If there is need for a public hearing, the relevant witnesses will be invited to attend and provide evidence. There is usually no need to examine the entity in public if the Committee believes the issues have little public interest or the Committee believes that the written responses provided are sufficient and no further explanation is necessary.
- ix. Issue of written request to the entity for further details should the Committee require any additional information after the public hearing.
- x. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.
- xi. Engage in follow-up.