VERBATIM NOTES OF THE FOURTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE JOHN HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, FEBRUARY 24, 2016, AT 10.32 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Wade Mark	Vice-Chairman
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Dr. Dhanayshar Mahabir	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Miss Keiba Jacob	Secretary
Miss Khisha Peterkin	Asst. Secretary
Miss Hema Bhagaloo	Parliamentary Intern

AUDITOR GENERAL'S DEPARTMENT

Ms. Lorelly Pujadas	Ag. Dep. Aud. General
Ms. Gaitrie Maharaj	Asst. Aud. General
Ms. Gale Serville	Audit Executive II
Ms. Nicole Cockburn	Legal Officer

Mr. Chairman: Good morning everybody, I want to take the opportunity to thank those members of the PAC who are present today for attending and participating. I want to also thank the members of the Auditor General's Department for attending this particular meeting.

I think it is important to indicate that as far as we are aware, and we will check with the Parliament, this is the first time that there has been a direct interface between the PAC and the Auditor General's Department in communication before the general public, to engage issues that have to do with the auditing of Government accounts. Therefore, it is a very important meeting, both for the Auditor General's Office and for the Public Accounts Committee, and for that reason I think it is something that the public should value as we go forward, because it will give a general view of how we are proceeding in the Public Accounts Committee and it should also give a view of the major role of the Auditor General's Office.

The purpose of the meeting of the Public Accounts Committee is to discuss the report of the Auditor General on the public accounts of the Republic of Trinidad and Tobago, in the financial year 2014, and this is the report that you all members have. But we will also take the position in this particular meeting today that we will engage the issues pertaining to the role and function of the Auditor General's Department in ensuring accountability and transparency in Trinidad and Tobago. Should we explore the more general issues here today, without getting into the details of the 2014 report, we will have a second meeting with your office in order to engage just the elements of the report of the 2014 document itself.

This meeting is being held in public and is being broadcast live on the Parliament Channel 11 and on radio 105.5 FM, and generally these things are rebroadcast as well so that the public could engage the issues and view the proceedings at different times.

What I will do now is first of all ask members of the PAC here present to introduce themselves, so that the public will know who are the members of the committee, and I will then ask the members of the Auditor General's Office to introduce themselves so the public will be aware of who is representing the Auditor General's Office.

[*Introduction of members*]

Mr. Chairman: The members supporting the Committee I would not mind if they introduce themselves so the public is aware that they are members of the parliamentary staff.

[*Introduction of Committee Secretary and Asst. Secretary*]

Mr. Chairman: And now the members of the Auditor General's team.

Ms. Pujadas: Good morning to the members of the Public Accounts Committee. First of all I would like to say that the Auditor General, Mr. Majeed Ali is unfortunately out of the country at this time. As a result, I am representing him as the Acting Deputy Auditor General. I will like the others to introduce themselves.

[*Introduction of Officials*]

Mr. Chairman: Thank you very, very much. We will proceed now with the meeting. I will start by asking a few questions, but I must say as Chair that I am a little disappointed that the Auditor General is not here. This meeting as I indicated before, is a meeting that is a first of its kind meeting under public glare, and we did indicate well in advance what would be the date of meeting. I think it would have been preferable to have the Auditor General present or to change the date to make it possible so that we could have had a full team. Notwithstanding that, I know that you will represent the Auditor General's Office, the Auditor General and your institution well, and I thank you all of you for coming, Acting Auditor General, and I look forward to a good meeting.

I would like to start with this question: Is the Auditor General's Department able to exercise its constitutional authority and how is it able to do this effectively? Can it do it more effectively and I would like to follow that up with another question but I will ask you that one.

Ms. Pujadas: As you know the Constitution has a twofold respect. In the first place the Constitution requires us to audit the public accounts of Trinidad and Tobago, courts and offices and certain other statutory bodies. That is in section 116. I think in regard to that, I can say we have in the past and continue to strive and endeavour to do, we have always audited the public accounts of Trinidad and Tobago in a timely manner, and we have never not submitted the accounts in a timely manner. So I would say with regard to the requirements of the Constitution that we have been able to fulfil that mandate over the years and we continue to do so.

Mr. Chairman: That is commendable, but how do you explain the late submissions by entities and the backlog of submissions by entities, when you have a constitutional power and duty? How do you explain this to us?

Ms. Pujadas: I think if I am correctly understanding you, you are making reference really to those entities perhaps that come under their own statutes, that are empowered by their own relevant statutes and Acts. Some of them may be tardy in submitting their financial statements. What has happened in the past, it has led to us also being tardy in submitting the reports with regard to that. It is because they were tardy, and in 2004 and 2009, I believe then Auditor General had submitted non-submission reports. Those reports had dated back for quite a number of years. I cannot give you the exact dates.

The result of having submitted those reports is that we received a myriad of reports coming in, so that added to a volume of work that we continue to struggle with and have challenges with, in trying to complete those audits and bring them to fruition.

At the same time, we continue to try and maintain the audits that are the public accounts in a timely manner as well as the audit of the Heritage and Stabilisation Fund. We always endeavour to do those statutory and Central Bank as well. So because of that onslaught, that was sort of the start of which we received a lot of audits, a lot of financial statements which we had to audit and that added to an increase in the backlog that we presently face.

Mr. Chairman: But specifically, I was not pointing any fingers at the Auditor General's office, I was talking about the difficulty that you may be having in getting other entities that are supposed to report by a certain date to report. Do you have any power, jurisdiction, authority to get them to comply with their requirements?

Ms. Pujadas: No, we do not.

Mr. Chairman: Okay. So that when something like that happens you can doing nothing except write to them?

Ms. Pujadas: We can write to them or do as what we have done in the past, submit to Parliament by way of the Speaker and by way of the Senate, what we call a non-submission report, so that we would indicate that a specific entity for the financial year has not submitted a report.

Mr. Chairman: I will ask just one more question before I go on to my colleagues. Explain so that the general public understands who is an accounting officer and what that means, and after you do that specifically, could you address it in the context of the various entities that are under your jurisdiction, for instance in a Ministry, in a Department, in an RHA, in a regional corporation, in a state enterprise, in a statutory board, and what are the implications of that for the accounting officer and for holding the accounting officer to account.

Ms. Pujadas: Firstly, I make reference to the Exchequer and Audit Act, and if I make reference to that I would say that an accounting officer is defined in the

Exchequer and Audit Act. That means a person appointed by the Treasury and charged with the duty of accounting for any service in respect for which moneys have been appropriated by the Constitution or by Parliament, or any person to whom issues are made from the Exchequer Account. So to break that down, what would happen as you can see by that, this applies to an accounting officer as the term denotes, is really in keeping with Ministries and Departments.

If you are speaking of an accountable officer that would therefore make reference to those officers to whom responsibilities by way of a board are accountable for the moneys that have been entrusted to them by way of the Consolidated Fund.

Specifically, an accounting officer in the terms of the Ministries and Departments, they would receive a letter which is personally addressed to them by the Treasury, and that letter would especially tell them their duties and responsibilities which they are specifically responsible for. In a nutshell they are chiefly responsible for ensuring that the financial business of the State is properly conducted, and that the public funds entrusted to their care are properly safeguarded and applied only to the purposes intended by the Parliament.The letter also goes on to say that they are personally responsible for the performance of the financial duties of their departments.

Mr. Chairman: So in the case of the Ministry, the accounting officer would be a Permanent Secretary.

Ms. Pujadas: It may be. In the case of Departments, it may not necessarily be a Permanent Secretary, but there may be one that has been assigned the role of accounting officer for their specific Department.

Mr. Chairman: In the case of a statutory agency or a state-owned enterprise, it would be the Chief Executive Officer?

Ms. Pujadas: Well the thing about it is, a statutory body, if they are receiving funding via the State they would receive it via a line Ministry. Therefore, the line Ministry would mean that the accounting officer in that case would be the Permanent Secretary. However, they are receiving funding via the State, and therefore they are accountable for those funded by way of their statutes.

Mr. Chairman: Thank you very much. I will create the conditions now for other members to ask you, and I would ask members if they would ask two or three questions. I would start on the left. I will start with the Member for San Fernando East and then we will go on to Dr. Mahabir.

Mr. Mitchell: Good morning. You spoke about the late submission of financial accounts. Who is ultimately responsible for the late submission of those accounts?

Ms. Pujadas: As in all things as financial statements, a financial statement the preparation of which is the responsibility of the department to which money has been released. The preparation of it is their responsibility. Our responsibility is once those submissions have been made is to audit those accounts.

Mr. Mitchell: Which office is ultimately responsible for the late submission?

Ms. Pujadas: It would be difficult to say which office is responsible.

Mr. Mitchell: Which officer?

Ms. Pujadas: Let us be clear. The public accounts which is done by the Ministries and Departments are not late. When those records that have not made the January 31 deadline would be reported in the Auditor General’s report. However, I think your question is possibly directed at those accountable officers in respect of the regional authorities or maybe the statutory bodies. I think maybe that is in reference to what you are speaking of, and in that case the accountable officer, and perhaps maybe even the board, would be responsible, because those financial statements are normally supposed to be signed by the board, the chairman of the board.

Mr. Mitchell: But you are saying that the financial accounts do not come in late to the Auditor General?

Ms. Pujadas: Not in respect to the Ministries and Departments, as far as the public accounts is concerned, because what you are speaking of there as the appropriation accounts, they conform. Ms. Maharaj can add.

Ms. Maharaj: The public accounts comprise the accounts of Ministries and Departments. The accounts of the statutory bodies are separately done and submitted for audit, according to the relevant laws that set up those bodies. So those are the areas where we have the backlog. The backlog is not in the public accounts itself.

Dr. Mahabir: Thank you very much, Mr. Chairman. Good morning members and it is once again a pleasure interacting with members of the Auditor General's Office. I have a number of general questions and if the Chair will permit me I will ask two general questions. One is: you audit all entities in the state sector, and these entities in general procure goods and services. They buy goods and services.

The first question is: what are some of the common infractions you have seen in agency after agency, Ministry after Ministry, when they procure goods and services? So that I would like to get a feel on what are the some of the accounting misdemeanours that these agencies engage in that we need to keep an eye out on.

The second is, I know the Auditor General's Office also compiles figures on the public debt of Trinidad and Tobago. I really would like to ask one, whether these figures in your mind are always up-to-date and do you also have up-to-date information on contingent liabilities and the debt owed by these statutory corporations, which you audit but which are guided by their own laws? Thank you very much.

Ms. Pujadas: Thank you, Dr. Mahabir. With respect to your first comment, audit all state sectors, I wish to draw to your attention that we do not audit all state sectors. At present we audit Ministries and departments and approximately 58 statutory authorities that have required by statute that the Auditor General audit these.

State enterprises as you know it, if they are registered by way of the Companies Act we at this point in time do audit those entities.

In reference to your comments with regard to procurement and the issues and misdemeanours cited, I would not want to make a pronouncement on that at this point in time, I would prefer to go back and get detailed information. But as you know generally as a rule, there is generally a tendency for internal controls and proper internal controls, properly documented internal controls in some of statutory authorities, and again I proffer that do not speak about state enterprises because we are not in state enterprises. But there is a general lack of documentation as it relates to internal controls, vis-a-vis that will also impact on the procurement exercise.

Another issue that tends to arise sometimes when we are looking at the procurement of goods and services, is many times the audit trail, vis-a-vis, what we would require would be documentation. Many times the documentation is not provided. So that there seems to be, I do not know if it is a storage issue, but quite often we are not provided with documentation.

Another issue that sometimes comes up with regard to procurement of services, it is expected as far as the rules and regulations of Financial Regulations are concerned, that when one procures goods one is supposed to have a contract that goes along with that, and quite often when we request the contracts that too is often not produced. I cannot say if it does exist or it does not exist. All I can say is often when we request it, it is not produced. I do not know if that would suffice for now.

Dr. Mahabir: That will suffice adequately. Just as a matter of solution then, if an entity cannot provide you with the contract because of storage space, is there a recommendation coming from the Auditor General's Office that everything should be now made in an electronic format? We can simply scan everything. So if there is a storage problem, the storage problem is limited by the size of the hard drive on the computer, no longer with respect to the amount of files you can hold. Is that something the Auditor General will now recommend?

Ms. Pujadas: I think that is an excellent recommendation in terms of electronic data. Of course you know that part of the electronic use has been included in an amendment to the legislation. Am not I not correct? However, one of the limitations that we have when we deal with the Financial Regulations, the Financial Regulations are somewhat outdated and outmoded, because they go along with the Exchequer, which as you know came into being in 1959 and was reconstituted in 1962 when we became an independent country. Those regulations really speak to documents in a manual form, and they still pretty much require when we speak of Ministries and Departments, to produce those documents in a manual form. So going along with the need to scan and improve in terms of electronic, I would also say that we need to look and revisit the legislations that we have prevailing right now over the finances of the country , vis-a-vis the Exchequer and Audit Act, and the Financial Regulations. I will like to ask Ms. Maharaj though to speak on the second question that you have, because I do not feel I have addressed that as yet, and that is the question of the public debt and contingent liability.

Ms. Maharaj: There are a number of statements relating to the public debt. There is the statement of public debt which would be actual loans, and there are a couple other statements that include letters of comfort and guarantees and loans paid by the State that have been entered into maybe by state enterprises. So those statements are in the public accounts.

You would find some information on contingent liabilities there, but those also relate to loans or investments or financial matters. We have not got information on the contingent liabilities relating to any litigation matters to the State. We have requested that information from the Attorney General.

Dr. Mahabir: One other question, Mr. Chair. If I were to ask the Auditor General's Office for example their up-to-date indebtedness of say an entity like T&TEC, would you be able to supply that to me?

Ms. Maharaj: No we would not.

Dr. Henry: In looking through this document, the latest one, I saw an item that I found quite interesting and I would like to get come clarification. One on page 14, it says, "Legal opinion not received" and it talks about the interpretation—I will just skip to 1.24, the Interpretation, "An application of the Board of Inland Revenue of the secrecy provisions of section 4 of the Income Tax Act have posed a challenge to the audit of revenue at the Inland Revenue Division". Could you explain what that really is about?

Ms. Pujadas: Dr. Henry, I will let our Legal Officer address that question.

Ms. Cockburn: Dr. Henry, you would like a background on the entire issue?

Dr. Henry: Yes.

Ms. Cockburn: Section 4 of the Income Tax Act makes it an offence for employees at the Board of Inland Revenue to reveal information, documents, et cetera, any information, to persons not involved in the administration of the Act or persons not approved by an Order of the President to receive information from the

Board of Inland Revenue. This has posed a challenge to the Auditor General over the years, and it basically creates a situation where there is lack of access to information which the Auditor General considers necessary to properly audit the Board's performance with regard to collection of revenue, i.e. taxes.

I do not know if Ms. Maharaj would want to clarify that point that point before I continue? That is the challenge.

Dr. Henry: So what was the legal opinion that was submitted?

Ms. Cockburn: A legal opinion was done by me. What was done is that the provisions of the Income Tax Act along with the provisions of the Constitution and the Exchequer and Audit Act which spell out the powers of the Auditor General, an opinion was done and the conclusion was that based on the sum effect of all these different pieces of legislation, the conclusion was made that the restrictions in the Income Tax Act which bar access to information could not possibly be intended to apply to the Auditor General because of his powers elsewhere listed in the law and because of his constitutional mandate.

However, what has transpired since is that when this opinion got to the attention of the current Attorney General, he is now of the view that whereas an argument can be etched out which would and should grant this access to the Auditor General. The current Attorney General took the view that ideally he would go the route of amending the Income Tax Act to more directly spell out and etch out a right on the part, not only of the Auditor General, but on persons such as the head of the Financial Intelligence Unit who are also facing challenges with regard to access to information, because of this provision in the Income Tax Act which seems to restrict access to information. So the decision has been taken by the current Attorney General to simply move directly to an amendment of the Act which will clearly spell out a right on the part of these bodies to access information, as opposed to going the route of a roundabout opinion which seems to argue strongly for such a right. Is that satisfactory?

11.00 a.m.

Mr. Henry: It seems to be, but I am just worried about the implication over all these years of not having access to that kind of information. I was not aware of that. It is quite shocking, quite actually. Yeah.

Ms. Pujadas: Just in terms of your query, I understand your query and I would say that we do implement other audit strategies to try and overcome the limitation there, but we would agree that as far as the assurance point of view goes, as far as a completeness is concerned that we may not fully meet that mandate in terms of completeness. But we do try to implement other strategies to get around that, but that is a significant limitation.

Mr. Chairman: Member for Tobago West.

Mrs. Webster-Roy: Good morning. Two questions: how does the Auditor General identify issues for a special audit; and two, what is the role of the Auditor General's Department in strengthening the internal audit function in Ministries and departments?

Ms. Pujadas: Okay. In terms of your last point, in terms of the internal audit, I would want to say that it is not the responsibility of the Auditor General to deal with the internal audit. The internal audit function is, again, vested in part with the Exchequer and Audit Act and that function primarily is the responsibility of the Treasury. However, in the past when we do our training sessions with our staff, we have always endeavoured to include, as far as space is concerned, Ministries and departments' internal audit as well. And so we do try, in the past, when we do have our training sessions, to incorporate them, but we do not take a direct responsibility for the strengthening of the internal audit function.

With regard to internal audit function, I would say that way back since 1990-something, I cannot even—because I was not even in the department then—1987, an internal audit function was done by our then value for money section which was small and continues to be small, and they had outlined recommendations then for the strengthening of the internal audit function. And we did follows-ups. I personally myself did a follow-up. The situation continues, the same recommendations were made and internal audit continues to be primarily, in my view, a check staff function rather than a true internal audit function. So the situation continues from since 1987 to be the same as far as internal audit is concerned.

With regard to special audits, generally what is done for a special audit, what we would do is the division—we have a division that is responsible for doing special audits, and they would liaise with the various other divisions which would include the public accounts divisions and the divisions responsible for the regional authorities and the statutory bodies. And they will ask them to provide them with a list of red flags, things that possibly needed to be queried. They would also, as part of their research, do research and in terms of issues that are in the public's interest. They would therefore then do an analysis, and based on that analysis a priority list would come up, and of course, based on the resources that will determine which audits we can do and cannot do. Remember, we may not have the competencies to do certain audits as well because you would need certain types of expertise which may, at present, not be rested in the department. So in terms of the special audits, this is just a brief overview as to what our approach entails.

Mrs. Webster-Roy: In areas where you do not have the competency or the capacity, what could we do to improve that or to assist the Auditor General's Department to be more effective?

Ms. Pujadas: Well, in order for us to be more effective one of the main things is the human resource capacity. And as I had indicated before, the world is becoming more difficult and more technical and therefore, our skills and competencies need to be matched with that. Now in the past we have always perceived audit to primarily a function, an accounting function, a financial function, but if we endeavour to really do special audits and value for money audits we move beyond that. We move beyond that and therefore we would require skills and competencies that are not strictly financial in nature.

Now our organization is so structured that no one with, let us say, a law degree, other than being a legal officer, would want to come in and do—assist us primarily in terms of an established position or an engineering position because there will be no scope, no room for advancement, because the advancement structure is pretty much based on your qualifications as an accountant and that is a limiting factor.

So there needs to be a real revision, I think, and we have been addressing that in terms of we have been, at present, undergoing a gap analysis, an assessment of our own organization and an identification of these skills and competencies that we need. One of the things that have definitely come up is that we need to do a proper organizational review to properly understand who we are, where we are and what we really need to be an audit office of the future and an audit office of now. So these are the initiatives that we are embarking on at present.

To assist us, well we know that there is a limitation of finances, but generally one of the processes that is included in a value for money or a special audit is that, where needs be, you can outsource for a particular expert. However, due to financing limitations it is very difficult for us to outsource to get a financial or a non-financial expert. Let us say we are doing a project, a value for money let us say on the Ministry of Works and Transport and we are trying to assess maybe the type of paving that is being done one would need to look at the quality of the paving. We would want to look at the quality of the material. So you would need to have an expert on hand because we as auditors or we as accountants would not be able to address that. And in order to hire an expert you need finances, and so you go back again to your resource limitations. So these are some of the challenges that we face as well.

Mr. Chairman: Sen. Gopee-Scoon.

Mrs. Gopee-Scoon: Thank you very much and good morning to you all. And coming out from your last responses to the question posed to you by my colleague it brings me to the way we function together in terms of the Public Accounts Committee and the Auditor General's Department, in terms of the commonality which we have in the scrutiny of financial accounts and how we can work together. Because looking at the citing by your good selves of these pervasive problems, the common problems that prevail over time, over decades, where do we go from here? And the thing is, we have to recognize that they are reoccurring.

What is your role in assisting us and/or in us working together in ensuring that we stem these common issues? Do you see yourselves as having a role and how can we work together, as I said to stem these common issues? And we talk about conflicts of interest and cases of theft and so on, so annually we get the same problems. But are you going to help us fix it and how are you going to work with the Public Accounts Committee, and how can we work with you in having proper oversight over these particular common issues?

Ms. Pujadas: Okay. Good morning again. Well I would want to start off by saying that the role of the Auditor General is integral to the oversight mechanism of which you form part and I think your role as Public Accounts Committee members is key. We are there really to facilitate that. We are there to provide assurances to you and to the general public at large, to the citizens at large, that the funds that have been entrusted to public officers are being used for the purposes for which they were intended and they are being used properly.

In particular, if we look at the Exchequer and Audit Act, section 9, it speaks about waste an extravagance. And, I think, when you speak to us, and this is what you are asking us to account for. You are asking us to go beyond the veil, to go beyond the financial figures and speak to you about whether or not Ministries and Departments, accounting officers, accountable officers are utilizing the funds. And so therefore, what you are really speaking to is an expansion of what we recognize, it is what we would call our value for money section.

At present, our value for money section has seven people. We have at present only 98 audit officers. We are supposed to have 217. We have 98 in place at present, and of that number, seven have been allocated to what we would call doing value for money audits. They are working on two at present and they submitted two recently. So this is what it is really calling for, an expansion of that. At the same time we need to continue to maintain our mandate under the Constitution of the financial audit. So we need to continue that as well.

So, I think, I recognize and we recognize as a department and the Auditor General recognizes as a department that we need to improve on our oversight and we do need to work together with the Public Accounts Committee, and I think we also need to look at our communication strategy. We have gone forward with a request and we have gotten approval for the hiring of a communication specialist, because again, we are accountants. We are not versed in the art of speaking as politicians are. [*Laughter*] So, we do need someone to help us communicate the messages and also to help us better understand how our citizenry, and by way of extension, the Public Accounts Committee, would like those messages to be delivered. Because we do recognize that we write as accountants and maybe in so writing it is not easily understood.

Another avenue that we are at present exploring is, of course, we do put our Public Accounts Committee reports and other reports, our value for money reports on our website, but I am not sure how much of the population is aware that we even have a website or even go to the website to resource the information. So, we do recognize that we need to have a defined communication strategy and that we need to really be out there and that we need to liaise with the Public Accounts Committee which is a non-partisan Committee in a more effective manner. And I think that is all I can speak to at this point in time. Ms. Serville would like to comment as well.

Ms. Serville: Yes. Good morning, Member of Parliament Gopee-Scoon. Yes. You asked about the pervasive issues as well. Some of the pervasive issues that keep occurring every year and how you can help us to address it. One such issue that comes to my mind immediately is the non-production of the lease agreements that we report on every year. And we are being told by the accounting officers that this is outside of their sphere, their control, and this function is vested really in a department, Property and Real Estate Services Division, so everything goes there, which really causes a backlog.

So, we are saying, if each Ministry/Department has a legal officer and that officer is given the mandate to prepare these—we do not know, we are looking at solutions here—that can possibly be a solution to clear up this particular backlog. That is just a suggestion coming from us because, you know, you are asking how you all can assist us, maybe that is an area that you can look at.

Mrs. Gopee-Scoon: I have a view, but before that I want to say publicly that this

Government is committed to supporting and strengthening the Auditor General's Department, and I am sure that you have seen evidence of that. But going back to our discussion, my own view is that your role is more focused—it has an entity focus rather than an issues focus and therefore, this is the way that the PAC also functions to my mind. So that we take the entity and do the scrutiny, entity by entity rather than taking the issues, and then taking them issue by issue and working out how we can put the systems in place to ensure that there is correction to the issues. So that I would like to hear comments to move away—not move away, but instead of entirely being entity based, to be issues based, and that way we can see some way forward to dealing with these common and pervasive issues that are before us year after year.

Ms. Pujadas: Well, I would go first but Ms. Maharaj also has a strong view on those things. First of all, I would say in context wise, if you would look at what comes before you and you look at section 116 it speaks to the accounts which by definition really speaks to financial statements. However, section 9, we utilize section 9 of the Exchequer and Audit Act which really speaks about waste and extravagance, to cover what you are addressing which is the concept of issues.

Now if one understands the concept of value for money—value for money when it looks at things of efficiency, effectiveness and economy, in that instance one is not looking at specifically the accounts although the accounts may have a play. What we are really looking at in those cases are the issues, and what we would do is hypothesize about those issues and then seek to find evidence as to whether or not that particular hypothesis has been worked out.

Now as I explained earlier, we need to expand on that because we recognize that that is what the citizenry is calling for, but we are limited because, one, the Constitution and the Exchequer and Audit Act require us to do particular reports on the appropriation accounts, the financial statements which are very large and onerous.

Secondly, the accounting framework that we are at present under, which is again I repeat, stems from 1959 is one that really speaks about line item accounting as far as Ministries and Departments are concerned, and therefore, it does not raise up the potential for us to really report on issues, and issues come forward when we begin to see that they are pervasive and therefore, we raise it as pervasive issue when we begin to see that we are in Ministry X or in Ministry Y and it is the same issue arising. Then when we look at it holistically we see that this is a pervasive issue and that becomes a red flag which we would send to our value for money section to do further inquiry and further investigations.

But again, what it speaks to here and what your needs are, and again I repeat, we recognize what the citizens needs are, is that we need to holistically look at the accounting framework that exists at this point in time. Because as it stands, what accounting framework do we have? We do not have a stated accounting framework. We do not have a stated standard to which the accounts adhere to, especially the public accounts. We speak that we do a cash accounting, but our financial statement is not presented in a manner that is in keeping with the current international standards, IPSAS, as far as cash based accounting is concerned, nor is it required to because the legislation does not speak to that. The regulations do not speak to that.

So the issues that are arising are much greater than what the Auditor General and the office of the Auditor General can do. There needs to be a holistic look at the whole accounting framework and the delivery of the reports that are required from that, the monitoring elements. And I think, Ms. Maharaj would really want to speak on the issue of monitoring as well.

Ms. Maharaj: There are certain underlying things that cause the weakness as far as we see. One would be, of course, with the old or archaic, I like to say, regulations with respect to the accounting framework. So one of the first things that need to be tackled is the accounting framework itself. I know the Comptroller of Accounts has embarked on a project to adopt the International Public Sector Accounting Standards, and if you all can assist the Comptroller of Accounts in ensuring that that project goes on and becomes implemented successfully, that would address a lot of the issues that come up all the time.

The other thing is need for an integrated financial management system and Comptroller of Accounts has been attempting to do this for a number of years maybe 20 years or so and it has not actually happened. Right now there is a project. I think, it needs a little renewing, but if you all could support that project that would also assist in the issues that keep coming up.

A third thing would be the internal audit. The strengthening of internal audit is a critical thing to ensuring that public funds are used wisely. So, I believe, there is some action in that sphere also, but again things happen across the years, projects start and projects stop depending on who sits in the relevant decision-making chairs. But these are critical elements that need to be maintained across whatever administration is there and they need to be supported to ensure that the accounting function is done properly.

A fourth thing would be the adequate staffing and training of accounting staff across Ministries and Departments and people in the monitoring roles because that is where we see a lot of weakness. Accounting units, monitoring units are severely understaffed and under-resourced. They do not have the appropriate skills and competencies to do the job.

And the fifth thing that we would recommend would be the introduction of performance indicators. Now, when you have the performance indicators set and mechanisms to monitor and report on the performance indicators, we would be better able to do value for money type special audits to say whether Ministries and Departments are achieving what they set out to achieve with the funds that they have received from Parliament.

So these we would say are the five major areas that need action, otherwise we would find ourselves in the same situation year after year as we have been. Yeah.

Mrs. Gopee-Scoon: Right. Thank you for your responses with regard to these questions on systems and operating to international best practice and so on. And, Chair, might I say that these are issues that we should really look at the PAC and it would be very supportive to the role of the Auditor General.

Mr. Chairman: Well, that is why we are here and that is why we are having this meeting. Sen. Samuel.

Mr. Samuel: Good morning again.

Ms. Pujadas: Good morning.

Mr. Samuel: Does your Auditor General Department have a monitoring unit? And I ask that, when there are findings in previous reports, what mechanism of monitoring the implementation of these findings and the recommendations from the AG's department? What is the process of monitoring to make sure and to ensure that these recommendations are implemented?—or is it that it turns up in a report and it is just left as is?

Ms. Pujadas: I would not say that it is just left without—first, directly to answer your question, no, we do not have a monitoring unit. However, as part of our standard audit procedures, what would be required of us is that every time we go in, we review what we have issued as management lettered points. And those management lettered points that have also made the report because not all the management lettered points make the report, and we would review that with the accountable officers and the accounting officers to see what action has been taken. Where no action has been taken and it has been deemed pervasive, it ends up in the report under the pervasive issues category. But we do not specifically have a dedicated follow-up.

I would suffice to say though that I am not sure that it is the responsibility of the Auditor General to ensure that things are implemented. I think it is the responsibility in terms of the Treasury to ensure that these issues that have been made with regard to breaches in internal controls and breaches in terms of financial matters, that these things, the recommendations are looked at by the accounting officers and steps are taken by the accounting officers. Because at the end of the day the management of a Ministry or Department is the responsibility of the Permanent Secretary and the accounting officer, and it is their role to take what we have recommended to the best of their ability and as best as possible to take it forward and to get it implemented. We are there to ensure and provide an oversight and to point out where things need to be addressed.

Mr. Samuel: But what has been the responsiveness of the Ministries and Departments to your recommendations? How responsive are they?

Ms. Maharaj: Well, again it depends on who sits in the chair, who sits in the chair at each Ministry and Department. One problem we have been having is there have been frequent changes of accounting officers. I mean, it is so difficult, by the time they get the management letter, the person who gets it is actually not the person who was there at the time of the audit or who was responsible for the transactions. So there are frequent changes and this hampers actually the implementation. Right.

Certain persons have been very, very responsive and in the last, I would say, couple years before, the Treasury has actually—well the Minister of Finance had actually called the Permanent Secretaries together on a number of occasions and insisted that they need to address the points raised by the Auditor General, and we saw a great difference in implementation of our recommendations. People actually started doing, you know, implementing them. So I think a lot rest with, as Ms. Pujadas said, the Minister of Finance, the Treasury, the Permanent Secretaries just doing what they are supposed to do with respect to the accounting.

Mr. Chairman: All right. I just want to thank you for your responses so far. I think they have been very full and very straightforward and pointed in some instances and I am very grateful for that.

I note, based on the conversation we have been having though that you have some small problems that can be fixed with effective recommendations for the system, like the issue of lease agreements relating to property and real estate, et cetera, if these things could be addressed across Ministries by a specific function in a Ministry. The issue of compliance of other institutions that are supposed to report to you is a problem that you have identified as being outside of your control and power, so that is something that we need to find a way of fixing.

And the third issue, the issue of the Board of Inland Revenue and the differences of opinion as to who has access, et cetera, is something that you say is being addressed by the Attorney General's office at the present time. So that those things that have to do with fixing the existing system, it seems to me that there are recommendations that can actually result in progress.

But you also raised five big-ticket items and this was really outlined by Ms. Maharaj which is the accounting framework which the acting Auditor General highlighted, but you reinforced, which is that we need a modern, contemporary enlightened accounting framework. We needed to speed up the process of the integrated financial system. I know a little bit about that because I had a hand in trying to force that issue because the Ministry of Finance and the Economy and the Ministry of Planning and Sustainable Development, at the time, had to ensure that, in fact, the work took place in a collaborative fashion, so that both the general accounts, recurrent accounts and the development accounts could be brought together in a meaningful way and all the Ministries could be connected.

The internal audit function, you basically said that was a public service or a ministerial function not really yours and had to be fixed by the Ministry or the public service. I understood you to say that. And of course, the staffing and training issue raised for the Auditor General's office and the existence of performance indicators so that you could better monitor whether value was really gotten for the money expended.

Now these are very important things and we would like to be able to include those things in any recommendations we make to Parliament, so to the extent that you can give us the supporting arguments for it, I think it would be very valuable and I would like to ask you to do that.

But again, with the public in mind, a number of kinds of audits were mentioned by the acting Auditor General, Ms. Pujadas and I just want, very briefly, just so people appreciate and understand what is involved, explain to the general public what is a financial audit? What is a compliance audit? What is a value for money audit? What is a special audit and how it is triggered and what is a forensic audit and how that is triggered, and what is the role of the Auditor General in that process?

Ms. Pujadas: Okay. Many questions in one go. A financial audit basically is an audit in which an auditor is required to give an opinion on the truth and a fair representation of a financial statement, simply put. A compliance audit, again, is an opinion-generated audit. So you are giving an opinion as to whether to not the rules and regulations have been complied with—

Mr. Chairman: Followed. Yeah.

Ms. Pujadas: Right. But you are offering an opinion. As well as financial statements, you are offering an opinion. A value for money audit is basically an audit in which we look at whether value has been achieved. And in terms of where value has been achieved, you will look at three elements in the main; efficiency, whether something has been done in an efficient manner; effectively, what was the outcome and whether that particular outcome has been achieved to the desired result—has it been effective; whether there was a negative outcome because sometimes you have an outcome and you have an outcome that was not anticipated, and it may be a negative outcome. So we would look at that. And that is basically your value for money. And of course, you look at moneys spent, resources utilized, the economic issues.

A special audit really and truly can be anything. And in fact the Exchequer allows us to do a special audit. So it can be an audit on any particular issue that the Auditor General may feel that maybe we need to look at in a focus—and then we could devise a particular audit plan and a particular audit strategy in achieving that, and then we would present that report under the direction of the Exchequer to Parliament accordingly.

11.30a.m.

In some schools of thought they would say that there is no such thing as forensic auditing. Some schools of thought say that it is forensic accounting. Forensic accounting is basically concerned with the law, and you are concerned with issues of embezzlement, fraud, these sorts of things, as it speaks to the jurisprudence of the law. So in relation to that a forensic audit might be taken into consideration as to whether or not there has been a suspicion of a fraudulent act taking place, or a corrupt act taking place, then the audit would be specific to that. But, again, as I relate to it, it is in relation to the law.

Mr. Chairman: Okay. And the Auditor General, and his or her office, has powers for all of these entities?

Ms. Pujadas: I would say no.

Mr. Chairman: You do not?

Ms. Pujadas: No. I would say that we have audit—we do not provide an opinion in terms of compliance auditing, however, as part of our fundamental activity, compliance is a key component, and where there are breaches in compliance we seek to report those breaches. In terms of value for money, as I have said, we generally try, or endeavour to produce a value-for-money report on a core issue that has been identified. In the past we have also done special audits. I believe in the past we may have done a special audit on VMCOTT, and things of that nature. Forensic audit, we at this point in time do not believe that we have a remit for forensic auditing, and I would endeavour to add, nor do we have the competency to do a forensic audit.

Mr. Chairman: Yeah, well, that was the other issue that I was going to, which is that you may have jurisdiction and you may be able to initiate but you have a resource limitation, a resource problem. But you feel you do not have the power for a forensic audit?

Ms. Pujadas: No. I think we strongly feel that we are at the present time, and based on the legislation that we have in existence, we do not have that. In fact, I would endeavour to say, as far as value for money is concerned, as well, I think in one piece of the legislation, the Regional Health Act, I believe they have specified that we do a comprehensive audit, which is a term that was used many years ago to reference to a value-for-money audit. Other than that piece of legislation, we use the Exchequer to do—which is with the issue of waste and extravagance, and we expound on that in terms of value. I just want to draw your attention to—in terms of your summation of the framework and the things that we endeavour to make, we just wanted to clarify, as far as the internal audit function is concerned, it is the responsibility of the Comptroller of Accounts. Just to draw that to your attention.

Mr. Chairman: Okay.

Ms. Pujadas: We would also want to draw attention that one of the other points we were speaking of that there needed to be, across the board, as strengthening by way of training of accounting personnel. At present accounting personnel are not dedicated, so that what you would just basically have accounting people go into the accounting units, who are maybe Clerks I and they are acting or promoted to Clerks II, and they may not have a particular desire to be in the accounting unit but that is where the promotion lies so that is where they will go. As soon as they can get an opportunity to leave the accounting unit, because that is not their desire to be in an accounting unit, they would leave. There is also not very much scope in terms of promotional ability for people to be in an accounting unit of a Ministry and Department. So we just wanted to clarify those points to you.

Mr. Chairman: Thank you. Thank you very much for the clarification. I will just ask one question before I go again to make another round of my colleagues, which is that, can you basically speak from your point of view to the issues related to autonomy of the Auditor General's Office?—and, therefore, their role and function in the system. Can you speak to that issue?—whatever you think is important.

Ms. Pujadas: I would like to say that in January of 2015, at the last UN, a resolution was passed which spoke to about the independence of supreme audit institutions. Supreme audit institutions is a term that is used to reference to public auditors, public sector auditors, so much so that we are a part of an umbrella body of International Organization of Supreme Audit Institutions, and we have a sub-umbrella, of which Mr. Ali as the Auditor General of Trinidad and Tobago is the chair, of the Caribbean Organization of Supreme Audit Institutions.

Now, in January of that year they had that mandate in which they had looked at specific declarations that have been made by the INTOSAI, more specifically the Lima Convention and the Mexico Declaration, which spoke to the independence of the audit office. And, in so doing, they had certain benchmarks, certain roles, certain models that they utilize that spoke to the independence. Independence speaks to not only a constitutional independence, which, by and large, I believe we have. We have a constitutional independence, but it also speaks to the ability to control and manage your human and financial resources, and the Mexico Declaration, in particular, spoke to that. So much so, that if you look behind me you will see some people of the different hue, and these people are actually here as part of the INTOSAI, and they are actually looking at us and peer-reviewing us in terms of the issue of independence. So we are awaiting to see where we are benchmarked against the criteria that they will be assessing us against.

So that is how I am speaking to autonomy. I would say that, constitutionally, we have the right constitutionally, independence. The Auditor General is not subject to the direction and control constitutionally, but if you look at it financially, we are, and if you look at our human resourcing, because our staffing is basically—we are all public servants, and, therefore, we are all subject to the Service Commission; therefore, even our human resources are also being controlled, and therefore we do not have that autonomy in terms of terms and conditions. Because we are public servants we are subject to the Chief Personnel, so we too, that again impacts on our ability and our autonomy.

Mr. Chairman: Yes. So there is a challenge between the constitutional provision and the mechanics of operational life, basically?

Ms. Pujadas: Well said.

Mr. Chairman: All right. Okay. Very well. We will go another round, I will start on this side this time. Sen. Samuel, go ahead. If you are not ready you can give way and we can come back to you.

Mr. Samuel: Who audits the Auditor General?

Ms. Pujadas: The Treasury.

Mr. Samuel: And if there are findings, has there ever been findings of pervasiveness?

Ms. Pujadas: That is a very difficult question to answer, but there are findings; we normally receive a management letter and in that management letter there would be certain points, but I would like to be truthful, the issue of the lease agreements, that is pervasive; it is also pervasive with us as well. [*Laughter*] I am being truthful.

Mrs. Gopee-Scoon: Thank you. At the end of the day, and you spoke about this a little earlier about your communications, and I come back to this whole question of transparency and accountability, which we see you, as the Auditor General's Department, wanting to ensure transparency and accountability in the way the public funds are expended, and so on, and this is why we are here as well. And in that regard, what we are working towards would be the public having trust and confidence in the way the Government bodies act, and how they spend money, and so on, and you spoke about you wanting to have a communication specialist to assist you in that function, in getting out your message to the public. But more than that, I think what I would like to be informed of is your entire communication strategy, what you want, and I suppose that sits within the strategy of their department, which I would like you to speak of as well. But what we want to ultimately get to is, two things, the trust and confidence of the public and, also, the second thing, their participation in the governance of the country, but bringing it down to our roles here, we want them again participating in seeing how the department evolves, how all the Ministries evolve in terms of transparency and accountability, and so on. We want public participation. We want to see that when we have these meetings that our halls are filled with the members of the public as well. So, going forward, again, I come back to your strategy, rather than a person, what is your communication strategy?—and perhaps what is our joint strategy here today, the Public Accounts Committee?—and your committee, in terms of having public participation and ensuring their trust and confidence in the work that we are doing, and the Government, and the Ministers are doing, and so on.

Ms. Pujadas: Again, that is a very difficult question to answer, because I have to be truthful, we have a draft communication plan which has not been formalized, or has been addressed by us as a whole, as a department as a whole. That plan was formulatedby—at the time we had a contracted worker that was our communications specialist and due to financial limitations we did not renew the contract, and we have not moved forward as far as that strategy is concerned. So we have to look at that, and we are in the process because our last Strategic Plan ended in 2015, and we are now embarking on our new strategic initiative. We have not formalized that statistic imitative as yet. What we have done thus far with the assistance of the IDB and a consultant, in this regard, we have done a gap analysis assessment of the department against the INTOSAI's Performance Management Framework for public sector auditors. We have gotten a draft report on that. That report has not been quality assured yet by INTOSAI, so I would not want to speak on that as yet, but we have gotten a significant assessment and significant gaps. So why I was able to speak to you on the issue of communication because this is one of the areas that we are lacking, as far as the standard is concerned, as public sector auditors, but we do not have a defined strategy to expound to you at this point in time.

What we do have, as I said, is that we have a website, and we do allow—on the website we have a place, of course, where people can contact us or give opinions. More than that, I think that we have always had a reputation to the public at large as an entity that is independent. We are, and often we receive, by way of letters, about the things that are happening, perceived things that are happening. We receive letters from—even anonymous letters from people within Ministries and Departments, and so that, you know, we gather that information, we share that information; it helps us sometime in our planning. Where we are unable to pursue, by we are not having the requisite remit to pursue, we would communicate with that letter if it is not anonymous to advise them that we do not have the capacity or the remit to pursue it at this point in time. So, that is about as far as—limited as it is, that is about as much as we have done in the past to communicate with the citizenry at large. I know it is inadequate but that is as far as we have done.

Mr. Chairman: Thank you. Mrs. Webster-Roy.

Ms. Pujadas: Perplexed.

Mrs. Webster-Roy: Yeah. [*Laughter*] So what happens with public participation? So is the public able to trigger an audit or submit something for audit?

Ms. Pujadas: Well, they can. They can write to us, communicate to us, or they can leave notices for us on our web page, for which we will go through and analyse. They can do that. Oftentimes, what they have raised in the past have helped facilitate some of our special audits, you know, because certain audits that we did was triggered by a letter that we received, you know, alluded to certain breaches, and that would have triggered further enquiry, and based on whether the enquiry panned out, that would have triggered a full-scale investigation, or a special audit, as we had called it then.

Ms. Webster-Roy: Okay, thanks.

Mr. Henry: After looking through this document very carefully, and noting a lot of the noncompliance and non-submissions of leases, contracts, I am a bit worried that your entity, the Auditor General's Office is not being taken very seriously, and I would like to know, you know, what could we do to fix that, because this is a list of woes, basically, here, throughout this document, and to just have this continued does not really makes sense. So what could we try to get in terms of more teethinto this, into the functions and role of this Auditor General? You seem to have it in, as we said before, in legal status, because it is clear the powers of the Auditor General, but then based on your—

Ms. Pujadas: But the legislation does not speak to sanctions, right, and so therefore the Auditor General does not have the power to sanction. So, as a result of that, I mean, we live in a society where people seem to need to be sanctioned in order to do the right thing, and at present we do not seem to have that in our legislation to provide us with that sanction. I think there is surcharge—Ms. Cockburn, you can expand on that and then Ms. Maharaj would comment.

Ms. Cockburn: If I may, I think I recall it being suggested at some point that the bodies who are late in submitting financial statements, re: audit, all come under the influence of some Minister or Government, and it just came to mind whether the PAC may be in a position to exert some influence with regard to reminding Ministers of Government about this duty on the part of the bodies which come under their jurisdictions, and maybe to plead with them, to remind these bodies about the importance and the existence of the rules, and maybe to use their influence to exert some sort of pressure with regard to compliance regarding the statements. With regard to surcharge, I do not believe the power to surcharge—there is the power to surcharge for—I am not aware with regard to failure to submit financial statements.

Ms. Pujadas: No.

Mr. Chairman: Thank you very much, we would go to—

Ms. Pujadas: Ms. Maharaj.

Mr. Chairman: Oh, sorry, Ms. Maharaj.

Ms. Maharaj: If I may add, a lot has to be said for the tone at the top—

Mr. Chairman: For the?

Ms. Maharaj: The tone at the top. If the tone at the top, and the message that is communicated from the top is that we need to be an open, transparent, accountable public sector, we need to seek the interest of the public, and we need to have good governance procedures, and, you know, a lot has to be said for what can be done from the top, and that is one thing that Ministers could consider, you know, in meetings, whatever. Like, as I referred to the previous Minister of Finance who did this and it caused a wave of change, just by calling the PSs and saying, "Look, I do not want to see these issues coming up in the management letters anymore", and it did make a difference. So, I would like to plead to probably the people, the decision makers, the people at the top, to find some solutions to instil that sort of culture, a culture of openness, transparency, accountability in the public sector.

Mr. Chairman: Thank you.

Ms. Serville: If I may add to that same topic, in the past, Ministries and Departments never even bothered to reply or respond to our management letters. Before, as Ms. Maharaj said, the Minister of Finance speaking with them, or so, so now they actually respond to our management letters, however, when they respond they would say that they are implementing our recommendations, but when we go in, in the following year, we would see the same story, they have not been recommending. So, maybe, I do not know, it is a suggestion, maybe there needs to be some sort of penalty, or something, for the accounting officers to implement recommendations, and so, in the management letter. Simply a suggestion.

Mr. Chairman: I find it kind of crazy that they would not even respond to your letter though. Go ahead, Senator.

Dr. Mahabir: Thank you very much, Chairman, and I want to take up the last point that was raised by the Audit Executive II, Ms. Gale Serville, and that is the issue of sanctions. It has been settled, one cannot audit without documentation. You simply cannot audit without documentation, and at the very beginning we are told that some entities failed to provide the documentation. A suggestion has been raised, let all supporting invoices, contracts and documents that you need to perform and discharge your functions now be made available electronically to you, and that the accounting officer who fails to provide a soft copy, because storage may be an issue, should be disciplined. So we need to look at the disciplining mechanism for an officer who has been non-compliant with respect to supplying the information, and I think that is one recommendation that is coming out. You indicated that we may need an amendment to the law so that the information supplied to you electronically will now be legally acceptable, so that is one area that we have, I think, settled on, we can amend the law. Are there other areas, and we need to look at the sanctions, on accounting officers who failed to comply with supplying the relevant data and information, leases, agreements, contracts, and so on? But are there any other areas in the law which you think will require a minor amendment on the part of the Parliament that you could recommend now that will allow you to discharge your functions more efficiently? I know you spoke about it, we are operating with a 1959 accounting framework. In my mind, as we adjust that, there will be a time lag before we get up to date, but in the interim are there any low-hanging fruits in the area of legal legislative changes that you can recommend, apart from say, electronic data now being legally acceptable? Any other thing you would recommend so that the Public Accounts Committee can consider, and when it comes before Parliament we simply say, we accept and we approve, and move on.

Ms. Pujadas: I would want to defer this to our legal officer. We had submitted some low-hanging fruit amendments that we wished to suggest, but I think rather than speak of it here perhaps we need to give it to you and present it to you at a later date so that we would be more precise, because, as it is matters of legal matters, I would not want to speak something that is not accurate. But we did—Ms. Cockburn, you can expand on when we submitted those and to whom we submitted it to.

Ms. Cockburn: Approximately, I would say roughly a year and a half ago we started discussions with the then Minister of Finance with regard to short-term amendments to the Exchequer and Audit Act. I want to say as well, our initial challenge with regard to legislative amendments is that the current legislation which governs our operations does not even belong to us, loosely speaking. We do not have formal jurisdiction over the Exchequer and Audit Act, which is the main piece of legislation which speaks to our powers and duties as an Auditor General's Office. We have to lobby for support with the Minister of Finance to even have amendments to this piece of legislation considered, and effectively we did start a conversation on that a significant time ago.

With regard to short-term amendments, which were suggested to the Minister of Finance a while ago, a main area for us, for example, is that we have noticed as an office that the modern trend is more toward value-for-money audits. Yes, financial audits continue to be important, but value-for-money audits seem to be what citizens, and even possibly PACs throughout the world, seem to see a little more value in. As was mentioned before, because of our current resource shortcomings, we are of the view that we, in the very short term, would like to see legislative amendments which clearly spell out our right to perform value-for-money audits.

As was said before, there are provisions in the Exchequer and Audit Act which allow us on some interpretation to justify such an audit, but based on international standards those provisions are not as clear as they should be. If those changes could be made that would make it easier for our office to clearly point to the law which empowers us to expressly carry out value for money and other non-financial audits, as were mentioned, and this would give us a stronger point from which to demand resources to fulfil this need. Our view is that, both with regard to protection in the event that we attempt to expand our value for money role, and with regard to lobbying for resources, to do so it would be ideal for the law to clearly spell out such a mandate, which would give us the strongest position from which to lobby for those changes, or those resources.

Also, other amendments which were suggested were—our suggested amendments, first of all, were guided by internationally accepted standards for organizations such as ourselves. We considered, we put forward a proposal for the law to clearly spell out, for example, legal immunity of the Auditor General in the exercise of his functions. We lobbied for changes which would enforce our access to information, for example, the Board of Inland Revenue issue was the main challenge for us, and, as mentioned before, that is currently being addressed. And a bit more peripherally, along with those changes, because we are of the view currently that the law more directly speaks to committees, and committees considering financial audits, we were of the view that the need and right to consider non-financial, and, in particular, VFM audits of the Auditor General, could be more clearly spelt out in the law as well, to go hand in hand with our expressed right to conduct such audits.

Those were the areas that we attempted to address in the short term. In the longer term, as mentioned before, because of the internationally accepted need for supreme audit institutions to be independent, based on the principle that we ideally should be independent of the persons we audit, which would allow for the least conflict of interest, in the long term we propose to move for more financial independence, and more independence with regard to our own recruitment, but those are, in our view, for the longer term based on the existing realities.

Ms. Pujadas: I just want to add one more thing in putting to the context of what Ms. Cockburn is saying. These issues are being raised in particular because we have felt that we have a limitation in terms of our remit. In reality the public wants us and expects us to follow the dollar; in reality we cannot. We do not have the right of access, in many instances, to follow the dollar. More specifically, we speak about the special purposes, and I would like Ms. Serville to expound on that a little bit.

Ms. Serville: What Ms. Pujadas is saying, we feel limited that in area, in that we feel that we are unable to follow the dollar, especially to the special purpose companies, because sometimes when we make an attempt to go into those companies to audit we meet brick walls, and we are told that these companies have their own auditors and we cannot—we are not allowed in, so to speak. And if you look at the bulk of the money that is transferred to these companies, we feel that in order to improve the work that we do, and our reporting, we need a clear mandate to be able to follow the dollar into these special purpose companies.

Dr. Mahabir: Mr. Chair, a follow up to that, I was a member of the Public Accounts Committee in the last Parliament and I was not aware that you had made these recommendations, so may I suggest that you not only lobby the Minister of Finance but you lobby members of the Public Accounts Committee as well, with respect to these legislative changes, so that we can assist in strengthening the institution of public auditing in Trinidad and Tobago. Thank you.

Ms. Pujadas: I want to say thank you very much for that suggestion, Mr. Mahabir, and, actually, in terms our sort of preliminary strategic direction in which we were discussing as the executive leadership team, we were looking at having discourse, and I think we have had preliminary discourse with the chair of the PAC and the chair of the PA(E)C with regard to some of these legal issues that we are facing, so your point is valid.

The other point that we wish to clarify though is with respect to the use of electronic data. At present, while I agree with you that electronic data is a source, we would need as auditors, one always needs to see original documentation. You know, so we just want to draw that reference to you as, you know, we need to see an original contract in most instances. So, thank you very much, Sir, for your suggestion.

12.00 noon

Mr. Mitchell: I may have missed it, but the audit into the Auditor General's Department, how often are they done, and how are they made public, if they are made public?

Ms. Pujadas: Okay, they are done annually and they are done by the Treasury. So basically the Treasury is the Minister of Finance. Generally, the auditors come from the Comptroller of Accounts Department and they audit us. As far as I know, the audit opinion which they prefer on the appropriation account is given. I know that we generally, I think when they compile the audit of the public accounts they would put their opinions as to the status of our finance statements in that.

However, when we compiled it for our report, because the Minister of Finance or the Treasury has not signed off on it as yet, because of when we do a compilation date it may not be necessarily be on our website, but it would be included but unsigned on terms of the opinion.

We have recently felt that there was a gap, in terms that the appropriation side, it has been standard practice over the time for an opinion to be given but such an opinion was ever offered as far as the statement and receipts and disbursements were concerned. And so we have recently requested the Comptroller of Accounts by way of employing the Minister of Finance and the PS Finance to also consider giving an opinion on the statement of receipts and disbursement as well. So we have sort of pushed them in that direction by putting a paragraph in for them to consider if it is clean. There are no major material issues for them to consider signing off on it as well, so that when it is compiled with the others an opinion is given.

Mr. Mitchell: All right. With respect to whistle-blowers, members of the public who would write with complaints to the Auditor General's Department, can you tell us: how many do you really receive per year? And is there a test that the

Auditor General would apply in actioning or taking these complaints seriously? And what protection, if there are any internal ways that you can protect the identities of these whistle-blowers?

Ms. Pujadas: Well, I cannot give you an exact number per se. I would have to really go through and see how many, in terms, of whether it is one, two, three, four, five per year, in terms of whistle-blowers. We do not have any whistle-blower policy in our legislation nor do we have a policy in terms of protection. Generally though, I think that we do by and large if somebody does take the time to write to us and indicate an issue, we take that issue, its relevance.

And so, therefore, we would look to pass it on to the relevant department to which that particular—because it might be a Statutory Authority or it may be a public entity or it may be a Ministry or Department. And so therefore we would pass that point, not necessarily the letter, but we would pass that issue on for further inquiry. Based on the results of that inquiry it could designate into a full-fledged special audit being taken or being incorporated as part of our audit plan for that particular entity or Ministry. Ms. Cockburn would also like to address that point.

Mrs. Crichlow-Cockburn: If I may just add, currently there is in existence a Whistleblower Protection Bill which fortunately seeks to, in my view, regularize precisely these types of issues. Under that Bill, the Auditor General's Department is to be a designated authority which would require us along with the other proposed designated authorities to have an internal unit which will formally address precisely things like this, for example, letters or complaints which may come anonymously or not, from the public and from persons in any entity which is funded by government money.

Based on the Bill, it is clear that a need has been recognized to regularize and formalize precisely these types of issues and the Bill actually sets up exactly how the system would work. And I believe upon the passage of the Bill and implementation, the details of how it would work and the chain of command, et cetera, would be fleshed out and would seek to address the concerns which I suspect prompted the query. I would say it is in the process of being formalized in the form of that Bill.

Mr. Mitchell: But at this stage all it would take is a letter to the Auditor General. Last question, is there some international best practice or quality standard that the Auditor General's Department would try to attain?

Ms. Pujadas: As I said to you, we are under the umbrella of the International Organization of Supreme Audit Institutions. As part of that they have produced standards, international auditing standards which we must be complied with. As part of, pre-that, independence as I said was part of that, that is Standing No. 10 and Standing No. 11. As a result of that we have a repair review team right now evaluating with us.

Prior to that, as part of our gap analysis the consultant actually used the performance framework by INTOSAI which is a performance framework for public sector auditors to assess us. So we are assessed against that benchmark, of public sector auditors and not necessarily private sector auditors. Because you will understand that private sector auditors are driven by profit and we are here for the citizens of Trinidad and Tobago.

Mr. Mitchell: How close are you to the benchmark?

Ms. Pujadas: We have not gotten the report yet, but the benchmarks would vary because there are different criteria for different such things. So I would say, because we have been retooling in terms of value for money and we have retooled our processes to be in line with the standard, as far as the performance auditing is concerned although the score of four being the highest we got a score of three.

However, in terms of our financial audit, because we are now still in the process of retooling and implementing what the national auditor office of the UK has been our mentor in this regard has said, because we have not finalized our manual in that regard and we have not rolled it out to the entire population we actually only got a score of two and that is just the basic, because there were about 23 matters that we were assessed against. So I cannot give you the entire score, but I am sure that those two are the ones that you would be most interested in.

Mr. Chairman: All right, thank you very much. Just for the general information, I wish to indicate that the representatives of the International Organization of Supreme Audit Institutions are present in the public gallery and are in fact witnessing this process as we engage the Auditor General's Department. Now, you know, in all of this we talked about the accounting officers, the accounting process, the limitations, et cetera. Where does a Minister fit in the audit process? How insulated or included is he or she from the audit process.

Ms. Pujadas: I refer back, I will always reference everything back to the Exchequer and Audit Act or the Constitution. In this regard, in the Exchequer and Audit Act the Minister is mandated to obtain the observations of the Statutory Boards on any matter which has been called at his attention by the Auditor General in his report. And such observations are to be presented to Parliament in a report.

So according to the Act if the appropriate Minister fails within a reasonable time to present the report to Parliament the Auditor General may freely do so. And I am speaking in terms of the statutory.

Concerning the audit of the public accounts I think the main player as far as the Exchequer is concerned and the Constitution would be the Minister of Finance. And under the Constitution, the Auditor General is required to submit reports on the public accounts annually to the Speaker, the President and to the Minister of Finance. So therefore I would say that Ministers have a role in terms of ensuring, I suppose that the reports of the Auditor General, because certain legislation speaks to specific, the Minister responsible, the legislation would say the Minister responsible.

So therefore the Minister is responsible for ensuring that matters reported on by the Auditor General are, in fact, reaching Parliament so that they can be addressed by the necessary committee. So in that regard, I say, yes, a Minister does have a role. I say that the Minister also has a say in making decisions regarding expenditure of public money because they are setting policy, and emanating out of that policy would be certain implementation matters that need to be rolled out and wherever something needs to be rolled out there is always a cost involved. So I guess as part of their decision-making arm and policymaking arm they have an impact in terms of expenditure.

Mr. Chairman: It is important to clarify this in the public domain though, because, I mean, this is an area of great confusion and uncertainty, which is that, the Minister in a Ministry may make policy in collaboration with his permanent or his or her Permanent Secretary and Heads of Departments, but in the execution of the expenditure function in the Ministry—

Ms. Pujadas: That is for the accounting officer—

Mr. Chairman: Basically that is the accounting officer, the Permanent Secretary and other accounting officers in the Ministry.

Ms. Pujadas: Correct.

Mr. Chairman: And they are the ones that are actually covered by the Auditor General's mandate.

Ms. Pujadas: Correct.

Mr. Chairman: Is that correct?

Ms. Pujadas: That is correct. And I will also say to that the accounting officer is required again by the Exchequer that if they feel that something is being asked of them that is in their view, not in keeping with the proper rules and regulations that they are required to commit to, then they must act on it only on the written instructions of the Minister. And therefore they must make issues to it and they must document where they differ and require that the Minister puts in writing this. So that provides them some modem of cover in terms of their accountability issues.

Mr. Chairman: So, a Minister really cannot tell a Permanent Secretary what to do or make them do anything. And if he or she does in writing the Permanent Secretary has the space in order to indicate very clearly that they are acting under instructions—

Ms. Pujadas: Agreed.

Mr. Chairman:—or why they wish not to comply.

Ms. Pujadas: Agreed. But they should also act under the instructions, I think the legislation seems to speak that they should act under instructions. However—

Mr. Chairman: They document their position.

Ms. Pujadas: They must document their position and copies of that must be sent to the Auditor General and the Treasury.

Mr. Chairman: Okay, thank you very much.

Ms. Pujadas: Thank you.

Mr. Chairman: I have two quick questions. We will complete by 12.30 p.m. and I will try to give everybody a chance to ask at least one question before we close. I just would like to ask this one question, is the Auditor General’s Department alert to the context and framework within which the department and the PAC can work together for the public good? Would you identify some of these possible pathways to progress in the public interest?

Now, I do not want to put you on the spot and ask you to identify these, but I want to say as we continue with this process that we need to collaborate and identify some of these areas that can strengthen the PAC, strengthen the Auditor General's Office and strengthen public accountability for public moneys. Okay? So we need not go into the details, if you want to mention one or two I would be happy.

Ms. Pujadas: I think that basically we need to have more collaboration in terms of more meetings set up between ourselves. I think we need to have a clearer understanding of what the membership of the committee desires of us and what they would like to see being reported on.

Mr. Chairman: Okay, well that is helpful.

Ms. Pujadas: I think if we open that dialog and the dialog has begun I think that will certainly help in a long way as to how we present our reports and the sort of content on how we frame the reports. So it is better understood by the members of the Committee.

Mr. Chairman: Okay, and before I pass on to my colleagues, if you had to identify—I know you identified many, but if you had to identify three things that we could do immediately that would make a big difference to the Auditor General's Office, what would those three things be?

Ms. Pujadas: Well staffing is number one.

Mr. Chairman: "Huh"?

Ms. Pujadas: Staffing is number one. We have a severe staffing limitation as you know.

Mr. Chairman: Okay, so staffing. What else?

Mrs. Crichlow-Cockburn: If I may, coming out of our discussions I would suggest, maybe, as much as it may not seem a very big issue, maybe, possibly reminding entities which are probably, constantly late in submitting financial statements, just a gentle reminder to them of the process and the importance of their facilitating the process.

Mr. Chairman: Okay. I want to let you know that the PAC has already written to all state entities asking them to bring their audited accounts up-to-date and report to the Auditor General. Okay. So we have done that and we will see now how that process goes. Is there a third one? Is there anything else that is important, that we could do and make something happen?

Ms. Pujadas: I think in terms of when you meet with the individual Ministries and Departments, obviously to address what Dr. Lester Henry has indicated, you know, they need to understand that it is not that we are here to berate the accounting officers. But we are here instead of the public and we are here to ensure that things are done properly and that the rules that exit, limited though they may be, that they are complied with and that proper controls are in place. So that they clearly understand that we are not their adversaries, that we are there to assist them, to help them in the management of their Departments and Ministries. And I think if that could be clearly articulated to them then we may have a better relationship with accounting officers. Because I think that is the key to improving the internal control functions of Ministries and Departments.

Mr. Chairman: All right. Very well. We will start with Dr. Mahabir and go around the table. Dr. Mahabir.

Dr. Mahabir: Thank you again very much, Chair. One quick question relating to what Ms. Pujadas indicated earlier. I always had the view that the function of the Auditor were simply to ensure that the accounts of an enterprise were true, correct, fair, accurate, and reflected the state of operations of the agency. You indicated that there was a major difference between the Auditor in the private sector and the Auditor in the public sector. What are the major differences between a private sector auditor and yourself?

Ms. Pujadas: A private sector auditor is driven by a profit and by revenue. And therefore when they presume to do their work their scope may not—because of that pursuing a particular cost may have a high expenditure turnover they may not particularly follow that particular trade, whereas I believe an audit office is an independent objective audit. And we are here really not about revenue. We are here about ensuring that oversight has been properly maintained and transparency and accountabilities achieved. And so, in terms of our audit scope and the nature of our audit work, we may not be looking just at the bottom line figure. We may not just be looking at the financial system. We may lift the veil and, in fact, we do lift the veil, because again I repeat, the Exchequer tells us that we need to look at how money was spent and whether it was spent for its intended purpose. So basically I think that is really the key difference between us as a public sector audit and a private sector audit.

Dr. Mahabir: Thank you very much.

Mr. Chairman: MP you need to—

Mr. Mitchell: Are there any circumstances, any circumstances at all that infringe on the independence of the Auditor General's Department.

Ms. Pujadas: I would say definitely that we have had, again, I would speak to the issue as Ms. Cockburn has addressed which was the issue of access to information, right of access to information of the Board of Inland Revenue, and more than that also financial resources in terms that, sometimes there is insufficient funds perhaps for us to pursue at a particular audit overseas. The distance of the particular embassy or may be as such that there might be a very high expenditure and that our allocation may not permit us to even consider that even though our risk profile of that particular embassy may necessitate that we pursue that embassy. Is there anything else that you guys think that we should raise? I think basically that has been our key limitation. We have staffing limitation, of course, and because we are public sector and because we are coming under the Service Commission, we have a significant number of posts that are vacant and that of course impacts on our capacity and our ability to really do what we would like to do.

Ms. Maharaj would also tell you that many times she wants to lift the veil even further, but we just do not have the staff to be able to lift the veil and if you heard at the beginning, this year we are auditing 2015. We have 51 Heads as part of the public accounts, not including the pension Head and not including charges of them. So that is a significant portfolio for basically 38 people to audit. That does not include the limitations we have as far as the Statutory Board. We have 58 statutory boards to audit. And then if you really also look at it, you know, we would also like to look because of the significant outflows, as Ms. Serville has raised, we would like to look at the outflows going to the special purpose companies. But again, one, we do not have the right of access and two, we really do not have the human resources to follow that trail. So these are some of the limitations that impact negatively on the performance of the Auditor General.

Mr. Chairman: Thank you very much. Sen. Samuel.

Mr. Samuel: I hear you reiterating the problem that you have with staffing and I am also hearing, I may be wrong, that it is not just staffing from a numerical standpoint, but from a competence standpoint. And you may have a full capacity, numerically, but are you getting the quality to make you an effective department? How has that affected you from the standpoint that you are not responsible for the staffing, but I think it is the Public Service Commission, and have they been hearing you with regards to the quality and the calibre of the people that you demand be assigned to the Auditor General's Department. I am hearing that, but I am not too sure if I am hearing too much.

Ms. Pujadas: Yes, Mr. Samuel. Yes, I think you are hearing quite accurately. The issue is two-fold. It is numerical because we are understaffed, numerically. But the issue is also two-fold in that the job description that is presented to us is a job description that possibly came, I have not got a clue what year, probably a year before I was born. But it is that antiquated, and therefore the quality of the entry level at the technical entry level, because the professional level does require a professional designation and that is also an entry point. But at the technical level, and you do need foot soldiers, you need technical foot soldiers, but you need technical foot soldiers that are competent and trained.

At present all we require entry into our department at the lower level, at the technical level, is five O Levels. But we are auditing sometimes and people feel that Ministries and departments are not complex. Ministries and departments are complex and they do enter into some complex financial arrangements, and not only that, they enter into some, you know, activities that are complex and therefore need certain skills and competencies.

In terms of changing those things, the process to change is very time consuming. We have met and the Auditor General has met, Mr. Ali has met at least twice now with the Service Commission. I am speaking about the Director and not the actual Board themselves. And we have also met with the Chief Personnel Officer at least twice, indicating to them where we need to go and how we need to move forward. To their credit they are listening and we are trying within the bureaucratic system that we exist in, to try and see how best we can strategize to make these things achievable.

Mr. Chairman: Ms. Webster-Roy.

Mrs. Webster-Roy: If the Auditor General's Department is given the opportunity to design the ideal framework within which you operate, what would that be, what would it look like?

Ms. Pujadas: I think the ideal framework in which we would look at, of course, we are seeking autonomy and to be able to control some level of our resources so that we could actually embark upon the audits that we need to embark on. What that would really mean is to have the experts, and that we can call upon the experts when we need to call and to have the resources to call upon the experts. But autonomy does not mean accountability, and therefore we need to be able to be accounted for as well, because you need accountability.

So we need to have an oversight, I do not know if it is the Public Accounts Committee, but we need to have somebody that we need to account to. So that we account how we have spent the money and did we spend the money efficiently, effectively and for the purposes in which the money was allocated to us. So as far as the autonomy, yes, we want financial autonomy and perhaps some measure of delegated human resource autonomy as well, because right now it is very inflexible, and as I said part of our coming out of our gap analysis is one of the key things that the consultant has found is that we definitely need to do an organizational review, asap, as of today. That we need to properly look at our organization and see where forth what we need, what we lack, what are the skills we need, what are the competencies we have and take that forward to the PA(E)C, to the Service Commission, take it forward. This is who we are, this is what we need, this is the gap. And that is fundamental to any strategy that we are going to do at this point in time.

Mrs. Webster-Roy: Do you have a timeline for the review?

Ms. Pujadas: The review actually has been completed and we are expecting a report within the next week or so. We are expecting a finalized report of that review—that gap analysis, assessment.

Mr. Chairman: Dr. Henry.

Dr. Henry: Nothing further.

Mr. Chairman: Okay, just final question. To whom is the Auditor General and the Auditor General's Office accountable in your view?

Ms. Pujadas: In my view we are accountable to the Public Accounts Committee because the Office of the Auditor General is a constitutional one and we report to the Speaker, to the Parliament and we may submit our reports to the Public Accounts Committee. Therefore I feel we should held accountable as we are doing now.

Mr. Chairman: Okay, so basically it is accountability to Parliament.

Ms. Pujadas: Correct, correct.

Mr. Chairman: All right. Thank you very, very, much. I want to say that I am grateful not only for the fact that you are here, but that you acquitted yourselves so well.

Ms. Pujadas: Oh, thank you.

Mr. Chairman: I think that you answered all our questions. I think you were very straightforward in the manner in which you answered the questions. I think you were very clear on the issues and I want to thank you for that and commend you. We would like to have a follow-up meeting with the Auditor General's Office in which we will focus specifically on the 2014 accounts. As you know today we dealt with general issues having to do with how you function, how you relate, what are your challenges, what are the options for recommendations, relationship with the PAC, et cetera. But on the next occasion which will be

March 9, 2016, we will focus on the 2014 accounts. We will be very grateful if the Auditor General could also be present together with this full team and we would be happy to engage you on that occasion.

Again, I want to thank you on behalf of all Members for doing your job so diligently and so well and for engaging us in a very open and constructive manner. Thank you very, very much.

Ms. Pujadas: We want to take the opportunity to thank the Public Accounts Committee for allowing us to have this forum, to express ourselves and more importantly to be accountable because I think at the end of the day we, just like everybody else, need to be accountable. So thank you very much too both the membership and to you Chair, Dr. Bhoe Tewarie.

Mr. Chairman: All right, then. Thank you very much and I want to thank the members of the Supreme Audit group who have been here observing our deliberations and I want to thank the media for attending and for covering this particular meeting. Thank you very, very, much.

Ms. Pujadas: Thank you.

12.29p.m.: *Meeting adjourned.*