VERBATIM NOTES OF THE TENTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, JUNE 08, 2016, AT 10.33 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Rodger Samuel	Vice-Chairman
Dr. Dhanayshar Mahabir	Member
Mr. Randall Mitchell	Member
Mrs. Ayanna Webster-Roy	Member
Mrs. Paula Gopee-Scoon	Member
Miss Marlene Mc Donald	Member
Mrs. Jacqueline Sampson-Meiguel	Secretary
Miss Hema Bhagaloo	Assistant Secretary

ABSENT

Dr. Lester Henry	Member

OFFICE OF THE AUDITOR GENERAL

Mr. Majeed Ali	Auditor General
Ms. Gaitrie Maharaj	Assistant Auditor General
Ms. Kumari Rampaul	Audit Senior I (Ag.)
Ms. Nicole Cockburn	Legal Officer
Mr. Brian Caesar	Audit Executive II (Ag.)

Mr. Chairman: Good morning everyone. This is a meeting of the Public Accounts Committee. The purpose of this meeting of the Public Accounts Committee is to discuss with the Auditor General the Report of the Auditor General of the Republic of Trinidad and Tobago on the Public Accounts of Trinidad and Tobago for the financial year ended September 30, 2015.

The Committee is desirous of hearing from the key stakeholders at the Auditor General's Department, perspectives on this report so we will engage them on the issues in and around the report. We want to learn of the challenges being faced. We had an opportunity to do that on the 2014 report and we want to see if anything has changed and to determine some of the possible solutions to these challenges.

The role of the Committee in the end is to help the Auditor General's Department and the Ministries and Departments that we examine to improve its delivery of services in an efficient, effective and economic manner.

I want to take this opportunity to welcome the members of the Auditor General's Department and the Auditor General himself. We have had the benefit of members of your staff with us on most of the meetings that we have had to engage other sections of the governmental system and we thank you for that. And I will take this opportunity now to introduce myself. Dr. Bhoe Tewarie, I am the Chair of the Committee. I will ask other members of the Committee to introduce themselves around the table. I also want to take the opportunity to welcome, not just you Auditor General and your staff, but the members of the public who are here and the members of the media who are here. And we are very grateful to have all of you here. Sen. Dr. Mahabir.

[*Introductions made*]

Mr. Chairman: Okay, very good. Let me just say that this meeting is being held in public and is being broadcast live on the Parliament Channel 11 and on Radio 105.5 FM and also the Parliament's YouTube channel called ParlView. Viewers and listeners can send their comments related to today's topic via email which is, PARL101@ttparliament.org. or through facebook, facebook.com/ttparliament and Twitter @ttparliament.

So I want now to begin the process of engaging the Auditor General's Department and I will ask the Auditor General, please, if you would like to make a statement to us.

Mr. Ali: Thank you, Mr. Chairman. Good morning to you and members of the Committee. I am Majeed Ali, Auditor General of the Republic of Trinidad and Tobago. It is a pleasure once again to be here for this meeting to share information and give explanation on the audit of the public accounts of the Republic of Trinidad and Tobago for the year ended September30, 2015. My staff will now introduce themselves.

[*Introductions made*]

Mr. Chairman: Thank you all very much. I will begin by asking some general, broad questions and then members of this Committee will continue the questioning and we will try to move in rotation so that we can engage you and we will also follow up on answers that you might give us from time to time.

The first question I want to raise is that I mean having read the 2014 report and engaged you and then reading this 2015 report and having the opportunity now to engage you, what I find and I am sure other members have found it too, is that there are so many recurrent problems that seem to persist from year to year. I will identify not all of them, but I will just mention some of them. The backlog of reports; the lack of submission of financial information according to deadlines; the several infractions, some of them small, pertaining to the procurement of goods and services; access to relevant information. That is to say the Auditor General's access to relevant information. The issue of the storage of documents; the internal audit function which persistently, we have been told has been weak, both from the Auditor General and from the evidence of the Ministries themselves as we have examined them over the last several months.

The difficulty, even if you identify issues for special audit, of actually having it done. The issue of strengthening the Auditor General's Department including the issue of staffing; the responsiveness of Ministries and institutions to the Auditor General Department's recommendations, non-compliance issues, over payments, breaches of Financial Regulations in some cases, problems with revenue generation by the various divisions, pensions and gratuities. There are others, but I will just leave it there. I think you get the picture. I mean these things persist and they are ubiquitous in the governmental system.

First of all, the first question really is, have we made any progress between 2014 and 2015? Are we making any progress between 2015 and 2016 and what can we do to basically strengthen the system and make it more effective, more compliant and more responsive to the requirements of good governance?

Mr. Ali: Mr. Chairman, in the examination of the public accounts, there are three areas of concern that I have. Firstly and most important, is the nonfunctioning of the Internal Audit Unit in the Ministries and Departments. In 1987, we did a special audit on the internal audit function of Ministries and Departments and made several simple recommendations for the strengthening of the units. Yet 19 years later, there leaves a lot to be desired. None of these recommendations have been implemented and this has been emphasized in the Auditor General's Report ever since.

Mr. Chairman, without a proper functioning of the Internal Audit Unit, accountability and good governance is almost non-existent. At present, the internal audit staff in these units of Ministries and Departments perform routine checks on pension and leave records, increment arrears, et cetera. Most of the comments in the Auditor General Report could have been avoided if Ministries and Departments had the proper functioning internal audit unit. These units should be the internal watch dog of the Ministries and Departments.

The second area of concern that I have, is the amount of money spent on unoccupied properties over the last six years. In these stringent times where funds are very limited due to the low energy prices, prudence in spending must be exercised. As at September 30, 2015, a total of $107million has been spent on rental of unoccupied properties. And it was observed that no action was being taken to curb this spending.

My final area of concern is my department not being able to access certain records and information at the Board of Inland Revenue to effectively form an opinion on the completeness of the revenue figure. Section 116(2) of the Constitution which is the supreme law of Trinidad and Tobago, and section 10(2) of the Exchequer and Audit Act, both clearly states that the Auditor General shall have access to all books, records and other documents relating to the country’s revenue and public accounts. Despite these clear statements, however, it continues to be a case that the Auditor General has very limited access to information at the Board of Inland Revenue and cannot form an opinion on the completeness of the revenue figure as mentioned above.

With respect to the 2015 accounts, we saw that accounting officers are trying to make certain improvements in paying their accounts. But the weaknesses are still there.

Mr. Chairman: Okay, in terms of the internal audit function, you are talking about internal audit functions of Government Ministries and other entities. Okay? Is that right?

Mr. Ali: Yes.

Mr. Chairman: What is the recommendation that we can make from this Committee that would help you to get that done? I know you referred to the 1987 report and you said that nothing has been done over time. What is the recommendation that we can make? Well, first of all it might be to take those recommendations into account and reinforce it. But what else can we do?

Mr. Ali: Well, the Minister of Finance and the Comptroller of Accounts have to be on board with this exercise to make sure that it will be functioning properly.

Mr. Chairman: Okay. So things are being done—based on what we have on page 17, things are being done?

Mr. Ali: No.

Mr. Chairman: No? Are those things being done, page 17?

Mr. Ali: No, not at the moment.

Mr. Chairman: Okay. So these things are essential for strengthening the system?

Mr. Ali: Yes.

Mr. Chairman: And you would like that reinforced—

Mr. Ali: Correct.

Mr. Chairman:—in the report. Okay, I will stop at this point. I have other questions, but I will ask other members to continue.

Miss Mc Donald: Chair.

Mr. Chairman: Just a minute. I will start with Dr. Mahabir and go around.

Dr. Mahabir: Thank you very much, Mr. Chair, and welcome again to members of the Auditor General's office. I see much similarities between the '15 and the '14 report and I really would like to ask at the very beginning two questions. One is, what really can Parliament do to ensure timely submissions of accounts from entities for the review by the Auditor General's report? Because just last night in the Senate it was reported that one of the Regional Corporations had tabled before Parliament 2005 report. So we would like to know what can we do in the Parliament to ensure that the reports which are tabled for us are very current, recent, may be no more than a year or two old, because 12 years old seems to really be stretching it a great deal.

And the second question is a burning issue again. I have seen it on page 4 and this is the Exchequer Account which between 2014 and 2015 actually increased by some $1.4 billion and Auditor General, your report holds the view that an overdraft of this nature must be shown as a liability. And I really would like to get your views on whether the Minister of Finance when he draws this amount from the Central Bank should be required to pledge any security to support the overdraft to indicate that he can actually service his overdraft. Thank you.

Mr. Ali: Well, in response to your first question, very soon I will be submitting a non-submission report to Parliament on all those entities that have not submitted their financial statements to us to have it audited.

Dr. Mahabir: Right. But what we could do in the Parliament, because there must be some penalty for an agency that is 12 years overdue. Because if there is no penalty, there is no incentive for them to comply in a timely manner. Is there any law we can change, any protocol we can recommend?

Ms. Cockburn: Currently the Exchequer and Audit Act, there are the Financial Regulations attached to that Act, as Regulation 141 actually provides for a penalty for all accounting officers who do not comply with the requirements of the Act and the regulations which would cover and include timely submission of accounts to the Auditor General. However, the current penalty is TT $150 and a recommendation of course could be to look at possible increase of the current penalty and enforcement of course.

Mr. Samuel: On the same topic, what is the international standard? What is the best practice internationally with regard to the accounting officers who fail to do such? What is the best practice?

Ms. Maharaj: Internationally, the best practice has been moving away from strict financial regulations and prescriptive guidelines that people have to follow. The accounting officers are made accountable for the performance of their unit at a higher level. Basically, they are more into mitigation of risk and ensuring achievement of deliverables. There are key performance indicators which they must meet. So they are held accountable at a different level, but in our situation with respect to the submission of financial statements, the section that Ms. Cockburn referred to relates basically to the public account and not necessarily the accounts of statutory bodies that Dr. Mahabir was referring to.

I believe those things are really a policy decision of government and something for the Minister of Finance and the Executive and Parliament to consider.

Dr. Mahabir: A follow up on that. Because I was under the impression that the Exchequer and Audit Act will cover all of those agencies. You are saying that there are statutory corporations which are governed by another Act?

Mr. Chairman: Yes.

Dr. Mahabir: And therefore is it a recommendation then that we review those pieces of legislation to determine whether the penalties and the sanctions for non-compliance should be increased? Is that a recommendation from the Auditor General office?

Ms. Cockburn: I am thinking. Based on the legal definition of accounting officer, I believe because of the nature of funds and the nature of the duties carried out by those officers, I believe they would also be covered as an accounting officers under the law. And because the regulations address all accounting officers, I believe they are already covered and any increase in this regard would cover them as well.

Mr. Mitchell: Thank you, Mr. Chair. I want to turn your attention to the—what seems to be an impasse with the Board of Inland Revenue or the Inland Revenue Division. Can you elaborate further with respect to this impasse? When did it start and give us an update as to where it is at now. When did they start relying on this secrecy provision?

Ms. Cockburn: With regard to when it started, I may need a little assistance as to when the auditors initially came face to face with this? [*Crosstalk*]—2012, so that would be approximately four years and they have been relying on the provision since 2012. I believe at our insistence on seeing certain information on documents.

With regard to the status, just to recap, the issue was raised with the current Attorney General who the Auditor General met with personally and the undertaking was given that in the current Attorney General's view, the best solution to the problem would be to amend the Income Tax Act to clearly state that those secrecy provisions do not apply to the Auditor General.

The next step really is to bring amending legislation to Parliament and as we may all know that is completely outside the remit of the Auditor General and lies solely in the hands of the Attorney General who would have to move to have legislation drafted, brought to Parliament and debated to effect the amendment that would remove any hindrance whatsoever from our access to information.

Mr. Mitchell: Right. But just to refresh our memories, can you just give us some background into the impasse?

Ms. Cockburn: With regard to background—

Ms. Maharaj: In order to determine the completeness of revenue we have to check the controls over revenue, identification and collection. And in order to do that we would need to access certain individual records in the Ministry to do our sample checking to determine if the system is operating effectively. We have not been able to access the records of individual taxpayers. And this is where the issue is.

Mr. Mitchell: And only in 2012 did they start to deny you access?

Ms. Maharaj: No, I do not believe so, but since 2012 we have been more vociferous requesting it and we are focused on, remember we have international standards that we are adopting and international standards hold you to higher level of interrogation and examination into the accounts.

Miss Mc Donald: Thank you. Mr. Chairman. Question to Mr. Ali, Auditor General. Mr. Ali, your report identified that for the past two years that the training of staff, of Ministries and various Departments in accounting regulations and procedures, this seemed to not have taken place. And there is the non-existence of succession planning in most of the Ministries in the accounting units in the various Ministries and Departments. Certainly from where I sit, this would definitely be an obstacle or a challenge to the provision of your reports which would have requested. How can we address such issues or lack of it?

Mr. Ali: That will be a matter for the Service Commission to decide in terms of getting the proper people to be in there to perform that function.

Miss Mc Donald: You report, Mr. Ali, at page 15 said, for the past two years, in your two previous report:

> "…a pervasive need was identified for training of staff of Ministries and Departments in accounting regulations and procedures with a view to enhancing accountability and good governance."

In your next para it says quite clearly that this has continued. What, as Auditor General, what can you do? Is it that you have absolutely no say in what happens in these accounting units or some sort of recommendations or something? What can we do at the level of Parliament to assist your department?

Mr. Ali: The Treasury Unit is the one who is responsible for training the accounting personnel in these Ministries and Departments. What has happened in recent years in many Departments is a high turnover of staff and that has created a lot of problem in the accounting unit. And that is where the problem stems. So it is a matter of getting them trained and they are supposed to be trained by the Comptroller of Accounts.

Miss Mc Donald: Mr. Ali, I will tell you why I ask that question. Because I recall last October, when I was Minister, the then PS had made a request of your department, housing, to carry out an audit and the response came back, really had me concerned. Because the response was simple that you had no resources in order to conduct the audit. So that leads me to the next question.

It would seem to me that your Department, the Auditor General's Department is greatly understaffed and how can you remedy that situation or what can we do here, because I think this Committee here is to really assist you also. It is not just to come and investigate and assist you and then we leave. It is not business as usual. But what can we do to assist you in carrying out your functions?

Mr. Ali: Well, since my appointment as Auditor General I met with the DPA and we are understaffed by approximately 100 staff. That is why we cannot take on no new audits.

Miss Mc Donald: I understand. By what amount?

Mr. Ali: One hundred. Our complement is supposed to be 300 staff. For the moment, we are 200 and we are working with the DPA and they are working with us and we are getting our staff on board. Also I may say thanks to the Parliament, we are getting additional accommodation to facilitate these staff.

Miss Mc Donald: I have another question, Mr. Ali, and it speaks to something that, when I read this report, again, I have a concern with the non-submission of documents to assist you in your audit of Government Ministries and various Departments. And responses not received to management letters. You all would have sent management letters and what not. And there is in your Financial Instructions, 43, which says:

> "All vouchers, paid"—et cetera—"shall on request for Audit examination be made available to the Auditor General or his nominee."

Many of the Departments, Ministries and what not, did out submit their responses to many questions you would have posed during the audit of the various Ministries. How do you intend to deal with such errant Ministries and Departments?

11.00 a.m.

Mr. Ali: Well, we normally rely on the reply from the management letters from these entities, and if they do not reply on time then we will put it in the report. But that is the most we can do.

Miss Mc Donald: And this is where I think you have in fact put all here. You know, you have laid out here, responses from the following entities remain outstanding as at April 15, 2016, and all the various Ministries and what not are here. So, what we are saying is that you are seriously hamstrung in that you do not have the teeth to deal with errant Ministries. So, all you can do from your admission is that you could only put it in the report and hope that something happens. So, if nothing happens, what then?

Mr. Ali: We can hope that this Committee would call in these entities and examine them, and maybe read the riot act to them.

Dr. Mahabir: A brief follow up on this, do you have the authority to publish in the newspapers the entities which are simply not complying with the directives issued by the Auditor General's Office, in a name and shame kind of programme?

Ms. Cockburn: If I may, just to clarify, by law the Auditor General is really entitled to do as much as is currently being done with regard to demanding submission, et cetera, of necessary information. Once that is done and it is reported, it is actually the position that accounting officers are accountable and answerable to Parliament through the various Committees set up to require them to account and answer. And, just to reiterate, I believe there lies actually within the Parliament the power to really demand that things happen differently.

Mr. Chairman: Okay, well you can rest assured that we will ask the various entities to come here and account as we have been doing, and we now have the benefit of both 2014 and 2015, so that we are in a better position to see performance over the last two years, and to sort of monitor what is likely to happen over the next year or two. Okay? Mrs. Ayanna Webster-Roy?

[*Mrs. A. Webster-Roy indicates in the negative*]

Mr. Chairman: Okay. All right, follow up question, related to the same issues that we have been raising, which is really the Office of the Auditor General's ability, basically, to get compliance and to insist on good governance, and how we can work together to make that possible. Now, on the actions being taken on page 17 after you identified the recommendations to promote internal audit effectiveness, you say that the Ministry of Finance has indicated that the concerns with the internal audit function are being addressed as part of the current reform of the public financial management system, subsequent to the financial year end of September 30, 2014, a preliminary diagnostic review was performed by a consultant, and recommendations were submitted to the Ministry in January 2015. As far as you are aware, have any of those recommendations been implemented?

Mr. Ali: No. At the moment none of those recommendations have been implemented.

Mr. Chairman: Do you know if they are being pursued?

Mr. Ali: No.

Mr. Chairman: All right. The Comptroller of Accounts has stated that draft documents such as the internal audit practice guide, internal audit standards, and internal audit charter were produced, and that sensitization sessions and workshops with certain key stakeholders were held. I mean, you would be familiar with those documents. Are they adequate, and would training and sensitization in these matters help?

Mr. Ali: At the moment we have not reviewed those documents.

Mr. Chairman: Okay, so you are not aware.

Mr. Ali: Yes.

Mr. Chairman: Do you think it would be useful for you to look at those documents and see whether they in fact would be valuable in ensuring the compliance with the things that are important to you, or whether they fall short? Do you not think that that might be helpful?

Mr. Ali: Yes, we can do a review.

Mr. Chairman: Yes, I do not think that that would take too long. It would be basically to give some direction and guidance, and to include things that might have been excluded, and you have the very current reports on which you can base your recommendations. The other thing is that, the issue of the—what you call it? What is it? The integrated financial management system. I forgot what the acronym for it is.

Mr. Ali: IFMS.

Mr. Chairman: Is there any progress taking place? And that is meant to bring all government accounts together in the same place, and to give the Auditor General as well as others access to it. And, it is also meant to integrate the ministerial accounts and the PSIP. That is to say the recurrent account and the developmental account, PSIP. Do you know what progress is being made on that?

Ms. Maharaj: The last information we have from the Comptroller of Accounts is that the documents were being submitted to Cabinet for approval. It required an IDB loan, and they were awaiting feedback. So, the Comptroller of Accounts would better be able to update you all.

Mr. Chairman: Okay. Would implementation of that help?

Ms. Maharaj: Well, we are advocating for the implementation of an integrated financial management system that would include other facets as inventory and a number of other areas that we have identified. We have not reviewed the current proposal to see whether it does encompass, so we would not be able to say if the currently recommended system is what we would recommend then.

Mr. Chairman: Okay. Could you try and have an input in that so that we do not end up creating a system that is inadequate, and pay a set of money for it. We might as well get the most out of it if we are going to pay money for it to do it. All right? So, the issue is really whether the integrated financial management system is going to be an enlightened one which allows not just for integration, but for high levels of accountability, and I think that is what we should focus on. No?

Ms. Maharaj: The Treasury, I know, had consultants that were looking at the requirements and suggesting a system.

Mr. Chairman: Okay, so there has been some engagement, some collaboration?

Ms. Maharaj: Yes.

Mr. Chairman: All right, good. Other members, please bear with me, but Mr. Samuel.

Mr. Samuel: In the 2014, now 2015 report, there is an issue on page 31 of the

2015 report on lease arrangement and agreements, and one of the reasons given was that the issue really stems with the Property and Real Estate Division, the slowness of the operations of those divisions. In order for us to find solutions, and we seek your advice and help in doing such, what immediate recommendations do you have to help solve the issues that you are having with regard to the lease arrangements that are not being submitted on time, and the delay? What recommendations do you have that we can implement or work with, with the entities so that we can alleviate the issue and your issue of not have those agreements as submitted in a timely fashion, in a short-term way and in a long-term way?

Ms. Maharaj: What we have identified is that the whole process is a long and drawn out process. It encompasses a number of different units. So, you would have the Ministry, you would have Property and Real Estate Division, you may have Attorney General, and the delays are caused because of that. I would not say that we would recommend anything, except a thorough review of the whole process by the experts to see if they can find efficiencies and improve the work flows, basically, so that you will have more timely implementation of the recommendations.

Mr. Samuel: So, until that is done, in the 2016 report we may find the same thing reoccurring again, and '17, '18 '19, which makes your task a far difficult one in having a comprehensive audit being done for the various Departments and Ministries.

Ms. Maharaj: Well, we do have the reports. I mean, really, how can you be paying if you do not have an agreement? But then the market is such that you have to secure—if you want to rent a building you have to secure that building in some way. So, the solutions have to be sought by, I would say, the Property and Real

Estate Management Division.

Mr. Chairman: Anybody?

Mrs. Webster-Roy: Excuse me—

Mr. Chairman: Dr. Mahabir.

Dr. Mahabir: Okay, I want to get back to my second question. You see, it refers to the Exchequer Account, Auditor General, the Exchequer Account is overdrawn by some $33 billion. This is the largest item in the entire report. This is half Government's budgeted expenditure for the fiscal year. You indicated that the overdraft increased by some $1.4 billion on a one-year basis between 2014 and 2015. And, if any may quote from your report:

> Generally accepted accounting principles require that an overdraft of this nature beshown as a liability.

It is a simple question now, should this be included in the public debt of Trinidad and Tobago as a liability of the Government of Trinidad and Tobago? So that when we are looking at the consolidated debt figures of the country, we look at the debt of central government, and also this overdraft figure to give us a truer picture of the state of indebtedness of central government. Since, to be sure an overdraft is a loan. It is not a grant; it is not a gift; it has to be repaid. I just want to get your opinion as experienced auditors, whether it should be now placed in the public debt figures of Trinidad and Tobago.

Ms. Maharaj: Any assessment of the public debt would also include assessment of a component such as the bank overdraft.

Dr. Mahabir: Let me ask a more direct question, is it currently now included in the public debt of Trinidad and Tobago as reported by the Auditor General?

Ms. Maharaj: The statement of public debt actually includes domestic and foreign loans. The Exchequer Account is currently not included in the statement of public debt. It is shown on the statement of assets and liabilities.

Dr. Mahabir: Your opinion, should it be included in public debt since it is a sum which must be repaid by the Minister Finance, according to accepted auditing accounting principles?

Ms. Maharaj: At this point I would say yes.

Dr. Mahabir: Very well, thank you very much.

Mr. Chairman: You wanted to say something?

Mrs. Webster-Roy: Yes, Mr. Chairman, thank you.

Mr. Mitchell: Thank you, Mr. Chair. Mr. Auditor, I want to turn your attention now to individual areas of concern.

Mrs. Webster-Roy: Page what?

Mr. Mitchell: Page 44, and I see at the top of the list here you have 01: President. I can tell you I did not expect the Office of the President to be here, identified as an individual area of concern. But at paragraph 2.42 you indicated that there were 85 instances of incorrect classification of expenditure totalling about $2.6 million. Can you explain to us what is meant by incorrect classification of expenditure?

Mr. Ali: What I mean by this is that they were posted to the wrong votes.

Mr. Mitchell: Can you give examples of what would have been posted to the wrong votes?

Ms. Maharaj: Examples may have been official travel expenses posted as official travel rather than maybe vacation travel, which relates to the personal emoluments of the office holder. Similar to those.

Mr. Mitchell: All right. And in paragraph 2.43, Inventory Control, I see you have here, office, furniture and equipment costing $129,000. Well, that was classified, and then you have here, items costing $300,000 were not entered into the inventory register. What is meant by items? What are those items?

Ms. Maharaj: It may have been simple items that were bought for the household that had not been included in the inventory register. When we go to check inventory, one of the controls would be whether all the items purchased were included in the inventory register. That is what we are reporting.

Mr. Mitchell: You would have seen the inventory register, you would have seen the items.

Ms. Maharaj: And we would have seen the items, it is just that they were not updating the inventory register which is critical to the control of inventory to ensure that things do not go missing in later years to find.

Mr. Mitchell: What type of items did you see?

Ms. Maharaj: I do not have those details with me right now. It may have been simple items that are in the household that you would find in the office or in the House.

Mr. Mitchell: All right, and go to page 18, management letter. You would have written to the President and not received a response to management letter, can you say now whether you have received it or not?

Ms. Maharaj: Yes, we have.

Mr. Mitchell: And the management letter would have explained some of these items, these concerns that you have?

Ms. Maharaj: I do not recall the exact details, but I believe that many of the items would have been entered subsequently into the register. But, we will have to confirm that.

Mr. Mitchell: Thank you.

Miss Mc Donald: Thank you, Mr. Chairman. To Mr. Ali, I am going back again to the non-submission of documents. On page 18 of the report, I had spoken about it a short while ago, and this report reveals responses from the following entities remain outstanding as at April 15, 2016. This means that you have written management letters to various entities, Government Departments, et cetera. My concern, and when I look at the report yesterday I will tell you my concern.

Under Ministry of Foreign Affairs we have certain High Commissions, London, Brasilia, Ottawa, New Delhi, Costa Rica, and I turn to page 70 and I am looking at the overseas missions and I was appalled, and I think you should be concerned too, Mr. Ali. The High Commission in New Delhi, inventory control was not maintained for furniture and fittings, several items were not properly tagged. And this is state property that we are dealing with. Costa Rica, at the embassy there in Costa Rica, maintenance of records, the register of counterfoil books necessary for internal control over receipts and payment was not properly maintained, in that pertinent information was not recorded in a number of instances. Six completed logbooks, vehicle logbooks, were not produced for audit examination.

Again, inventory control, physical verification of inventory at the Costa Rican Embassy, this could not have been done. At four residences revealed that items were not tagging to identify government's property. At the High Commission in London, documents not produced, the passport register, stock of emergency passports, cancelled passports were not produced for audit examination, in contravention of Financial Regulation 8(1). At the Consulate General in Toronto, maintenance of records, a check register as required for control; over the usage of blank cheques was not maintained; again in internal control, there was none; a lack of segregation of duties with respect to the collection of revenue; preparation receipts. In other words then, expenditure did not exist. The High Commission in Ottawa, internal controls, again, lacking. In Brasilia, same thing, that is in Brazil, the Embassy of Brasilia in Brazil, the inventory register was not property maintained as pertinent information was omitted. The vehicle register and vehicle logbooks were not maintained in accordance with financial directives. All these were identified with these overseas missions.

And I see Mr. Ali, Auditor General that in fact your Department sent management letters to these various missions, and I suppose via the Ministry of Foreign Affairs. What has happened? Because this is a serious, for me, challenge we are having. Overseas we are not there to see directly, but this is happening all across; Brazil, Ottawa in Canada there, London, New Delhi, Costa Rica, what is happening? It goes back to me, I am just giving you my opinion. It goes back to the lack of training of staff. That is what we spoke about at the beginning, the staff training in terms of general accounting and the procedures and whatnot. What is happening? How are we going to remedy this situation, and what can this Committee do to assist you?

Mr. Ali: What I think needs to be done here is a lot of training. The staff who are on those assignments need to be trained about preparing a fixed asset register, tagging all the inventories, have all the proper documentation. And these are matters that the Comptroller of Accounts should be dealing with to make sure that all these controls are in place to those embassies. Because they also visit their embassies to ensure that controls are in place.

Miss. Mc Donald: Okay. Mr. Chairman, I want to ask a follow up question. Mr. Ali, do you think at this point that an audit of the—how should I put it—a human resource audit of the qualifications, perhaps, of some of these persons who operate in these High Commissions and Embassies should be done to make sure that these persons who occupy the various positions in the accounting units or wherever they sit—should an audit be done to ascertain that these people at least are qualified and trained in the functions they are supposed to be carrying out?

Mr. Ali: It all comes back to the internal audit unit. They are the ones who need to be trained properly, have proper qualified staff, so that they can get the job done.

Miss Mc Donald: But, I went a little bit further. I am asking for whether you can ask that an audit be done on all those persons who are operating at these various embassies, whether it could be done to ascertain whether—probably it is just an issue of square pegs in round holes. So probably we need to look at that and remedy the situation. That is to me the most immediate action that can be taken.

Mr. Ali: What can I say there, the human resource should be strengthened, and the Comptroller of Accounts is the one responsible for that.

Ms. Cockburn: If I may add, recently we had the pleasure of meeting with the Chief Personnel Officer, and it actually came out in that meeting that the Chief Personnel Officer actually has a mandate and has the authority to conduct human resource audits across Government. So maybe if the CPO could be approached with regard to actually carrying out these HR audits as seen necessary that may be of assistance?

Mr. Chairman: Thank you very much, Mrs. Webster Roy.

Mrs. Webster-Roy: Good morning, I just want to follow up on the points that member Mc Donald made about square pegs in round holes, and I am going to put it in terms of pension, and I always talk about pension because at some point in time I am going to be eligible for that. I am looking through the documents and I am seeing that separation and pension benefit payments, the delays are often due to discrepancies in documents and computation. What immediate measures could you put in place to improve that? Because there are a number of people out there in Trinidad and Tobago crying out for their pension, and it is something I intend to champion until we improve it.

Ms. Maharaj: Again, a lot of these issues are pervasive across all Ministries and

Departments, and it is goes to the strengthening of the Comptroller of Accounts, for the Comptroller of Accounts to be able to train the relevant staff in those areas. Also the strengthening of human resource across the public service to ensure that you do have the proper people in the positions. So, those are the two areas that would assist in ensuring that these things do not recur.

Mrs. Webster-Roy: But, it is year on year. Every time I go to my constituency somebody must come in with that issue. What could be done now in the short-term to stop?

Ms. Cockburn: If I may as well, the Civil Service Regulations clearly say that accounting officers throughout Government have this duty which they should really honour the regulations which means the law requires that all the necessary documents reach the necessary persons to have these pensions processed. And the law actually requires that this be done three clear months before an officer is due for retirement, and it has been the case that that regulation is not complied with. If a way could be found to enforce the rules which exists to actually prevent these things, then that would assist in the short term. It would be a matter of enforcing the rules which are already there, and, really and truly the Minister of Finance in conjunction with the Attorney General could look at really enforcing these provisions to send a clear message that these things are to be taken seriously, because the rules are there.

Ms. Maharaj: Being on the ground during the audit we recognized that Ministries and Departments are frequently under-staffed, or there is no succession planning, or staff are not available on the job. So, the root of problem really is the human resource management across the public service. And then, of course, even the Comptroller of Accounts does not have the resources to be able to do the amount of training that they are supposed to be doing. That is why we keep recommending that the Comptroller of Accounts also be strengthened to be able to fulfil their function.

Mr. Chairman: Yes, in terms of human resource capacity, based on what I saw in the report, and based on your own responses, I think that there are three issues that really caused a lot of problems with the competences that are available in the Ministries. The first one is the reconfiguration of Ministries, which then has sections of one Ministry moving to another Ministry. Then the second one is the movement of personnel, that is to say from one Ministry to another, either by promotion or reassignment, or whatever.

And the third one is the under-staffing issue itself, which is very real, not only in your own auditor's department but in almost every Ministry across the country. Any way I want to pursue another matter though, Sen. Mahabir raised the issue of the Exchequer Account, and remember what we do here is something that the public looks on at and needs to understand, and we need to help them as well to be educated. Could you explain so that the ordinary person will understand, what is the Exchequer Account and what is the Consolidated Account? Are those the only accounts that supply moneys to central government for expenditure?

Ms. Maharaj: There are a number of accounts that are used. Of course, the Consolidated Fund would be the account that revenues are deposited to. Then you would have the Exchequer Account from which payments are made, and transfers are made from the Consolidated Fund Account to the Exchequer Account to deal with payments. There are other accounts relating to funds, basically, but those are the main accounts, as far as we can tell. It is always useful in a discussion like this to have the Comptroller of Accounts also present, because they are the ones that have the thorough knowledge of the accounts.

Mr. Chairman: Okay. The reason I ask that though, is because based on what you had said about the overdraft account on the last occasion when you were here for the 2014 accounts, we wrote to the Governor of the Central Bank, and he responded. We asked him, what the actual balance of the Exchequer Account was at the end of September 30, 2015, and his response was that there are two exchequer accounts, namely, Exchequer No. 1 and Exchequer No. 2 Accounts. The Exchequer No. 1 is the account which is primarily used by the Government. The account described as Exchequer No. 1 in Appendix I—he has an appendix which he has numbers for, was in an overdrawn position to the sum $30,190,970,206.27 as at September 2015.

11.30 a.m.

> So the follow-up question to that was: if the balance in the account at that time was negative, kindly advice on the date when the Exchequer Account first became overdrawn?

Because we wanted to have a sense of how this evolved. And his response was:

> Cheques drawn on the Government's Paymaster Accounts are cleared from the Exchequer No. 1 Account daily. Occasionally transfers are made from the Treasury Deposits or Treasury Suspense Accounts to fund this account. From an operational perspective, therefore, the balance on the Exchequer Account will fluctuate from time to time. However, the account has been in a negative position, that is to say, overdrawn consistently since July 2008.

So the question that Sen. Mahabir posed about inclusion in the debt, to me, is a much more complex problem because it is a fluctuating account on a daily basis. Is that not correct?

Ms. Maharaj: Yes.

Mr. Chairman: I think that is the difficulty. If you look back at the history of the accounts you will see that this particular account, the issue of overdraft and the

Exchequer Account, has never been included in the public debt precisely because it is a daily fluctuating account. So I just wanted to clarify that because people listen, they try to understand and it is important to let them know that it is not something that just happen like that. There is an evolution to it. And secondly, there is a reason. And the reason I ask you about the different accounts is because there are different jurisdictional authorities involved.

In this particular Exchequer Account the Central Bank is the authority and they have that authority by law, but there are other accounts for which the Treasury is responsible and they operate under a different basis. Okay? I just wanted to make that clear. All right? I do not know if you want to add anything.

Ms. Maharaj: So Central Bank is the bankers, but, of course, the Comptroller of Accounts is really the owner basically of the—

Mr. Chairman: They are owner of all money?

Ms. Maharaj: When I say Treasury is the owner of the bank account.

Mr. Chairman: Of all moneys, yes.

Ms. Maharaj: So the Comptroller of Accounts would be the person to explain in detail.

Mr. Chairman: Okay. I wanted to ask some questions having to do with revenue, and the reason I want to ask is because it is such an important thing for us now, and when I was looking at it I saw some things that kind of jumped out at me. If you look at page 81, under the tax revenue you have taxes on income and profits and I saw that in 2015 the actual taxes on income and profit were $29 million.

Mr. Ali: Billion

Mr. Chairman: Ah?

Ms. Maharaj: Billion.

Mr. Chairman: Billion—$29 billion. Does that include both petroleum and general business taxes, corporate taxes? Does that include the petroleum taxes?

Ms. Rampaul: Yes.

Mr. Chairman: Okay. So that is the total tax base from income and profits in the country, $29 billion plus.

Ms. Rampaul: Yes, and that includes taxes from oil companies, other companies, individuals, withholding tax, business levy and health surcharge.

Mr. Chairman: All right. Now the other thing I saw was that there was on another page an indication of revenues not collected on the basis of taxes. I think it was something like $47— How does that revenue become arrears? It is on page 91, $47 billion. Taxes on income and profits $47 billion arrears reported, how does that become arrears; and how is that money eventually collected and included in the accounts? You got it on page 91?

Ms. Maharaj: Yes, we saw it. Most of these arrears that have been reported here were reported by the Board of Inland Revenue. So it would be a good idea to enquire from them the details of this.

Mr. Chairman: Yeah, but does that mean that companies are not paying, that individuals are not paying? And then it raises the question of why and how; and how do you get your money; and is there a shortfall because of the non-payment? These are really fundamental issues. A country cannot function without revenue.

Ms. Maharaj: But this is one of the things we do not have access to. Like we cannot give an opinion on the completeness of the revenue at Inland Revenue.

Mr. Chairman: Okay. But you said that the Attorney General was pursuing this. I know you cannot speak for the Attorney General's Office and I know that you cannot really know what is happening unless you ask, but have you been able to determine whether any progress is being made on the legislation that would allow you access to Inland Revenue accounts? I imagine there would have to be some provisos for confidentiality and things like that, but the access issue is an important one.

Ms. Cockburn: Unofficial enquires have not revealed any development since our conversation. However, Mr. Chairman—

Mr. Chairman: You see, when I see $47 billion—this is almost the size of an annual budget—in arrears, I mean that is plenty money and to have it in suspension and not available to the State, it seems to me is a problem. I think Dr. Mahabir can speak to that much more than I can.

Dr. Mahabir: Just clarification on the arrears though, and that is a very good question. You see, it is important to link it to a time period. If a company does not pay its quarterly payments on time—an oil company—is that considered part of the arrears? You see, I am just wondering whether they are late on their quarterly payments. Quarterly payments are due at a particular date, not received at the time of the audit or at the time of the review, and then it may just be a quarter late as opposed to years late, could you give us some indication as to the time period?

Ms. Maharaj: It is quite possible, but we cannot confirm.

Dr. Mahabir: Okay. Very well. Thank you.

Mr. Mitchell: In your experience, I too am alarmed at the high figure. Do tax amnesties take this down? So when there is a tax amnesty and you audit the following year, do you see these numbers drop, or has it been a continual increase?

Ms. Maharaj: I cannot say at this time.

Mr. Chairman: Ms. Cockburn.

Ms. Cockburn: Yes, Mr. Chairman, thank you. With regard to the Auditor General's access to information at the Board of Inland Revenue, interestingly section 4 of the Income Tax Act which is, more or less, creating the problems at present, it actually allows for a procedure where the President, by Order, can name a person and deem that that person has a right to access to information at the BIR. Beyond that, the person's named in the Act as having clear access, the President can, by Order, deem that someone is to have access.

So I am thinking the Auditor General may be in conjunction, along with the help of the Committee, could possibly pursue this avenue considering the clear provisions in the law that the Auditor General has a mandate to do X and is supposed to have access to certain information. Maybe we can pursue the option of having the President, by Order, deem the Auditor General as someone to have access as a short-term measure or short-term solution considering how long amending legislation may actually take. So I am thinking that is something that could be pursued in the short-term.

Mr. Chairman: We can look at it, but it depends on how "President" is defined for that purpose in the law, whether it is President acting under instructions of Cabinet, or President acting in his own discretion, and that would have to be clarified.

Ms. Cockburn: Okay. Thank you.

Mr. Samuel: In reading the 2014 report and now the 2015 report, overpayments by Ministries seem to be a recurring problem. What we have is that the recovery rate is just about 50/52 per cent. If we are to look at it carefully over the last 10 years, 15 years, would you say that it is the same Ministries that have the same problems of overpayments over and over and over and over? And if so, what Ministries can you identify as having a serious overpayment problem consistently over the years?

I mean, we can see from your report for 2015, Education and different Ministries, but is it a recurring thing in the Ministries? If so, it means that they are not overcoming their problem or solving the problems of overpayment, or they are not taking it seriously and the recovery mechanism may be an issue likewise. What are your views?

Ms. Maharaj: We would find that the overpayments issue does recur in certain Ministries like Education and even in the police service, National Security. Any of the Ministries that have a number of out stations, you would find the issues of overpayments due mainly to the actual rules within which the public service operations in terms of if someone is on extended sick leave, how is the leave classified and things like that, and then communication between the out stations and the head office. All these things would impact the volume of overpayments and this is one of the reasons why you have these recurring for the large Ministries.

Mr. Samuel: But, on the other hand, there is a recovery problem and it has been an ongoing problems for years where the recovery mechanism may not be effective and, as such, is it that the Auditor General has had to recommend the writing off of these issues, or what happens, or is it just left open-ended all the time?

Ms. Maharaj: I believe that some attempt is made by the Comptroller of Accounts when they are processing pensions. Of course, we have not really accessed that function so I am not able to give you a definitive information. The Comptroller of Accounts would be better able to explain. However, I believe the Comptroller of Accounts is the one who would recommend probably to the Minister of Finance that amounts be written off if they cannot be recovered. But I know there are steps that they can take even to go to the Attorney General and other things.

Mr. Caesar: I would just like to add that we should not just accept overpayments as a given because since 17th August, 1988 the situation was addressed by the Comptroller of Accounts by way of a Circular No. 20, whereby they outline all the different reasons for overpayments and also recommended remedial measures which could be taken to overcome them. We as auditors when we go out to the different Ministries we also personally challenge the accounting officer to come to the root cause of the problem that results in the overpayments in your particular Ministry because it might differ slightly from Ministry to Ministry.

So at the Board of Inland Revenue I challenged them to come up with the root cause of the overpayments and come up with a new policy which would sort of mitigate all the different reasons for the occurrences of overpayments. So it is something that can be addressed to the ministerial level at each individual Ministry, and something could be done over time to mitigate those errors recurring.

Miss Mc Donald: Mr. Chair, I am happy to hear Mr. Caesar's explanation. But Mr. Caesar I went into the Ministry of the People and Social Development and I see where expenditure control is a major concern—yeah—and you have stated that major weaknesses exist in the system for management. I am looking specifically at the senior citizen grant. You have also said monthly reconciliation of cheques issued and bank statements never reconciled, arrangements to receive timely information from the Registrar General with respect to deaths of senior citizens not received, and therefore, payments continue. Those will be overpayment. Payments continue even after the death of some senior citizens.

We see also that a list—which is important—of persons registered for the grant. The list was never submitted to the Auditor General during his audit of the 2015 financial year and it brings us now to the issue that Member Samuel raised a short while ago with respect to the overpayments because all these weaknesses lead to what has happened here at the Social Welfare Division, at the Ministry of the People and Social Development. It led to 1,089 overpayments valued at $8,281,365. That is what that lead to, the weaknesses in the system. It also led to 1,021 overpayments not received by the Auditor General as required by the financial instructions 164(2). That is what you operate by, your regulations.

Even at the Caroni local board is revealed that four overpayments totalling $441,125. Those overpayments were made because the persons were issued two file numbers and they collected two sets of payments. We are not saying this to hype it up, but the thing about it is, these are inherent problems you have in the system. You have identified them. As Mr. Samuel said what can we do? You as an Auditor General Department, we as the Committee, what can we do to try to alleviate some of these problems here, these issues raised?

Ms. Maharaj: Again we have highlighted these issues and the solutions need to be derived based on discussions with the Ministry because they understand what their issues are, why they are having these problems, why they cannot fix those problems, and we need to discuss with them and solutions would come out from that discussion, I believe.

Miss Mc Donald: Mr. Caesar, that 1988 report, what was it again? Could you remind me?

Mr. Caesar: This is the Comptroller of Accounts Circular No. 20 dated 17th August, 1988. The subtitle is "Over Payments and Unauthorized Payments".

Miss Mc Donald: So that is 28 years old?

Mr. Caesar: Yes.

Miss Mc Donald: And is that still in operation?

Mr. Caesar: Well, it is still relevant I would say because some of the issues that they have in the file here still recur up until the present time.

Miss Mc Donald: But as part of the Auditor General's Department, do you think that that Circular, Circular 20 of 1988 re: "Overpayments", do you think that the Government Ministries and Departments and what have you, are they really taking that seriously?

Mr. Caesar: It is possible that some of them may not be aware of it because of the age of the document. So it our duty to sensitize them about the availability of this document and remedial measures contained therein.

Miss Mc Donald: Do you think that the onus then is on the Department to upgrade it, probably go out—I do not know if you have the personnel to go out to the various Ministries, call in the accounting officers and review it with them. So there is like a rejuvenation then in the various Ministries.

Ms. Maharaj: A couple of years ago, an Overpayments Committee actually came together and came up with a number of recommendations. There was a report that was supposed to have been submitted to Cabinet, but we have not heard any developments since that. So I think it was under the Ministry of Public Administration that that Overpayments Committee operated.

Miss Mc Donald: Is that Committee still in existence?

Ms. Maharaj: I do not believe so, no. But we did get a copy of the draft report that was supposed to have been submitted to Cabinet. So may be the Ministry of Public Administration might be able to advise.

Miss Mc Donald: I am being advised that was from 2012.

Ms. Maharaj: Yes, I believe so. Remember the issue with overpayments have existed so many years, they have not really changed that much.

Mr. Mitchell: One question. Well, I see here that $67 million remains uncollected, but I am not seeing a table and I am not sure if you do it. I mean, it would help this Committee. If you would have had a table of overpayments that are not recoverable by virtue of being statue barred, would that form the basis of your inquires of your work?

Ms. Maharaj: We could look at it to give you that information.

Mr. Mitchell: I think that would be very helpful so that the country knows how far-reaching this problem is and they can measure it in money, the amount or money over the years that is now statute barred that is unrecoverable.

Mr. Chairman: I would just like to say one thing though based on the information that is contained in Auditor General's Report of 2015. In the case of the Ministry of People and Social Development, although they had a high number of overpayments, 1,089 amounting to $8,281,365, they had a recovery of $8,246,419. So they actually almost recovered all their payments except for less than $100,000 actually. So I just wanted to say that. So you have instances where the recovery of overpayment has been relatively small, maybe half, sometimes less, sometimes a little more, but in this instance you have almost total recovery of the material that has been over expended.

Miss Mc Donald: May I just say thank you, Ms. Maharaj. Chair, may I just say that the issue here is what caused the overpayment. We looked at the expenditure control. I think this is what the Auditor General raised when they looked at Ministry of the People and Social Development, what is the mechanism there that they can use to control those overpayments?

Mr. Chairman: No, I agree it is across the Ministries and there needs to be curbs. You cannot just be overpaying representatives. Sen. Samuel raised the same point, which is that you have—are there particular Ministries that are prone to perennial overpayments occurring year after year. It is an important issue and it needs to be curbed.

You want to say something? Somebody.

Ms. Maharaj: Yes, what I wanted to clarify is that these figures are given on the basis of cash accounts. So you may find that the recoveries would have included recoveries relating to previous years. So it is not precise.

Mr. Chairman: So there is no corresponding connection between the years?

Ms. Maharaj: No, we have not pulled out those figures.

Dr. Mahabir: Thank you very much. A different line now and I want to refer to pages 44 and 45. Hon. Member Mitchell did indicate the issues with respect to the Office of the President, but I want to focus on the Judiciary which also is mentioned here, and where we see the Parliament also has been mentioned in the Auditor General's Report, and there are two issues I wanted to raise.

Under 2.47 the Judiciary, you indicated that a total of unpresented cheques of $49 million as stated in the appropriation account was not verified; and under Parliament you indicated under 2.50 that constituency employee data forms required to record details of employees' terms and conditions were not produced at five constituency offices visited. With respect to the Judiciary, I would like to know exactly what does it mean that a total of unpresented cheques of $49 million as stated in the Appropriation Account was not verified, they were not presented. What does that mean?

And with respect to the infraction of the Parliament, do you think that there is a need for the Auditor General to simply educate agencies as to what the requirements are? Because if constituency employee data forms required to record the details of employees terms and conditions were not produced, is it that the Parliament is aware that these data forms are required, or is it that they simply are not aware and they saying, for the first time, oh we are aware? Is there, therefore, a need for education or is there education and training on what the protocols of the Auditor General's Office are with respect to the Parliament, and with respect to the Judiciary? Forty-nine million dollars, what does it mean? I do not know.

Ms. Maharaj: With respect to the Judiciary, the $49 million refers to cheques that have been issued by the Judiciary but not in cash by persons. Now, these would appear on your bank reconciliation statement. Of course, the reconciliation statement was not produced so we could not verify basically the $49 million that was disclosed in the accounts. That is what this point means.

Dr. Mahabir: Okay. But it concerns me because you are saying now that these cheques were issued as actual payments. It is not as if they are somewhere in a vault and they could not be accounted for. They were actually issued. Were they cashed, were they not cashed, are they somewhere in transit? Because it is a huge high sum. It is not a small sum at all. What perhaps could cause—I know we should ask the Judiciary. There is a separation of powers. But what in your experience as an auditor could cause this large amounts of cheques not to be complying with auditing and accounting roles?

Ms. Maharaj: We would not say that the cheques did not comply. It is just that the volume of the cheques would be consolidated in to give us that value of $49 million. That actual document was not provided to us that we could look and see, well yes, they have done the reconciliation in the correct way so that this figure is the actual figure of unpresented cheques. That was the issue.

Dr. Mahabir: And therefore the follow-up question is: do you think then that maybe the accounting officers in the Judiciary, perhaps, are not aware of the procedure? Has this been a recurring problem in the Judiciary over the years?

Ms. Maharaj: Well, I cannot really say, but what I would say is that in the number of occasions that we have noticed, that these reconciliations are not being done. Explanations given to us would have been that they did not have adequate staff to probably do it on time to submit to audit and things like that.

With respect to the Parliament, there is the constituency office manual. Basically when we go to audit we would check to see whether the entities are following the rules and regulations that govern them. Now, the manual belongs to Parliament, so Parliament is the one that is better able to train their own people. We are the ones that would check to see, well, look these are the rules that are not being followed and we would refer it to the accounting officer for remedial action.

Dr. Mahabir: Okay. Thank you.

Mr. Chairman: Representative Samuel, do you have any questions?

Mr. Samuel: Every time we meet and we meet with various entities and Ministries and Departments, I have a burning question as to why Departments and Ministries, their records and pension and leave are really, really outdated and backdated? They are never up to date and citizens, workers and employees who have worked for many, many years after their retirement are having difficulty with regard to their pension. Many of them, five, six, seven years after, still are struggling to have access to their pension and leave, what recommendations do you have?

It is still showing up in your report as an issue, and it is a recurring issue and it is something that I feel that you will have to make some serious recommendations for as regards to the Ministries and Departments. I know it is up to them to have their records up to date and in place and stuff like that, but how can we solve the problem?

12.00 p.m.

Mr. Ali: A proper IHRIS system would solve this problem. With all the information put into the system, they should be able to get their cheque on time, but doing it manually and people are not trained to do the P&L records, people are moving all the time, that is a big problem in terms of keeping their pension and leave records up to date but the IHRIS system is a solution.

Mr. Chairman: Okay. Yes. Go ahead, Ms. Cockburn.

Ms. Cockburn: Thank you, Mr. Chairman. I would like to quickly correct something I said a bit earlier but before I do so, Dr. Mahabir, I want to clarify to ensure that I am responding to the correct thing. When we were speaking about non-submission or late submission of financial statements, did you ask about statutory bodies? And I believe I said more than likely, the persons responsible there would be covered by the definition of accounting officer and thereby the penalty in the regulation would apply to them.

Apparently on closer inspection of the actual definition of accounting officer in the Exchequer and Audit Act, it actually will not cover such persons and come to think of it, the actual pieces of legislation which set up the statutory bodies, that is where the requirement is for persons in charge. They are usually the heads of boards to submit these statements in a timely fashion and the submission is to the Minister—no. Whether a submission is to the Minister or not, because of the requirements in the Act, I can say I have never seen a penalty prescribed for these persons, but because of the involvement of the Minister in whichever line Ministry is responsible for the statutory body, the only thing I can think of is that maybe the Ministers may have to look into enforcing the provisions because I have never seen a penalty per se for those persons with regard to non-submission or late submissions of statements.

Dr. Mahabir: Okay, but then from a legal perspective, do you think that a penalty ought to be imposed because in the Exchequer and Audit Act, you indicated there is a penalty but it is small. Do you think that there is, at the same time, the need to review the penalty, the need for a penalty in the Act which governs these statutory corporations to ensure compliance in a timely manner with the reports?

Ms. Cockburn: I believe a penalty could be maybe a last resort but somehow I believe that Ministers may have the necessary cohesive force to ensure that these things are done. If the relevant persons are really addressed on it in a serious way, we may not have to resort to penalties.

Dr. Mahabir: That is vague and I will tell you, let us be precise. We have reports which are being tabled for 2005. I am sure in the past, Ministers in previous administrations would have tried to get their officers to comply and if there are no penalties, there are no sanctions, and therefore, there is no incentive for timely compliance with the rules. So I think what you are arguing is moral suasion but my position is, let us maybe look at the Exchequer and Audit Act and see what the penalties are there and make it harmonious with penalties in the statutory corporations. I think that may have the teeth that we need. Thank you.

Mr. Ali: I have a simple solution to that problem. Stop the funding. If you stop that funding or you tell them that funding would not be coming from the Government, they would have to produce their accounts.

Mr. Chairman: They would have to comply. Okay, noted.

Mr. Ali: And on one more item again, pensions, you always hear that files are with the Auditor General. I am approaching the Minister of Finance to have that function removed from my Department because it is really a cheque function and it is not our role, because we do an audit in the end to make sure that pensions are paid on time. So very shortly, I will be discussing with the Minister of Finance to have this function removed.

Mr. Chairman: But I noticed in your report, you did flag discrepancies in some of the matters related to pensions that came to you though.

Mr. Ali: Yes, well, the Comptroller of Accounts will have to take over that function and ensure that the records are correct.

Mr. Chairman: In other words, you do not want the responsibility for that, but somebody has to audit it.

Mr. Ali: No, but the problem is why keep back a file three months for a payment of $200. It does not make sense.

Mr. Chairman: Yeah, it does not make sense. All right. I understand.

I want to thank you, Mr. Ali and all the representatives of the Auditor General's

Office, for basically having a pretty free-flowing and frank discussion with all members of the Committee here. We are grateful to have you here. As I said, the fact that we engaged you on the 2014 accounts has helped us considerably in focusing this discussion with you on 2015 differently, because we had the benefit of some of the issues you flagged then and we were able to see what were the recurring things. And we did not really sense that there were any new things or different things that needed to be flagged. There seem to be matters that have been repeated over time. I do not know if you share that view, by and large. So we are very happy to engage you on it.

We note the points that you made at the beginning of your presentation. That the issues that you flagged and the recommendations you made for strengthening internal audit throughout the system as far back as 1987 have not yet been implemented and it is your view that no progress is taking place at this time and you would like to see that particular matter addressed.

We note as well your concern about unoccupied property that the taxpayer ends up paying for and we will also try to include an examination of that from our point of view and some recommendations in the report that we do for Parliament on that. We note with some concern, especially because of the issues we raised on the income side, the access to records at Inland Revenue and I think one solution to that issue, besides the matters that you are pursuing with the Attorney General's office, is to call Inland Revenue in and have a discussion with them as well.

I want to say that one of the things that the Committee will do, now that we have both 2014 and 2015 reports and we can examine on the basis of pretty current information, is to call in all the entities that have been identified here as having challenges or problems or violating the rules or being non-compliant and engage them individually. First of all, so that they will be aware that we are taking responsibility to monitor the situation; secondly, that the public will be aware of what is happening with taxpayers' money as executed and disbursed by the various agencies of Government, and thirdly that we might, through an enlightened discourse, improve the system and get some recommendations acted upon that can improve the system in Trinidad and Tobago, and get us into an era, not only of better transparency, efficiency, and effectiveness but also strengthen the entire governance system in Trinidad and Tobago.

We note that the human resource question is a fundamental one in all of this and that the audit issue is also a fundamental one in all of this. That is to say, the internal audit issue. So there is need to examine those particular issues with a view to resolution and solutions in a very urgent way. All right. So I thank you very much. I thank the members of the public who have been here with us and I especially thank the press for being present and for coverage of this particular discussion today of the Public Accounts Committee and I thank, of course, all my colleagues here for participating so responsibly and vigorously. Thank you.

12.09 p.m.: *Meeting adjourned.*