



REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017

OPINION

The Statement of Recovery of Expenses of the Ministry of Energy and Energy Industries (the Statement), for the year ended December 31, 2017 has been audited. The Statement is supported by Schedules numbered 1 to 5.

2. In my opinion, the Statement as outlined at paragraph one above presents fairly, in all material respects, the amounts recoverable by the Ministry of Energy and Energy Industries in respect of the expenses of the administration of the petroleum industry for the year ended December 31, 2017 as shown by the records of the Ministry of Energy and Energy Industries and according to information and explanations provided by management of the Ministry of Energy and Energy Industries.

BASIS OF OPINION

3. The audit was conducted in accordance with accepted auditing standards. The Auditor General's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. The Auditor General is independent of the Ministry of Energy and Energy Industries in accordance with the ethical requirements that are relevant to the audit of the financial statements and other ethical responsibilities have been fulfilled in accordance with these requirements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the above audit opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

4. Management of the Ministry of Energy and Energy Industries is responsible for the preparation and fair presentation of the Statement and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Ministry of Energy and Energy Industries' financial reporting process.

AUDITOR'S RESPONSIBILITY

5. The Auditor General's responsibility is to express an opinion on these financial statements based on the audit and to report thereon in accordance with section 116 of the Constitution of the Republic of Trinidad and Tobago.

6. The Auditor General's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes his opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

7. As part of an audit in accordance with accepted auditing standards, the Auditor General exercises professional judgment and maintains professional skepticism throughout the audit. The Auditor General also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry of Energy and Energy Industries' internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

8. The Auditor General communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that were identified during the audit.

SUBMISSION OF REPORT

9. This Report is being submitted to the Speaker of the House of Representatives, the President of the Senate and the Minister of Finance in accordance with sections 116 and 119 of the Constitution of the Republic of Trinidad and Tobago.

10. The Report has also been submitted to the Minister of Energy and Energy Industries for his attention. A copy of the Report has been sent to the Permanent Secretary, Ministry of Energy and Energy Industries for information and necessary action.

**17th OCTOBER 2018
PORT OF SPAIN**



A handwritten signature in blue ink, appearing to read "Maheed Ali".

**MAJEED ALI
AUDITOR GENERAL**

A handwritten signature in black ink, appearing to read "M. Ali".

**STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017**

| HEAD 40 MINISTRY OF ENERGY AND ENERGY INDUSTRIES | \$ |
|--------------------------------------------------------------------------|-----------------------|
| SUB HEAD 01 PERSONNEL EXPENDITURE (Schedule 1) | 30,148,389.45 |
| SUB HEAD 02 GOODS AND SERVICES (Schedule 2) | 49,860,539.78 |
| SUB HEAD 03 MINOR EQUIPMENT PURCHASES (Schedule 3) | 161,870.21 |
| SUB HEAD 04 CURRENT TRANSFERS AND SUBSIDIES (Schedule 4) | 4,780,152.60 |
| TOTAL SUB HEADS 01 - 04 | 84,950,952.04 |
| ADD PENSION CONTRIBUTION (Schedule 5 - Note 2) | 4,366,854.98 |
| ADD RENT ASSESSED BY COMMISSIONER OF VALUATIONS (Schedule 5 - Note 3) | 20,832,000.00 |
| TOTAL RECOVERABLE | 110,149,807.02 |

Made up as follows:

| | | |
|---------------|----------------------------------------------|----------------|
| Crude Oil - | 26,213,578.75 bbls @ 47.1533200 cts per bbl | 12,360,572.67 |
| Natural Gas - | 1,202,836,957.00 mcf @ 8.1298828 cts per mcf | 97,789,234.35 |
| | | 110,149,807.02 |


Permanent Secretary,
Ministry of Energy & Energy Industries.



**STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 1

HEAD 40 MINISTRY OF ENERGY AND ENERGY INDUSTRIES

| SUB HEAD 01 PERSONNEL EXPENDITURE | S |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 001 General Administration | |
| (a) Pensionable Officers | 17,467,419.93 |
| (b) Acting Allowance, Non-pensionable Officers, Cost of Living Allowance, Wages, Overtime, Salaries - Direct Charges, Allowances (04 ,24 & 30), Settlement of Arrears, Remuneration to Cabinet Committees, Overtime - Daily Rated Workers | 10,215,061.71 |
| (c) Government's Contribution to National Insurance Scheme | 2,265,242.31 |
| (d) Government's Contribution to Group Health Insurance | 200,665.50 |
| TOTAL PERSONNEL EXPENDITURE | <u>30,148,389.45</u> |

**STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 2

| SUB HEAD 02 GOODS AND SERVICES | \$ |
|---------------------------------------------------------|-----------------------------|
| 001 General Administration | |
| 01 Travelling and Subsistence | 3,630,354.90 |
| 03 Uniforms | 14,535.74 |
| 04 Electricity | 188,182.08 |
| 05 Telephones | 1,880,258.12 |
| 08 Rent/Lease-Office Accommodation and Storage | 5,893,123.31 |
| 09 Rent/Lease-Vehicles and Equipment | 11,900.00 |
| 10 Office Stationery and Supplies | 437,626.72 |
| 11 Books and Periodicals | 2,154,062.18 |
| 12 Materials and Supplies | 217,911.70 |
| 13 Maintenance of Vehicles | 115,888.00 |
| 15 Repairs and Maintenance (Equipment) | 269,139.75 |
| 16 Contract Employment | 4,421,345.62 |
| 17 Training | 946,993.74 |
| 19 Official Entertainment | 0.00 |
| 21 Repairs and Maintenance - Buildings | 423,546.76 |
| 22 Short-Term Employment | 0.00 |
| 27 Official Overseas Travel | 1,061,431.09 |
| 28 Other Contracted Services | 23,869,192.37 |
| 37 Janitorial Services | 1,485,572.39 |
| 43 Security Services | 1,852,470.00 |
| 57 Postage | 11,278.20 |
| 58 Medical Expenses | 261,843.13 |
| 60 Travelling and Subsistence - Direct Charges | 159,840.00 |
| 62 Promotions, Publicity and Printing | 270,558.04 |
| 65 Expenses of Cabinet Appointed Bodies | 7,766.88 |
| 66 Hosting of Conferences, Seminars and Other Functions | 200,292.76 |
| 96 Fuel and Lubricants | 66,370.05 |
| 99 Employee Assistance Programme | 9,056.25 |
| TOTAL GOODS AND SERVICES | <u>49,860,539.78</u> |

**STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 3

HEAD 40 MINISTRY OF ENERGY AND ENERGY INDUSTRIES

SUB HEAD 03 MINOR EQUIPMENT PURCHASES

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| | | |
|-----|----------------------------------------|--------------------------|
| 001 | General Administration | |
| 01 | Vehicles | 0.00 |
| 02 | Office Equipment | 13,466.25 |
| 03 | Furniture and Furnishings | 56,916.94 |
| 04 | Other Minor Equipment | 91,487.02 |
| | TOTAL MINOR EQUIPMENT PURCHASES | <u><u>161,870.21</u></u> |

**STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 4

HEAD 40 MINISTRY OF ENERGY AND ENERGY INDUSTRIES

| SUB HEAD 04 CURRENT TRANSFERS & SUBSIDIES | \$ |
|---------------------------------------------------------------------------------------------------------|----------------------------|
| 001 Regional Bodies | |
| 01 Contribution to the Caribbean Energy Information System (C.E.I.S) | 20,538.24 |
| 004 International Bodies | |
| 01 Trinidad and Tobago Annual Subscription to the Committee of the World Power Conference | 84,339.14 |
| 02 Commission of the Geological Map of the World | 0.00 |
| 03 Annual Subvention to Gas Exporting Countries Forum (GECF) | 4,437,511.38 |
| 05 Contribution to the Latin American Energy Organisation (OLADE) | 214,795.59 |
| 06 World Petroleum Council (WPC) | 22,468.25 |
| 07 Annual Subscription to the International Association for Natural Gas Vehicles (IANGV) | 0.00 |
| 007 Households | |
| 01 Shortfall in Subsidy Re: Sale of Petroleum Products | 0.00 |
| 02 Contributions of Prime Minister, Ministers and Parliamentary Secretaries to the Children's LIFE Fund | 0.00 |
| 03 Payment of Interest on Product Liability to Petrotrin | 0.00 |
| 009 Other Transfers | |
| 06 Contribution to Institutions/Organisations for Education in Petroleum Related Activities | 500.00 |
| 07 Natural Gas Export Task Force | 0.00 |
| 08 Petroleum Relief to Caricom States | 0.00 |
| 011 Transfers to State Enterprises | |
| 01 Establishment of Quarries Authority | 0.00 |
| 02 Acquisition of Union Estate from Petrotrin | 0.00 |
| 03 Environmental Indemnity to the PowerGen Company of Trinidad and Tobago | 0.00 |
| 04 Equity Injection - ALUTECH Limited | 0.00 |
| TOTAL CURRENT TRANSFERS & SUBSIDIES | <u>4,780,152.60</u> |

**STATEMENT OF RECOVERY OF EXPENSES OF THE MINISTRY OF ENERGY
AND ENERGY INDUSTRIES FOR THE YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 5

NOTE 1 STATEMENT OF RECOVERY OF EXPENSES

Pursuant to **Sections 72, 73 and 74 of Chap. 62:01** of the Petroleum Regulations, every licensee shall pay a petroleum impost in respect of all petroleum won and saved, at such rates as the Minister of Energy and Energy Industries may determine by the issue of a Rating Order, which shall be published in the *Trinidad and Tobago Gazette* at least thirty days prior to the date on which the petroleum impost becomes available.

The Rating Order shall specify the rates of petroleum impost payable in respect of crude oil and natural gas won and saved during the year ended on the 31st December preceding the date on which the petroleum impost becomes payable.

The rates specified in the Rating Order shall be so calculated and determined as to provide in the aggregate the funds necessary to cover all the annual expenses of the Ministry of Energy and Energy Industries, including salaries, pension contributions, maintenance and other expenses of or incidental to, the due administration of the petroleum industry.

Where a licensee ceases operations before the issue of a Rating Order relating to the year in which he so ceases to operate, he shall pay petroleum impost at the rates specified in the Rating Order of the preceding year.

NOTE 2 NON-ADMINISTRATIVE EXPENSES OF THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES:

Shortfall in Subsidy Re: Sale of Petroleum Products (Item 40/04/007/01) and **Transfers to State Enterprises** (Item 40/04/011) are not included in the Statement of Recovery of Expenses of the Ministry of Energy and Energy Industries, because these items are not administrative expenditures of the Ministry of Energy and Energy Industries.

NOTE 3 PENSION CONTRIBUTION

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The figure of **\$4,366,854.98** represents 25% of the salaries of pensionable officers of the Ministry of Energy and Energy Industries.

4,366,854.98

TOTAL PENSION CONTRIBUTION

4,366,854.98

NOTE 4 RENT ASSESSED BY COMMISSIONER OF VALUATIONS

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The figure of **\$20,832,000.00** represents rent assessed by the Commissioner of Valuations for levels 15 & 22-26 occupied by the Ministry of Energy and Energy Industries at Tower C, International Waterfront Centre at #1 Wrightston Road, Port of Spain.

20,832,000.00

TOTAL RENT ASSESSED BY COMMISSIONER OF VALUATIONS

20,832,000.00