

## **Responses to Recommendations by the Public Accounts Committee**

### **i. The AGD's Backlog of Reports**

#### **Recommendation:**

- **The Auditor General should consult with the Public Service Commission, in accordance with section 121(1) and (8) of the Constitution of Trinidad and Tobago, to make appointments and transfers if necessary to ensure the additional staff for the AGD are obtained by March 30, 2017.**
- **A letter should be sent to the Public Service Commission to reinforce this position.**

#### **Response:**

- There is direct communication and ongoing discussions with the Director of Personnel Administration (DPA) at the Public Service Commission (PSC) on this issue. The Auditor General's Department (AGD) communicates with the DPA frequently via telephone, letters and even met in person, so the DPA is very much aware of the situation and the needs of the AGD and has indicated that the AGD is being prioritized.
- The Committee may want to consider revisiting this deadline considering that we are already in March, 2017.

### **ii. The Late Submission of Financial Information**

#### **Recommendations:**

- **The penalty for breaching the financial regulations should be increased to boost compliance with the regulations. For e.g. once a submission is more than 2 months late, the Accounting Officer could be fined \$1000 for each month thereafter.**
- **The Auditor General should liaise with the Office of the Attorney General to pursue legislative options in this regard.**

#### **Response:**

- Currently, under regulation 141 of the Financial Regulations made under section 45(1) of the Exchequer and Audit Act, Chap. 69:01, "Any person who contravenes any of the provisions of these Regulations is liable on summary conviction to a fine of **one hundred and fifty dollars.**"
- However, the Exchequer and Audit Act is under the purview and jurisdiction of the Ministry of Finance. As such, the Permanent Secretary at the Ministry of Finance is the person responsible for seeking amendment to this Act through the Minister of Finance and the Attorney General.
- The Auditor General agrees that this recommendation should be brought to the attention of the Ministry of Finance by the Public Accounts Committee (PAC).

### **iii. Audit of State Enterprises**

#### **Recommendation:**

- **The Minister of Finance in accordance with section 159 of the Companies Act, should appoint the Auditor General as an auditor of companies which would allow him to oversee the audit of State Enterprises. Through this, the Government will have greater oversight over operations of State Enterprises with regard to the allocation of state funds distributed to them.**

#### **Response:**

- As has been acknowledged at i. above, unfortunately, the AGD does not have the human resource capacity at this time to undertake the audit of state enterprises in addition to its current workload. However in 2017, with the aid of the IDB, the AGD will be conducting a business re-engineering exercise which will include a zero-based staffing review to ensure that the Department becomes fit for purpose.
- The Auditor General agrees that this recommendation be brought to the attention of the Minister of Finance by the PAC so that the necessary action could be pursued while the issue of staff shortages at the AGD is being remedied by the PSC.

### **iv. Common infractions observed, pertaining to the procurement of goods and services in Ministries and Departments**

#### **Recommendations:**

- **The Auditor General, should enlist the assistance of the Public Service Academy and the Comptroller of Accounts in providing training for the relevant officers in the public service to ensure that the proper procedure is followed when procuring goods and services.**

#### **Response:**

- Unfortunately, this is not the role of the Auditor General as “external auditor” to Government. It would constitute a conflict of interest for the Auditor General to play a role in administering and implementing procurement law and best practice at clients while at the same time auditing and reporting on what has been implemented.
- Also, public procurement is currently governed by the Central Tenders Board Act and Regulations, Chap. 71:91, along with several other rules, regulations and guidelines issued by the Ministry of Finance. It is the responsibility of the Ministry with jurisdiction over this legislation and rules to provide training regarding the effective implementation
- In accordance with section 2 of the Public Procurement and Disposal of Public Property Act, Act No. 1 of 2015, sections 1, 2, 3, 4, 5(1), 8, 9, 10, 11, 12, 13(1)(a), (b), (c), (d), (k), (p) and (r), 13(2), 14(3), 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 62 and 63 of the Act were proclaimed and deemed to come into operation on the 31st day of July, 2015. The proclaimed subsections of section 13(1) of the Act provide as follows:
- 13(1) The functions of the Office of Procurement Regulation are to—

- (a) establish a comprehensive database of information on public procurement, including information on tenders received, the award and value of contracts, and such other information of public interest as the Office thinks fit;
  - (b) set training standards, competence levels and certification requirements to promote best practices in procurement;
  - (c) issue and review guidelines in relation to public procurement and the retention and disposal of public property, including model guidelines for special guidelines under sections 30(1)(b) and 54(1)(b);
  - (d) prepare, update and issue model handbooks, incorporating standardized bidding documents, procedural forms and relevant documents for use in public procurement and the retention and disposal of public property;
  - (k) determine, develop, introduce, maintain and update related system-wide databases and technology;
  - (p) create and publish standard form contracts for public procurement and disposal of public property;
  - (r) prepare and maintain a list of pre-qualified mediators, arbitrators and experts for the purposes of alternative dispute resolution under this Act;
- It would assist greatly if these provisions are implemented as soon as possible.

- **Improvements need to be made to the Ministry of Finance’s Standard Procurement Procedures. It should be updated to ensure that value for money is observed during the procurement process and tailored to be responsive to evolving and expanding markets, and higher stakeholder expectation.**

**Response:**

- The Auditor General agrees that this recommendation be brought to the attention of the Ministry of Finance by the PAC.
- **To improve the procurement process serious consideration must be given to the implementation of the Public Procurement and Disposal of Public Property Act, No. 1 of 2015, as amended in 2016. A procurement regulator stands to be appointed. The AGD should ensure that the implementation of the amendments proposed for the Act operate optimally, and as intended by the legislation. With this update, the Treasury should ensure that all Accounting Officers and Procurement Units are briefed and aware of steps to be taken during the procurement process to eliminate any instances of error.**

**Response:**

- As external auditor the Auditor General will audit and report on compliance with the Act once it is implemented. However the responsibility for ensuring that the implementation of the amendments operate optimally is that of the Ministry having jurisdiction over the Act.

- The Auditor General agrees that this recommendation be brought by the PAC to the attention of the relevant Ministry for action.
- **Proper and effective training in alignment with the Procurement Legislation of 2015/2016 is essential.**

**Response:**

- The Auditor General agrees that this should be effected by the appropriate parties and brought to their attention by the PAC. Training should also be tailor made for internal audit staff.

**v. Access to relevant information required for audit**

**Recommendation:**

- **The Auditor General should formally write to the Attorney General in relation to the amendment of Section 4 of the Income Tax Act so that the issue can be rectified before the beginning of the 2016 audit.**

**Response:**

- The Auditor General met personally with the Attorney General in January 2016 and this issue was discussed. The Attorney General indicated that legislation amending the Income Tax Act, Chap. 75:01 would be introduced in Parliament shortly.
- Also in January 2016, the Auditor General met personally with the Minister of Finance and the issue was discussed. The Minister of Finance agreed that the legislation needed to be amended in this regard.
- Around October 2016, a legal officer at the Office of the Attorney General personally contacted the Auditor General and indicated that the necessary legislative amendments were being addressed.
- Unfortunately, the Income Tax Act is not under the purview or jurisdiction of the Auditor General. The Ministry having jurisdiction over this Act has the authority and responsibility for the Act's amendment.
- A reminder letter about the need for the issue to be addressed by the appropriate parties will be sent to the Attorney General by the Auditor General.
- **In the short term, however, the AGD can continue with the alternative methods currently being utilized to produce the report on revenue production.**

**Response:**

- The Auditor General agrees and this will be done.

- **The issue of citizen privacy v. public interest needs to be carefully balanced here.**

**Response:**

- The Auditor General agrees.

**vi. Storage of documents**

**Recommendation:**

- **The Auditor General should liaise with the Minister of Finance on the matter of amendment of regulations 135 - 137 of the Financial Regulations to include the ability to store data electronically. This will greatly assist with the current issue of storage. This is a simple amendment which can be actively pursued within the next 12 months by eliminating the paper clutter while also facilitating easy access to relevant information.**

**Response:**

- The Electronic Transactions Act, Chap. 22:05 provides at section 9 “The legal requirement that information, a record or a data message be in writing, is satisfied where that information, record or data message is presented in electronic form, if the information, record or data message is accessible and capable of retention for subsequent reference.”
- Section 13 of the Act provides “Where a written law requires that certain information, records or data messages be retained, that requirement is satisfied by retaining the information, data messages or records in electronic form.”
- The implementation of the Integrated Financial Management Information System (IFMIS) with appropriate controls in place should also reduce paper clutter. However, the sections of the Electronic Transactions Act which came into operation in January 2012 need to be implemented as soon as possible.

**vii. The role of the AG in strengthening internal audit**

**Recommendations:**

- **In the short term, training must be provided for the existing staff to ensure that duties can be fulfilled effectively. Internal Audit Units must expand their portfolios and audit all areas of the entity’s operations, and programmes at regular intervals.**

**Response:**

- The Auditor General agrees. This recommendation should be brought to the attention of the Ministry of Finance as the party with responsibility for the internal audit function across government.
- **In the longer term, The Minister of Finance in conjunction with the Public Service Commission should seek to establish a Central Internal Audit Authority to ensure**

**the compliance of Internal Audit Divisions within the Public Service and to support the strengthening of internal audit units across the system.**

**Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the parties named by the PAC.

**viii. Identification of issues for Special Audit**

**Recommendation:**

- **By strengthening its staff compliment, the AGD will be able to execute more special audits. This will allow for detailed scrutiny of public expenditure in areas that may remain unexamined in a general audit of the Public Accounts. The AGD is encouraged to pursue proposals with the Public Service Commission to increase its staff compliment to 20 qualified persons by March 2017.**
- **The Committee will write to the Public Service Commission to reinforce this position.**

**Response:**

- There are currently 32 qualified accountants in position at the AGD. The zero-based staffing review is expected to identify the appropriate skills and competencies as well as the appropriate numbers of staff needed for the AGD to achieve its mandate efficiently and effectively.
- The issue of staffing in the current structure is currently being actively pursued with the Director of Personnel Administration.

**ix. The relationship with the PAC and AGD in the scrutiny of accounts**

**Recommendation:**

- **Through a proper communication strategy, both entities will be able to achieve greater goals through the financial scrutiny of the Executive branch and the Public Service. The Minister of Finance can provide the AGD with much needed funding to complete and execute their proposed communication plan. This communication plan should include the improvement of communication between the PAC and the AGD e.g. having weekly/monthly meetings to update each other on issues that are being dealt with or those issues where another party can assist. The communication between PAC and the AGD may not necessarily be a cost item but the AGD also needs to communicate with the Public about its work.**

**Response:**

- The AGD's Strategic Plan 2016-2020 has as its fifth goal "Strengthened Communication and Engagement with all Stakeholders". To address this, the Strategic

Plan undertakes in the period 2016-2020 to (a) Revise, update and implement its communication plan; (b) Communicate more effectively with Parliament and establish procedures for working closely with PAC and PA(E)C and (c) Engage more effectively with the media and the citizenry.

- In accordance with our now Cabinet approved Strategic Plan, the draft communication plan will be revisited before formal adoption and implementation by mid-2017.
- It is believed that our approach to implementation of a communication plan however must be complementary to the upcoming zero-based staffing review to determine our resource needs both in terms of numbers and competencies.

#### **x. Issues based vs Entities based**

##### **Recommendation:**

- **The Comptroller of Accounts should request the assistance of the Attorney General for the initiative to adopt International Public Sector Accounting Standards. With the adoption of the Accounting Standards, entity based reporting will eventually be transformed into issues based reporting. Updated regulations will allow the work produced by the Government of Trinidad and Tobago to be in line with the international standard. This is important to ensure that the image of Trinidad and Tobago is one of an enlightened, progressive State adopting modern approaches and practice.**

##### **Response:**

- The Auditor General agrees with the recommendation that the legislative amendments necessary for adoption of International Public Sector Accounting Standards be pursued. For clarification however, the need for the move from the Cash-basis accounting (currently planned) to Accrual-based accounting must be specified as should the need for additional information which will 'assist users in assessing the performance of the entity, and its stewardship of assets, as well as making and evaluating decisions about the allocation of resources. This additional information may include details about the entity's outputs and outcomes in the form of performance indicators, statements of service performance, program reviews and other reports by management about the entity's achievements over the reporting period.'<sup>1</sup> Other disclosures with respect to legislative and regulatory compliance may also be specified.<sup>2</sup>
- The AGD however will still be auditing entities of the Public Service and the management letters issued would still be entity specific.

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<sup>1</sup> IPSAS 1 paragraph 25

<sup>2</sup> IPSAS 1 paragraph 26

## **xi. Responsiveness of Ministries to recommendations**

### **Recommendation:**

- **A handover period should be introduced to train the succeeding Accounting Officer and also inform them of issues being addressed so that the work started can be continued. Aggressive monitoring and follow up should be done by the Treasury to measure the Ministry or Department's progress.**

### **Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the parties named in the recommendation for action.
- **The Public Service Commission and the CPO should also look at the frequent changes of the Accounting Officers and put measures in place to ensure that this becomes a more stable position with rotations/promotions in 3 year cycles. This can be made attractive by incentives for such post holders.**

### **Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the parties named in the recommendation for action.
- **Ministers should also take into consideration the problems shifts within Ministries and Departments cause with regard to the records and take this into account in the management of Ministries in collaboration with Permanent Secretaries.**

### **Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the parties named in the recommendation for action.

## **xii. Types of audits**

### **Recommendations:**

- **The Minister of Finance, the Public Service Commission and the CPO should revisit the payment plans for more skilled auditors including more competitive wages to attract them to the AGD.**

### **Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the parties named in the recommendation for action. The Auditor General is currently negotiating these matters with the DPA.



- **The Public Service Commission can also make it a priority to fill the vacancies within the AGD with qualified persons for each position.**

**Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the PSC for action. The Auditor General is currently negotiating this matter with the DPA.
- **The PAC will write to the Public Service Commission to reinforce this position.**

**Response:**

- The Committee may also consider recommending to the Ministry of Finance, the Public Management Consulting Division of the Ministry of Public Administration, the Public Service Commission and the Chief Personnel Officer that the requirements identified by the upcoming zero-based staffing review of the AGD be given priority for implementation within a specified period.

**xiii. The auditing of the Auditor General's Department**

**Recommendation:**

- **Through the amendment of the Regulations by the Attorney General, the appointment of an external auditor who is not influenced by any local entities can be facilitated. It has been noted that the AGD is audited by the Treasury and based on the ISSAI 10 there should be a separation of powers to ensure not just accuracy of the audits but perception of the possibility of compromise. An update of the legislation must be done and changes made to ensure general autonomy. An external auditor should be hired to audit the AGD to eliminate any conflict of interest or any perception of political interference.**

**Response:**

- The AGD is audited by the Treasury pursuant to section 41 of the Exchequer and Audit Act.
- For this to be changed this Act will require amendment. This Act comes under the purview and jurisdiction of the Ministry of Finance (MOF). The Permanent Secretary (PS) of the MOF has authority and responsibility for amendment of this Act through the Minister of Finance and the Attorney General (AG).
- The Auditor General agrees that this recommendation should be brought to the attention of the parties with the authority to act.

#### **xiv. Identifying and Correcting Issues raised by the Public and the Whistleblower Protection Bill (Whistleblowers)**

##### **Recommendations:**

- **Firstly, the Attorney General should ensure that the Whistleblower Protection Bill, 2015 becomes law by year's end.**

##### **Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the AG by the PAC.
- **Secondly, the AGD should advertise opportunities for the Public to submit issues to the AGD which will in turn help them identify problems that they may need further investigation e.g. Special Audits. The Whistleblower Protection Bill gives persons the opportunity to produce information that may potentially help improve the functioning of the Public Service and they will be able to do so safely.**

##### **Response:**

- The Auditor General is of the view that it would be best to solicit such information from the public in a structured and properly regulated way.
- Under this Bill the Auditor General's Department is named as a "Designated Authority" and the machinery set up under this Bill allows for this desired outcome.
- Clause 13 of the Bill provides "(1) A designated authority shall have a Whistleblowing Reports Unit... (2) A Whistleblowing Reports Unit shall be responsible for receiving and processing external disclosures pertaining to the matters which fall within the areas of responsibility of its designated authority. (3) The director of the Whistleblowing Reports Unit shall be responsible for determining whether an external disclosure should be referred for further investigation to a designated authority and the conditions under which the referral should take place."
- Upon passage and implantation of the Bill, it would be the responsibility of the Ministry with jurisdiction over the Act to ensure that the public is aware of their ability to approach the AGD in this way under the Act.
- The Auditor General believes that the structured approach to soliciting information from the public embodied in this Bill is the safest, most effective and efficient way in which to achieve this goal. As such, it is agreed that the Attorney General should ensure that this Bill becomes law as soon as possible, as recommended by the PAC.

#### **xv. Circumstances that infringe the independence of the AGD**

##### **Recommendation:**

- **The Financial Regulations should be amended to include the financial and human resource independence of the AGD. The Attorney General can ensure that these amendments are done so that the AGD will be able to improve their performance and also perform on the level of other Supreme Audit Institutions**

**internationally. The amendment of these Regulations will allow the AGD to stand on its own without any conflict of interest or perception of political interference.**

**Response:**

- The Auditor General agrees with the recommendation made. The Committee is asked to note that the financial and human resource independence of the AGD would require a significant overhaul of relevant existing Public Service structures and infrastructure. In the first instance, it will require significant amendments to the Constitution of the Republic of Trinidad and Tobago and the Exchequer and Audit Act, both of which account for the existing arrangements in this regard. In the longer term, these will require a new, independent piece of legislation establishing and governing an independent Office of the Auditor General.
- To this end, the Auditor General has written on several occasions to the PS, MOF, seeking to have the necessary legislative amendments effected. Follow up meetings on these issues were subsequently held with the PS, MOF on more than one occasion.
- The first step in this direction is amendment to the Exchequer and Audit Act which comes under the purview and jurisdiction of the MOF. The PS, MOF has authority and responsibility for amendment of this Act.
- A reminder letter will be sent to the PS, MOF by the Auditor General on this matter.

**xvi. Staffing at the AGD and how it can be ameliorated**

**Recommendation:**

- **The Public Service Commission should have the additional, qualified staff provided to the AGD appointed by March 31, 2017. Areas where the staff lack in competency, the AGD and the Treasury can provide the required training to strengthen the staff in weak areas as well as expand the scope of the AGD.**

**Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the DPA and the PSC by the PAC for necessary action. The Committee may also consider recommending that priority be given to fulfilling the needs identified by the upcoming zero-based staffing review of the AGD. The Committee may want to consider reviewing this deadline considering that we are already in March 2017.

**xvii. Ideal framework envisioned by the AGD to assist with the improvement of its operations**

**Recommendation:**

- **The Attorney General, in consultation with the Public Service Commission and the Minister of Finance, should take steps to amend the Regulations to make**

provisions for the introduction of financial and human resource autonomy. This type of autonomy will give the AGD total control over its operations allowing them to ensure they are performing at the highest capacity.

**Response:**

- Please see response to recommendation xv.
- **In the short term, the acquisition of additional staff and better facilities would greatly improve the operations of the AGD. Arrangements should be made with the Public Service Commission to ensure this is done by March 31, 2017.**

**Response:**

- As stated above, this matter is currently being pursued with the DPA.

**xviii. Overdraft of the Exchequer Account**

**Recommendation:**

- **According to a response received from the Central Bank, authorization for these overdrafts is given by the Minister of Finance through the Treasury. More transparency should be integrated into decisions made to curb the instances of such large overdrafts. Within the updated regulations which will be introduced by the COA and soon to be adopted, limitations must be set on the amount of overdraft that should be permitted in instances which require an overdraft of the Exchequer Account.**

**Response:**

- The overdraft on the Exchequer Account is governed by section 20 of the Exchequer and Audit Act.
- The Auditor General is of the view that this recommendation should be addressed to the parties named by the PAC for necessary action.

**xix. Cash Audit vs Accrual Basis Accounting**

**Recommendation:**

- **Through the assistance of the Attorney General, Ministry of Finance and the Treasury, the AGD can make its request known about the immense need for updated financial regulations to include a change from cash to accrual basis accounting. With this update we would be able to catch up to the Cayman Islands and Barbados who are currently using accrual basis accounting. This change can be factored in by December 2016 also giving time for Ministries and Departments to train Accounting Officers and others involved to ensure that records are properly maintained.**

**Response:**

- Please see response to recommendation x. above.
- The required standard should be agreed to and decided by the Comptroller of Accounts and the MOF and the AGD should be consulted.

**xx. Contracts not being produced**

**Recommendations:**

- **Accounting Officers need to put more emphasis on keeping record of executed contracts. Regular checks should be made to ensure that every contract entered into, was properly stored and accounted for within their contract registers.**

**Response:**

- The Auditor General agrees.
- **Proper training should also be provided by the Treasury, for persons responsible for maintaining these registers also. In the amended regulations being processed by the Attorney General, provisions will be made for the usage of electronic data instead of hard copy.**

**Response:**

- The Committee may wish to recommend that the Integrated Financial Management Information System (IFMIS) provide for electronic registers with appropriate controls in place.
- **The electronic storage will also make it easier to be accessed, tracked and updated which will in turn prove to be a major advantage to both the entity and the AGD because information will be presented in a timely manner.**

**Response:**

- The Auditor General agrees that this needs to be implemented.

**xxi. Challenges faced with Changes to Ministerial Portfolios**

**Recommendation:**

- **With changes experienced within the Public Service, persons in each Ministry or Department must ensure that proper records are maintained so that even with the constant shifts in ministerial portfolios, information and records are still easily accessible and ready for audit. Accounting Officers and Ministers, should liaise with each other to ensure that everyone is fully aware and able to achieve the mandate of each Ministry.**

**Response:**

- The Auditor General agrees that this recommendation should be brought to the attention of the parties named by the PAC for necessary action.

## **xxii. Documents not Produced by the Statutory Deadline**

### **Recommendation:**

- **The Minister of Finance should make it possible for accounting officers to be penalized for failure to adhere to the Statutory Deadline for the submission of financial statements. Accounting Officers should be made to pay a specific fine. Legislation needs to be prepared to bring this into effect.**

### **Response:**

- Such a penalty is already available under regulation 141 of the Financial Regulations made under section 45(1) of the Exchequer and Audit Act.
- The Auditor General agrees that the Minister of Finance could move to have the existing fine increased through the Attorney General.
- Currently the issue is not only the gravity of the penalty but its enforcement.

## **xxiii. Non-Compliance with Financial Instructions/Regulations**

### **Recommendations:**

- **The AGD or the Treasury should lend assistance to officers to ensure that all regulations are adhered to and understood in an attempt to minimize any mistakes. Purposeful non-adherence to the regulations should be punishable by law, making each AO legally responsible for any discrepancy observed.**

### **Response:**

- The Auditor General issues Management Letters at the end of each audit informing entities in detail about the nature of their non-compliance with existing rules and regulations. These letters also contain recommendations to rectify these problems. The Auditor General also holds face to face meetings with management at the clients with a view to rectifying problems with compliance. Unfortunately, it would constitute a conflict of interest if the Auditor General's assistance were to go beyond this, considering the Auditor General's constitutional role as external auditor.
- Purposeful non-adherence to the Regulations is already punishable by law under regulation 141 of the Financial Regulations. The issue is enforcement of this regulation.
- The Committee may consider recommending that the Treasury ensure that Accounting and Auditing Units are properly staffed and trained in the regulations and standards.

- **Training sessions should be organized by March 2017 for all Accounting Officers to assist with any areas of concern and to ensure that issues that may be recurring thus far are not repeated in the future.**

**Response:**

- The Auditor General agrees that such training should be conducted by the persons with responsibility for this and that this recommendation be brought to their attention by the PAC.

**xxiv. Lease Agreements not produced**

**Recommendations:**

- **Since it has been indicated that the issue originated with the Property and Real Estate Division, proper communication should be maintained between the Property and Real Estate Division and the respective Ministries.**

**Response:**

- The Auditor General agrees.
- **In cases where there is a shortage of funding this should be indicated to the Ministry of Finance so that additional funding will be given and the appropriate approval received before proceeding with the lease agreement.**

**Response:**

- The Auditor General agrees.

**xxv. Contract Employment**

**Recommendation:**

- **The Public Service architecture and structure has to be rethought and redesigned. Trinidad and Tobago needs a Public Service system and structure that can support creativity, competitiveness and sustainable development in an ever changing 21<sup>st</sup> century world. Within such a framework the issue of public service appointees and contract workers can be rationalized differently.**

**Response:**

- The Auditor General agrees. The Committee may consider assigning responsibility to the appropriate body for action on this matter.

**xxvi. Errors and Omissions within the Appropriation Accounts**

**Recommendation:**

- Adequate training must be provided by the Treasury to the responsible Accounting Officers to ensure instances of errors or omissions are drastically reduced. Accounting Officers should be instructed that Appropriation Accounts be prepared without mistakes and given the training, tools and staff to allow them to comply.

**Response:**

- The Auditor General agrees.

**xxvii. Unresolved Issues**

**Recommendation:**

- The responsibility would be on the Ministers and the relevant Accounting Officers to ensure that each issue outlined is dealt with as soon as possible once the resources available permit. The Treasury's Monitoring and Evaluation Unit can keep a close check on Ministries and Departments with recurring issues and proper action should be taken. Management Letters can be issued or penalties can be introduced so that if an entity has an issue recurring within more than two (2) reports, they will be required to pay a fine.

**Response:**

- Management letters are routinely issued.
- Penalties exist and are available under regulation 141 of the Financial Regulations made under section 45(1) of the Exchequer and Audit Act.

**xxviii. Powers of the Auditor General**

**Recommendation:**

- Greater influence should be afforded to the AGD to make the work done more effective throughout the Public Service. The work of the AGD should have a legal aspect to it which will force entities to implement their recommendations and comply with their requests during audits. Entities need to understand that there can be repercussions for their failure to cooperate. Even though they are currently able to exercise their powers indicated within the Exchequer and Audit Act, with the amendments to be made by the Attorney General this can also be factored into the updated regulations. The Auditor General needs to be able to enforce compliance by Government institutions under its jurisdiction rather than report recurring issues in its reports year after year.

**Response:**

- As external auditor, it would be a conflict of interest for the Auditor General to enforce compliance. The role of enforcement lies with the Minister of Finance and the Public Accounts Committee. Financial regulation 5(a) provides that "All accounting officers



are personally and pecuniarily responsible for... the due performance of the financial duties of their departments”.

- Financial regulation 11 further provides that accounting officers shall be answerable to the Public Accounts Committee. Finally, financial regulation 141 provides for accounting officers to be penalized for contravention of the Regulations.
- Compliance by Government institutions can currently be enforced under regulation 11 above of the Financial Regulations.
- The Auditor General supports the process by reporting and follow up.

### **xxix. Audit of Overseas Missions**

#### **Recommendation:**

- **The Public Service Commission can provide the AGD with staff to create a unit dedicated to overseas missions solely to the audit of overseas departments. Annual checks should be made to ensure there is transparency and accountability where the money allocated to these departments from the Government is concerned. Provision should also be made to ensure adequate resources can be afforded to the AGD to facilitate these travels.**

#### **Response:**

- The audit of overseas missions forms part of the audit of the Public Accounts. It is hoped that the upcoming zero-based staffing review of the AGD will identify a more flexible structure to facilitate the entire range of audits efficiently and effectively. In line with ISSAI 10 the Department should have autonomy with respect to official overseas travel by audit staff. This recommendation should be brought to the attention of the Ministry of Finance for necessary action.

### **xxx. Overpayments**

#### **Recommendations:**

- **Ministries and Departments need to have stringent checks which will closely monitor overpayments. Monthly checks should be performed by the entity's accounting department so that there can be early detection of overpayments and it can be dealt with immediately.**
- **Steps can be implemented to ensure that repayments can be collected within two (2) months after the overpayment has been discovered. The amount and the date of the overpayment should be available and the person involved should be notified and arrangements made for the recovery of the funds.**
- **An effective automated system with effective Human Resource disclosure will minimize the opportunities for errors.**

#### **Response:**

- The Auditor General agrees that this recommendation should be brought by the PAC to the attention of the relevant parties for necessary action.

#### **xxxi. Cases of Theft or Lost Items**

##### **Recommendation:**

- **The Administration Unit can make proper checks throughout Ministries and also keep an updated log of the items in the Ministry. Proper surveillance throughout Ministries and Departments will also assist with the recovery of stolen items.**

##### **Response:**

- The Auditor General agrees. Implementation of an Inventory Control module within the Integrated Financial Management Information System (IFMIS) will aid in maintaining up-to-date records for this purpose.

#### **xxxii. Breaches of the Financial Regulations**

##### **Recommendation:**

- **A letter notifying the individual about each mishap should be issued, but depending on how many regulations breached, a penalty can be introduced for each breach.**

##### **Response:**

- A Management Letter is routinely issued identifying breaches which come to the attention of audit staff of the AGD during the course of the audit.
- Currently, regulation 11 of the Financial Regulations provides that accounting officers are answerable to the Public Accounts Committee. Regulation 141 of the Financial Regulations further allows for accounting officers to be fined for contravention of the Financial Regulations.
- The current responsibility for implementation falls to the Minister of Finance and the PAC.

#### **xxxiii. Problems within Revenue Generating Divisions**

##### **Recommendation:**

- **Training must be provided by the Public Service Academy for the Immigration Division and the Customs and Excise Division in each division's weak points. This training should be provided by March 2017 to ensure that the country's revenue is properly maintained and every dollar is accurately managed.**

##### **Response:**

- The Auditor General agrees.

#### **xxxiv. Infrastructure Development Fund Projects**

##### **Recommendation:**

- **Monitoring and Evaluation Units need to closely monitor every project under the Infrastructure Development Fund. Value for money should be ensured in every decision and every project which is chosen to be done. When this is done projects will finish within the given time and also it will decrease the funds and time wasted.**
- **Ministries and Departments should perform a SWOT analysis before proposing certain projects keeping their objectives in mind and only those that will enhance the performance of their duties will remain a focus.**
- **The PSIP Unit of the Ministry of Planning and Development needs to rationalize and enforce a policy of development projects only which can be properly monitored and evaluated for results.**

##### **Response:**

- The Auditor General agrees. Monitoring and Evaluation Units within Ministries and Departments need to be strengthened with appropriate skills and competencies and a suitable reporting framework should be devised and implemented.

#### **xxxv. Authorization of Officers**

##### **Recommendation:**

- **Each officer needs to be informed of the terms and conditions of their employment in specific positions. This should be done to ensure that there is no misunderstanding with the performance of roles. When any officer operates out of his/her jurisdiction, the person will be penalized accordingly.**

##### **Response:**

- The Auditor General agrees.

#### **xxxvi. Internal Audit**

##### **Recommendation:**

- **Training sessions should be held by the Treasury and also adequately qualified persons should be hired by the Public Service Commission to perform the duties of the Internal Audit Unit appropriately. The Public Service Commission should carefully screen persons who will be hired for the specific jobs to eliminate the possibility of inadequate persons being hired for these positions.**

**Response:**

- The Auditor General agrees. The skills and competencies required as well as the functions to be covered should be reassessed for this purpose.

**xxxvii. Non-Profit Organizations**

**Recommendation:**

- **A closer relationship should be maintained between the Head Ministry and the Non-Profit Organizations under its purview. Checks should be done to ensure that their expenditure is in line with the purpose of the organization and also the funds are allocated appropriately.**

**Response:**

- The Auditor General agrees.

**xxxviii. Pension and Gratuities**

**Recommendation:**

- **Proper records should be maintained by the respective Ministries and Departments to ensure timely submission to shorten the time persons wait for their payment. Ideally, pensions and gratuity should be available to persons within a maximum of six (6) months.**
- **Operationalization of an effective automated system can resolve a lot of these issues.**

**Response:**

- The Auditor General agrees. Responsibility for implementation of this recommendation should be appropriately assigned.

**xxxix. Recommendations to improve the efficiency of the AGD**

**Recommendations:**

**a. the Comptroller of Accounts should request the assistance of the Attorney General for her initiative to adopt International Public Sector Accounting Standards. Agreed.**

**b. Ministries and Departments with the assistance of the Treasury and the AGD, should strengthen Internal Audit function. As external auditor, it would constitute a conflict of interest for the Auditor General to have a hand in improving the internal audit system and then have responsibility for auditing implementation and/or compliance with this system. The internal audit function across government is the responsibility of the**

Treasury and the Auditor General agrees that this recommendation should be brought to the Treasury's attention for necessary action.

c. an Integrated Financial System to be introduced by the Comptroller of Accounts. **Agreed.**

d. the Chief Personnel Officer can help speed up the process for the acquisition of adequate accounting staff and training throughout the Public Service. **Agreed, provided the CPO has responsibility for training.**

e. the Chief Personnel Officer can also assist in the introduction of performance indicators and implement ways to monitor and report on these performance indicators, which would better assist with the production of value for money type special audits. This will be done to show whether Ministries and Departments are achieving what they set out to achieve with the funds that they have received from Parliament. **The CPO may assist with respect to performance indicators for individual staff positions. However, Performance Indicators for Ministries and Departments may have to be defined by the Ministries/Departments themselves in conjunction with the Ministry of Planning and the Ministry of Finance.**

f. The Public Service Commission needs to respond in a more proactive way to the Human Resource needs of a modern Auditor General's Department in the current context. **Agreed.**

g. The Auditor General's Department needs to be given autonomy and authority through appropriate arrangements to guarantee financial independence and independent recruitment of technically competent personnel. The Auditor General must be given the legislative basis not only for financial and human resource independence but also for enforcement of compliance by offending Government entities. **The Auditor General will continue to pursue enhanced independence with the persons with the authority to effect these changes as discussed above. Enforcement of compliance by offending Government entities can currently be addressed by the Minister of Finance and the Public Accounts Committee under regulations 11 and 141 of the Financial Regulations.**