

EIGHTH

REPORT
FROM

THE PUBLIC ACCOUNTS
COMMITTEE

EXAMINATION
OF

The Report of the Auditor General on the
Public Accounts of the Republic of Trinidad
and Tobago for the Financial Years 2021.

Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street Port of Spain
Republic of Trinidad and Tobago



Public Accounts Committee

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

'(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;

(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and

(c) the report of the Auditor General on any such accounts.'

Current membership

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Charrise Seepersad	Member
Mr. Roger Monroe	Member
Dr. Amery Browne ¹	Member

Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary to the Committee
Ms. Hema Bhagaloo	Assistant Secretary to the Committee
Mr. Justin Jarrette	Graduate Research Assistant
Ms. Natoya O'Neil	Clerk Typist I
Ms. Anesha James	Administrative Assistant

Publication

An electronic copy of this report can be found on the Parliament website:

http://www.ttparliament.org/committee_business.php?mid=19&id=335&pid=29

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¹ Dr. Amery Browne was appointed in lieu of Mr. Randall Mitchell with effect from January 12, 2021.

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Members of the Public Accounts Committee

TWELFTH PARLIAMENT, REPUBLIC OF TRINIDAD AND TOBAGO



Mr. Davendranath Tancoo
Chairman



Ms. Jearlean John
Vice- Chairman



Mrs. Ayanna Webster-Roy
Member



Mrs. Paula Gopee-Scoon
Member



Mrs. Charrise Seepersad
Member



Mr. Adrian Leonce
Member



Mr. Roger Monroe
Member



Dr. Amery Browne
Member

Executive Summary

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its Seventh Report of the Twelfth Parliament which details its ***examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2021*** highlighting its findings.

This report sets out the issues raised as well as the observations and recommendations made by the Committee in its review of the 2021 Auditor General's Report.

During this inquiry, the following issues arose:

Pervasive Issues:

- **Non-compliance with Financial Directives;**
- **Training; and**
- **Administering Government Pandemic Relief Grants**

Individual Areas of Concern:

- **Ministry of Trade and Industry - Risk Management;**
- **Ministry of Foreign and CARICOM Affairs - Statement of Receipts and Disbursements;**
- **Trinidad and Tobago Police Service - Losses of Cash and Stores;**
- **Office of the Prime Minister - Central Administrative Services, Tobago;**
 - **Bank Reconciliation Statements**
 - **Motor Vehicle / Insurance Loan Balances**
- **Ministry of Works and Transport - Receipts of Revenue.**

Based on the Committee's examination, the following observations were made:

- i. In its response to the 2nd PAC Report of the 12th Parliament², the MoF indicated that the issues raised by the Auditor General of non-compliance with financial directives by non-submission or late submission of Appropriation Accounts and Reconciliation Statements would be addressed by the Integrated Financial Management Information System (IFMIS). The IFMIS was at the pilot stage at the time of writing. It was expected to be*

² Ibid, Reports. Accessed September 1, 2022: <https://www.ttparliament.org/committees/show/public-accounts-committee-4/reports/>

- fully implementation by December 2022. New training will be needed for accounting staff to successfully use the new system;*
- ii. The need for training is a recurring issue that is tied to compliance with financial directives as highlighted at issue 1 of this report. When staff do not have adequate training, the likelihood of accounts not being prepared in accordance with established practices and statutory requirements is greater;*
 - iii. In 2021, in its previously mentioned 2nd Report on an examination of the Report of the Auditor General for FY 2020³, the Committee expressed the view that, with respect to the administering of pandemic relief grants, “the discrepancies noted in recordkeeping and the apparent internal audit and monitoring shortcomings could have created conditions for irregular practices to develop and flourish”. In the Third (3rd) Session, Twelfth (12th) Parliament, the Committee will therefore conduct an examination of the concerns raised in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021 with specific reference to the administering of government grants;*
 - iv. The fact that the server room at the Maloney Police Station was left continually open for thirteen (13) days represents a serious lapse in internal controls and due diligence in verifying fixed assets as part of the custody of public stores.*

Based on the Committee’s examination the following recommendations were proposed:

- i. The MoF should provide Parliament with update on the plans developed in collaboration with the Public Service Academy for training in the use of IFMIS by November 30, 2022;*
- ii. The MoF-BIR should report to Parliament on the following by November 30, 2022:*
 - a. Whether any proof of impropriety was detected with respect to the loss of \$883,000 of state funds; and*
 - b. Measures taken to address this issue.*
- iii. The Director of Surveys – MALF, the MFCA, the MOWT, the MPD, the MTCA and CAST should report to Parliament on the following by November 30, 2022:*
 - a. The training initiatives conducted and the topics covered as at September 30, 2022;*
 - b. The number and proportion of accounting staff who received training;*
 - c. Whether the training was conducted in-house, by the Public Service Academy or by another entity; and*

³ Ibid, Second Report of the PAC. Accessed September 1, 2022: <https://www.ttparliament.org/wp-content/uploads/2021/11/p12-s2-J-20211110-PAC-R2.pdf>

- d. The timeline for the implementation of training courses if no training has been conducted to date.*
- iv. The MTI should provide Parliament with a copy of the most recent Contract Register by November 30, 2022;*
- v. The MFCA should submit its findings regarding the reason for the differences noted by the Auditor General between the Estimates of Revenue 2021 and the corresponding figures in the Ministry's Statement of Receipts and Disbursements by November 30, 2022;*
- vi. The TTPS should report to Parliament on the following by November 30, 2022:
 - a. The established policy for the custody of public stores at all TTPS premises;*
 - b. The measures taken to avoid losses due to theft and the ways in which these measures could be made more effective; and*
 - c. The sums spent, if any, to replace the two (2) missing projectors.**
- vii. CAST should submit to the Auditor General and to Parliament the finalised outstanding bank reconciliation statement by November 30, 2022;*
- viii. CAST should submit a status update to Parliament on its efforts to recover outstanding sums in respect of motor vehicle / insurance loans by November 30, 2022;*
- ix. The MOWT should confirm to Parliament the implementation of the monthly submission of statements by all the revenue receiving divisions by November 30, 2022.*

Introduction

The PAC of the Twelfth Republican Parliament was established by resolutions of the House of Representatives and the Senate at the sittings held on Monday November 9, 2020 and Tuesday November 17, 2020 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on appropriation accounts of monies expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.

In addition to the Committee's powers entrenched in the Constitution, Standing Orders 111 of the House of Representatives and 101 of the Senate also empower the Committee, inter alia, to:

1. Send for persons, papers and records;
2. Have meetings whether or not the House is sitting;
3. Meet in various locations;
4. Report from time to time; and
5. Communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice-Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday November 18, 2020 Mr. Davendranath Tancoo was elected Chairman of the Committee and Ms. Jearlean John was elected Vice-Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman, with representatives from each House was agreed to by the Committee at its First Meeting.

Determination of the Committee's Work Programme

The Committee agreed to a work programme for the Second Session of the Twelfth Parliament as follows:

1. Trinidad and Tobago Fair Trading Commission (TTFTC);
2. Office of Procurement Regulation (OPR);
3. National Insurance Board of Trinidad and Tobago (NIB);
4. Trinidad and Tobago Securities and Exchange Commission (TTSEC);

5. Ministry of Energy and Energy Industries (MEEI) – Follow-Up on Revenue Collection (as reported on in the Report of the Auditor General);
6. Caribbean Advanced Proficiency Examination (CAPE) Scholarship Programme (from the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for financial year 2019);
7. Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021;
8. Caribbean Industrial Research Institute (CARIRI);
9. Children’s Authority; and
10. Heritage and Stabilisation Fund (HSF).

The Inquiry Process

The Inquiry Process outlines steps taken by the PAC in developing the findings and recommendations of its examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2021.

The Inquiry Process included the following steps:

1. Identified issues in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2021;
2. Compared the issues noted to those raised in previous Auditor General's Reports and Committee Reports in order to observe possible trends including pervasive issues, improvements, deteriorations or recurring issues;
3. Based on the issues identified, the Committee agreed to have a public hearing;
4. Prepared an Issues Paper which identified and summarised matters of concern in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021;
5. The public hearing was held on June 8, 2022. Representatives of the Auditor General's Department (AGD) and the Ministry of Finance (MOF) (see Appendix I – Witnesses) attended the hearing to discuss the issues of concern;
6. Questions for additional information based on the issues discussed with the and the at the public hearing were sent to the AGD and the MOF on June 23, 2022 (see Appendix II – Minutes). Questions for written response were also sent to the following Ministries, Departments and Agencies regarding issues specifically involving them as detailed in the Auditor General's 2021 Report:
 - Board of Inland Revenue;
 - Judiciary;
 - Office of the Attorney General and Ministry of Legal Affairs;
 - Ministry of Trade and Industry;
 - Ministry of Tourism, Culture and the Arts;
 - Ministry of Foreign and CARICOM Affairs;
 - Ministry of Agriculture, Land and Fisheries;
 - Office of the Prime Minister;

- Ministry of Planning and Development;
- Ministry of Works and Transport;
- Ministry of Health; and
- Trinidad and Tobago Police Service.

The responses to these questions were received by July 8, 2022;

7. Reported the Committee's findings and recommendations to Parliament upon conclusion of the inquiry;
8. The Report will be transmitted to the Ministries, Departments and Agencies to which recommendations were addressed for written response within sixty (60) days in accordance with Standing Order 110(6) of the House of Representatives and 100(6) of the Senate;
9. Subsequent follow-up will be carried out to monitor progress in the implementation of the Committee's recommendations.

Background: Auditor General's Department

History⁴

The Auditor General's Department of Trinidad and Tobago, formerly known as the Audit Department, came into existence with the appointment of a Director of Audit in the year 1862.

With the coming into effect of the Exchequer and Audit Ordinance on December 05, 1959 and the achievement of Independence by Trinidad and Tobago on August 31, 1962, the post of Auditor General was created. The holder of that position has full responsibility for the audit and certification of the Nation's public accounts in accordance with Section 90 (2) of the Trinidad and Tobago (Constitution) Order in Council, 1962.

Establishment of the Office of the Auditor General⁵

The Constitution of the Republic of Trinidad and Tobago (Act 4 of 1976) Chapter 8– Section 116 states that:

- 1) There shall be an Auditor General for Trinidad and Tobago, whose office shall be a public office.
- 2) The public accounts of Trinidad and Tobago and of all officers, courts and authorities of Trinidad and Tobago shall be audited and reported on annually by the Auditor General, and for that purpose the Auditor General or any person authorized by him in that behalf shall have access to all books, records, returns and other documents relating to those accounts.
- 3) The Auditor General is hereby empowered to carry out audits of the accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State.
- 4) The Auditor General shall submit his reports annually to the Speaker, the President of the Senate and the Minister of Finance.
- 5) The President of the Senate and the Speaker shall cause the report to be laid before the Senate and the House of Representatives, respectively, at the next sitting of the Senate and the House of Representatives after the receipt thereof, respectively.
- 6) In the exercise of his functions under this Constitution the Auditor General shall not be subject to the direction or control of any other person or authority.

⁴ Auditor General Department's website, *History*. Accessed September 1, 2022:

<http://www.auditorgeneral.gov.tt/content/history>

⁵ Constitution of The Republic of Trinidad and Tobago. Accessed September 1, 2022: <http://laws.gov.tt/pdf/Constitution.pdf>.

Mission⁶

To independently audit and report on the use of public resources for the benefit of the country and its people, and to lead by example.

Vision⁷

To be an Independent Supreme Audit Institution that effectively promotes Accountability, Transparency and Integrity in the use of Public Resources.

Core Values⁸

Values are the principles that represent the key ideas and ideals through which the Auditor General's Department is governed. They are the fundamental thoughts that shape behaviour and operations. In this context and based on its Beliefs and Philosophy the Department's core values include:

1. Integrity: The Auditor General's Department has built its image on this platform. All staff will contribute to the furtherance of this value.
2. Accountability and Transparency: These values will be foremost in the operations of the Auditor General's Department on a daily basis.
3. Endorsement of open communication: Employee participation and involvement in the business of the Auditor General's Department is a basic principle of its operations.
4. Confidentiality: This is in force at all times.
5. Professionalism: All staff would operate with professionalism at all times.
6. Participatory Leadership: Leadership in the Auditor General's Department goes beyond the 'open door policy.' Key staff are empowered to make decisions.
7. Service Orientation: Superior service to the Government and people of Trinidad and Tobago will be the strongest orientation of the Auditor General's Department.

Appointment of the Auditor General⁹

The Auditor General is appointed by the President of the Republic of Trinidad and Tobago after consultation with the Prime Minister and the Leader of the Opposition and may hold office up to age sixty-five (65) years and may be removed from office only on certain grounds and after a prescribed procedure. Those provisions are entrenched in the Constitution of the Republic of Trinidad and Tobago (1976).

⁶ Auditor General Department's website, *Mission and Vision*. Accessed September 1, 2022:

<http://www.auditorgeneral.gov.tt/content/mission-and-vision>

⁷ Ibid

⁸ Ibid

⁹ Auditor General's Department website, *Appointment, Role and Function*. Accessed September 1, 2022:

<http://www.auditorgeneral.gov.tt/content/appointment-role-and-function>

Current Auditor General¹⁰

2019 - Present Ms. Lorelly Pujadas

Role and Function¹¹

The Auditor General is required by law to examine and report annually to Parliament on the accounts of Ministries, Departments, Regional Health Authorities, Regional Corporations and such State Controlled Enterprises and Statutory Boards for which the Auditor General is the statutory auditor. The portfolio also includes the audit of:

- The accounts of projects funded partly or wholly by International Lending Agencies;
- All pensions, gratuities and other separation benefits paid by the State in accordance with the Pensions Acts and other Agreements; and
- The grant of credit on the Exchequer Account in accordance with the requirements of section 18 of the Exchequer and Audit Act, chapter 69:01.

The audit services take the form of financial audits, compliance audits and value for money audits intended to promote:

- Accountability;
- Adherence to laws and regulations; and
- Economy, efficiency and effectiveness in the collection, disbursement and use of funds and other resources.

Duties and Powers of the Auditor General¹²

The duties and powers of the Auditor General are defined in the Exchequer and Audit Act Chapter 69:01 of the laws of Trinidad and Tobago. Part III of the Exchequer and Audit Act specifies these duties listed here under:

1. The Auditor General shall not be capable while holding the said office of holding any other Office of emolument in the service of the State.
2. (1) Save as is otherwise provided for in the Constitution the provisions of the law and regulations in force relating to the public service shall apply to the Auditor General.
(2) Where the Auditor General is removed from office under the Constitution the Minister shall make a full statement of the reasons therefore at the first opportunity to Parliament.

¹⁰ Ibid, *Profile of the Auditor General*. Accessed September 1, 2022: <http://www.auditorgeneral.gov.tt/content/profile-auditor-general>

¹¹ Ibid, *Appointment, Role and Function*. Accessed September 1, 2022: <http://www.auditorgeneral.gov.tt/content/appointment-role-and-function>

¹² Exchequer and Audit Act Chapter 69:01. Accessed September 1, 2022: http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/69.01.pdf

3. (1) The Auditor General shall examine, inquire into and audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue of payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other State property.
4. The Auditor General shall satisfy himself that -
 - (1) all reasonable precautions have been taken to safeguard the collection of public moneys and that the laws, directions and instructions relating thereto have been duly observed;
 - (2) all issues and payments were made in accordance with proper authority and that all payments were properly chargeable and are supported by sufficient vouchers or proof of payment;
 - (3) all money expended has been applied to the purpose or purposes for which the same was granted by Parliament and that such expenditure conforms to the authority which governs it and has been incurred with due regard to the avoidance of waste and extravagance;
 - (4) essential records are maintained and the rules and procedures framed and applied are sufficient to safeguard the control of stores and other State property.

Overview of the Audit Process¹³

Engagement

The Auditor General can be engaged to conduct audits in the following ways:

- 1) For the audit of Ministries and Departments of the government of the Republic of Trinidad and Tobago, the Exchequer and Audit Act section 9(1) mandates the Auditor General to conduct these audits.
- 2) In many instances the statute (law) setting up a Statutory Body or Authority indicates that the Auditor General shall be the auditor. In some instances, the Auditor General is allowed the freedom to appoint an auditor who would submit reports through the Auditor General.
- 3) Some statutory bodies, which have the prerogative to appoint auditors in their own right, appoint the Auditor General to conduct the audit.
- 4) At times International Financial Institutions such as the IBRD and IADB require that the Auditor General's Department conduct the audits of projects funded by loan from these institutions.

¹³ Auditor General's Department website, *Overview of the Audit Process*. Accessed September 1, 2022: <http://www.auditorgeneral.gov.tt/content/overview-audit-process>.

Issues and Recommendations

During the its examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2021, the following issues were identified, observations made and recommendations proposed.

Pervasive Issues

1. Non-Compliance with Financial Directives

Non-compliance ranging from small omissions to non-submission of information continue to affect the audit of the public accounts. The Accounting Manual of the Comptroller of Accounts (COA)¹⁴ specifies that the financial directives concerning public revenue and expenditure include:

- The Constitution of the Republic of Trinidad and Tobago Chapter 1:01;
- The Exchequer and Audit Act, Chapter 69:01;
- The Financial Regulations;
- The Financial Instructions 1965; and
- Circulars / instructions issued by the Treasury on specific accounting matters.

The Auditor General's Report for financial year 2021 detailed MDAs non-compliance with many of these legislative requirements and/or financial directives. These included:

- Ministry of Finance (MOF): The Report of Losses of State Moneys, Stamps and Property and Write-off was not submitted to the Auditor General in accordance with Financial Regulations 131 (2). Note 7 of the Statement of Receipts and Disbursements for the financial year 2021, reported that funds collected but not deposited to the Central Bank totaled \$883,000.00 in respect of Revenue Head 01/FN2/07 Business Levy and criminal charges were laid. This loss occurred during the period October 2020 to January 2021.
- Ministry of Foreign and CARICOM Affairs (MFCA): expenditure under several votes in the vote books were not signed off by authorized personnel in accordance with financial directives.
- Ministry of Planning and Development (MPD): commitments as at September 30, 2021, outstanding commitments was \$473,550.50. However, the Vote Books recorded commitments as \$69,897.00. This resulted in a difference of \$403,653.50. This was not in compliance with the requirements of section 66(2) of the Financial Regulations.

¹⁴ Comptroller of Accounts, *Accounting Manual*, accessed September 1, 2022:

<https://www.auditorgeneral.gov.tt/sites/default/files/Accounting%20Manual%20Comptroller%20of%20Accounts.pdf>

- Ministry of Tourism, Culture and the Arts (MTCA): Chapter IV – Accounts of Receivers of Revenue that the MTCA’s Statement of Receipts and Disbursements was not presented in accordance with the Comptroller of Accounts Circular No. 11 dated July 23, 2021.
- Ministry of Works and Transport (MOWT): outstanding commitments were not reflected in the departmental vote book as required by section 66(2) of the Financial Regulations.

In its Second (2nd) Report of the Twelfth (12th) Parliament on an examination of the Report of the Auditor General for the Financial Year 2020¹⁵, as well as in its Thirty-Fourth (34th) Report of the Eleventh (11th) Parliament on an examination of the Report of the Auditor General for the Financial Year 2019¹⁶, the Committee similarly noted widespread non-compliance with financial directives. In its response to the 34th PAC Report¹⁷, the MoF explained that the provision of such training was already an established practice.

Observation:

- i. ***In its response to the 2nd PAC Report of the 12th Parliament¹⁸, the MoF indicated that the issues raised by the Auditor General of non-compliance with financial directives by non-submission or late submission of Appropriation Accounts and Reconciliation Statements would be addressed by the Integrated Financial Management Information System (IFMIS). The IFMIS was at the pilot stage at the time of writing. It was expected to be fully implemented by December 2022. New training will be needed for accounting staff to successfully use the new system.***

Recommendations:

- i. ***The MoF should provide Parliament with update on the plans developed in collaboration with the Public Service Academy for training in the use of IFMIS by January 31, 2023; and***
- ii. ***The MoF-BIR should report to Parliament on the following by January 31, 2023:***
 - a. ***Whether any proof of impropriety was detected with respect to the loss of \$883,000 of state funds; and***
 - b. ***Measures taken to address this issue.***

¹⁵ Parliament of the Republic of Trinidad and Tobago, Second Report of the PAC. Accessed September 1, 2022:

<https://www.ttparliament.org/wp-content/uploads/2021/11/p12-s2-J-20211110-PAC-R2.pdf>

¹⁶ Parliament of the Republic of Trinidad and Tobago, Thirty-Fourth Report of the PAC. Accessed September 1, 2022:

<https://www.ttparliament.org/wp-content/uploads/2021/11/p11-s5-J-20200701-PAC-R34.pdf>

¹⁷ Ibid, Ministerial Response of the Ministry of Finance to the Thirty-Fourth Report of the PAC. Accessed September 1, 2022:

<https://www.ttparliament.org/wp-content/uploads/2021/11/p11-s5-J-20201215-PAC-r34-MOF.pdf>

¹⁸ Ibid, Reports. Accessed September 1, 2022: <https://www.ttparliament.org/committees/show/public-accounts-committee-4/reports/>

2. Training

Accounting staff lacked adequate training across the public sector. There was a need for training at MDAs as follows:

- MALF, Director of Surveys: in its written submission, the Director of Surveys committed to arranging formal training for its accounting staff, to improve the accuracy of the accounts prepared and submitted for audit.
- MFCA: in its written submission dated July 8, the MFCA recognised the need to raise accounting staff's overall awareness of processes involved in the preparation of the Appropriation Account. The Ministry's Accounting Unit was therefore receiving in-house training during FY 2022.
- MOWT: in its written submission dated July 6, 2022 the MOWT highlighted issues of staff turnover resulting in new accounting staff who may have little accounting experience. The lack of standard operating procedures added to this problem. Training was included in the MOWT's Strategic Plan 2019-2024, and the Ministry was working on a Finance and Accounting Operations Training Plan. However, the Ministry indicated that planned training activities for FY 2021 were interrupted by the COVID-19 pandemic given that virtual arrangements were not fully suited to the delivery of all aspects of the training. The Ministry also indicated that training on understanding the preparation of vouchers / purchase orders, schedules and vote books was being implemented during FY 2022. Examples of training sessions conducted in FY 2022 were *Financial awareness for Heads of Divisions/Sections*.
- MPD: in its written submission dated July 7, 2022 the MPD explained that some accounting tasks had been conducted by officers without adequate training in accounting procedures and awareness of the provisions of the financial directives. This led to errors, for example in the preparation of Vote Books. The MPD planned to arrange training in financial management and budgetary procedures for those officers.
- MTCA: in its written submission dated July 15, 2022 the MTCA acknowledged that some accounting staff were not formally trained in the preparation of the Statement of Receipts and Disbursements. To address this, the MTCA explained that training in public sector accounting procedures was being planned for November 2022 in collaboration with the Public Service Academy.
- Office of the Prime Minister - Central Administrative Services, Tobago (CAST): in the written submission dated July 6, 2022 from CAST, it was acknowledged that some staff performing accounting duties lacked formal accounting training. This led to errors, for example in the classification of invoices. CAST indicated that training would be arranged in collaboration with the Comptroller of Accounts.

Observation:

- i. The need for training is a recurring issue that is tied to compliance with financial directives as highlighted at issue 1 of this report. When staff do not have adequate training, the likelihood of accounts not being prepared in accordance with established practices and statutory requirements is greater.*

Recommendation:

- i. The Director of Surveys – MALF, the MFCA, the MOWT, the MPD, the MTCA and CAST should report to Parliament on the following by January 31, 2023:*
 - a. The training initiatives conducted and the topics covered as at September 30, 2022;*
 - b. The number and proportion of accounting staff who received training;*
 - c. Whether the training was conducted in-house, by the Public Service Academy or by another entity; and*
 - d. The timeline for the implementation of training courses if no training has been conducted to date.*

3. Administering Government Pandemic Relief Grants

The administering of pandemic-related government grants needs to be examined for compliance, efficiency and effectiveness. During its examination of the Report of the Auditor General for FY 2021, the Committee took careful note of issues highlighted with respect to the administering of pandemic-related government grants. Numerous inconsistencies were seen in the procedures followed for the distribution of the various grants. This resulted, for example, in losses of funds due to erroneous payments to ineligible persons, or to duplicate payments to persons not eligible for more than one (1) grant.

Observation:

- i. In 2021, in its previously mentioned 2nd Report on an examination of the Report of the Auditor General for FY 2020¹⁹, the Committee expressed the view that, with respect to the administering of pandemic relief grants, “the discrepancies noted in recordkeeping and the apparent internal audit and monitoring shortcomings could have created conditions for irregular practices to develop and flourish”. In the Third (3rd) Session, Twelfth (12th) Parliament, the Committee will therefore conduct an examination of the concerns raised in the Report of the Auditor General on the Public Accounts of the*

¹⁹ Ibid, Second Report of the PAC. Accessed September 1, 2022: <https://www.ttparliament.org/wp-content/uploads/2021/11/p12-s2-j-20211110-PAC-R2.pdf>

Republic of Trinidad and Tobago for the Financial Year 2021 with specific reference to the administering of government grants.

Individual Areas of Concern

4. Ministry of Trade and Industry (MTI) - Risk Management

The MTI planned to enhance internal controls regarding contracts. In Chapter III – Accounts of the Accounting Officers, the Auditor General noted under the heading Accounting for Expenditure by Ministries and Departments, a difference of \$82,730.91 for *Contracts already entered into but not yet completed*, between one contract balance submitted by the MTI (\$374,476.43) and the audited figure (\$457,207.34). The reason for this was reported to be human error.

To address this issue, in its written submission to the Committee dated July 8, 2022 the MTI made a commitment to strengthen internal controls by maintaining a Contract Register with up-to-date information on contracts and payments gathered on an ongoing basis throughout the fiscal year from its implementation agencies.

Recommendation:

- i. The MTI should provide Parliament with a copy of the most recent Contract Register by January 31, 2023.***

5. Ministry of Foreign and CARICOM Affairs (MFCA) – Statement of Receipts and Disbursements

The MFCA was unable to explain differences in revenue figures noted by the Auditor General. In Chapter IV – Accounts of Receivers of Revenue, the Auditor General noted under the heading Audit of Revenue that, whereas differences were noted between the Estimates of Revenue 2021 and the Estimates as per the MFCA’s Statement of Receipts and Disbursements, neither a Revenue Register nor reconciliations with the Treasury’s records were provided for audit examination.

The Committee enquired as to the status of these reconciliations. In a written submission dated July 8, 2022 the MFCA indicated that it was in the process of investigating the differences noted.

Recommendation:

- i. The MFCA should submit its findings regarding the reason for the differences noted by the Auditor General between the Estimates of Revenue 2021 and the corresponding figures in the Ministry's Statement of Receipts and Disbursements by January 31, 2023.***

6. Trinidad and Tobago Police Service (TTPS) – Losses of Cash and Stores

Losses of stores were not reported in accordance with the Financial Regulations. In Chapter III – Accounts of the Accounting Officers, the Auditor General noted losses of cash and stores under the heading Accounting for Expenditure by Ministries and Departments. It was reported that two (2) projectors, valued at \$3,000.00 each, were stolen from the Brasso Police Station and the Maloney Police Station.

Interim files were submitted to the Deputy Commissioner of Police, Operations. The thefts were, however, not reported to the Treasury and the Auditor General's Department as required by Regulation 131 (2) of the Financial Regulations.

The TTPS, in its written submission to the Committee dated July 8, 2022, noted that the server room at the Maloney Police Station from which the projector was reported stolen on January 27, 2021 had been left open on January 14, 2021 by Information Technology personnel. This was done to avoid system overheating due to a malfunctioning air conditioning system. When IT personnel returned to the Maloney Police Station on January 27, they reported the projector as missing. At the time of writing, investigations were ongoing into both matters.

Observation:

- i. The fact that the server room at the Maloney Police Station was left continually open for thirteen (13) days represents a serious lapse in internal controls and due diligence in verifying fixed assets as part of the custody of public stores.***

Recommendation:

- i. The TTPS should report to Parliament on the following by January 31, 2023:***
 - a. The established policy for the custody of public stores at all TTPS premises;***
 - b. The measures taken to avoid losses due to theft and the ways in which these measures could be made more effective; and***
 - c. The sums spent, if any, to replace the two (2) missing projectors.***

7. Office of the Prime Minister - Central Administrative Services, Tobago (CAST)

a) Bank Reconciliation Statements

CAST was unable to submit bank reconciliation statements for the last four (4) months of FY 2021. In Chapter III – Accounts of the Accounting Officers, the Auditor General noted that CAST did not present bank reconciliation statements for audit for the period of June 2021 to September 2021. CAST also did not provide information as to whether accounts had been reconciled. This is a requirement in line with Comptroller of Accounts Circular No. 12 dated July 23, 2021.

In its written submission to the Committee dated July 6, 2022 CAST explained that there had been delays in receiving statements from the bank. At the time of writing, CAST reported having received the bank statements and that the outstanding reconciliations were underway. It was further explained that, in an attempt to reduce the recurrence of this issue, CAST was would receive monthly statements from the relevant bank.

b) Motor Vehicle / Insurance Loan Balances

Efforts were being made to recover outstanding sums. The Auditor General reported that CAST's Schedule of Motor Vehicle Advances as at September 30, 2021 included six (6) motor vehicle/insurance loan balances on which no payments had been made since 2018. These balances totalled \$317,590.78.

In its written submission, CAST indicated that the items corresponded to officers who had either retired or whose period of contractual service had come to an end. Efforts were ongoing to recover outstanding sums. Letters of indebtedness were sent to the Comptroller of Accounts.

Recommendations:

- i. CAST should submit to the Auditor General and to Parliament the finalised outstanding bank reconciliation statement by January 31, 2023; and***
- ii. CAST should submit a status update to Parliament on its efforts to recover outstanding sums in respect of motor vehicle / insurance loans by January 31, 2023.***

8. Ministry of Works and Transport (MOWT) – Receipts of Revenue

The MOWT encountered challenges in producing reconciliation statements as its revenue was collected by various distinct divisions. In Chapter IV – Accounts of Receivers of Revenue, the Auditor General noted under the heading Audit of Revenue that the Director of Maritime Services did not produce a reconciliation statement regarding the balance of \$6,605,775.20 to the Treasury Cards and the balance of \$6,577,568.97 as recorded in the books of the Maritime

Services Division. It was further noted that reconciliation statements were not submitted regarding revenue collected for and on behalf of the Maritime Services Division by other divisions including the Customs and Excise Division, District Revenue Offices and the Tobago House of Assembly (THA).

In a written submission to the Committee dated July 6, 2022 the MOWT indicated that it had asked the aforementioned other revenue collecting divisions to submit monthly statements regarding revenue collected on its behalf. At the time of writing, the THA had already begun to comply with the request.

Recommendation:

- i. The MOWT should confirm to Parliament the implementation of the monthly submission of statements by all the revenue receiving divisions by January 31, 2023.***

Concluding Remarks

The work of the Auditor General in auditing the Public Accounts of the Republic of Trinidad and Tobago is affected each year by a number of issues that are present across MDAs and whose effects have not been mitigated to any great extent over the years. These issues are intertwined: compliance with the Financial Directives is often hindered by a lack of awareness of accounting staff as a result of inadequate training. This non-compliance affects different MDAs in different ways but the result, invariably, is that incomplete or inaccurate information is presented to the Auditor General.

Human error in was common in the preparation of MDAs' accounts. This was noted at CAST, the Judiciary, the MALF, the MFCA, the MOH, the MOWT, the MPD, the MTCA, the MTI and the TTPS among others. This led, for example, to inaccurate figures being inserted into accounts presented for audit, as well as inconsistencies in the preparation of administrative documents.

In some cases, training initiatives were hindered by the demands of the COVID-19 pandemic. With these restrictions now mostly relaxed or lifted, it is urgent that staff receive the training that they greatly need so as to improve the accounting for the spending of public monies.

Finally, the Committee is looks forward to examining the concerns raised by the Auditor General about administering of government grants by various MDAs.

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

Sgd.
Mr. Davendranath Tancoo
Chairman

Sgd.
Ms. Jearlean John
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Mrs. Charisse Seepersad
Member

Sgd.
Mr. Roger Monroe
Member

Sgd.
Dr. Amery Browne
Member

At the public hearing held on June 8, 2022, the witnesses attending on behalf of the Auditor General's Department and the Ministry of Finance were:

Auditor General's Department (AGD)

- | | |
|----------------------------|-----------------------------|
| - Ms. Lorelly Pujadas | - Auditor General |
| - Mr. Shiva Sinanan | - Assistant Auditor General |
| - Mr. Louis Hernandez | - Assistant Auditor General |
| - Ms. Neela Sookra | - Audit Supervisor (Ag.) |
| - Ms. Jacqueline De Gannes | - Audit Executive II |
| - Ms. Anita Mangra | - Senior Legal Officer |

Ministry of Finance (MoF)

- | | |
|--------------------------------|---|
| • Mrs. Michelle Durham-Kissoon | - Permanent Secretary (Ag.) |
| • Mrs. Jennider Lutchman | - Permanent Secretary |
| • Ms. Catherine Laban | - Comptroller of Accounts, Treasury Division |
| • Mrs. Naleisha Bally | - Deputy Comptroller of Accounts, Treasury Division |
| • Mrs. Avonelle Rostant | - Treasury Director (Ag.), Pensions Branch |
| • Ms. Sabeta Lall | - Commissioner Taxpayer Services and Processing (Ag.) |
| • Mr. Ramnarine Bedassie | - Commissioner, Debt Management |

**THE PUBLIC ACCOUNTS COMMITTEE –
SECOND SESSION, TWELFH PARLIAMENT
MINUTES OF THE TENTH MEETING HELD VIRTUALLY ON
WEDNESDAY JUNE 8, 2022 AT 10:00 A.M.**

Present were:

Mr. Davendranath Tancoo	-	Member
Ms. Jearlean John	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mr. Roger Monroe	-	Member
Ms. Charrise Seepersad	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant
Ms. Nilijah Reaney	-	Graduate Research Assistant

Excused were:

Dr. Amery Browne	-	Member
Mrs. Ayanna Webster-Roy	-	Member

Absent was:

Mr. Adrian Leonce	-	Member
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COMMENCEMENT

- 1.1 At 10:00 a.m., the Chairman called the meeting to order and welcomed those present. The Chairman informed Members that Dr. Amery Browne and Mrs. Webster-Roy asked to be excused from the Meeting.

EXAMINATION OF THE MINUTES OF THE NINTH MEETING

- 2.1 The Committee examined the Minutes of the Ninth (9th) Meeting held on Wednesday April 27, 2022.

- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Jearlean John and seconded by Mr. Roger Monroe.

MATTERS ARISING FROM THE MINUTES OF THE NINTH MEETING

- 3.1 With reference to item 10.3, the Chairman informed Members that the responses to questions for additional information were received from the Trinidad and Tobago Securities and Exchange Commission on May 13, 2022 and used to draft the Committee's Seventh (7th) Report.
- 3.2 With reference to item 11.2, the Chairman informed Members that the finalised work programme was circulated via email and uploaded to the Rotunda e-repository on April 28, 2022.

PRE-HEARING DISCUSSIONS RE: EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

- 4.1 The Chairman reminded Members that the purpose of the virtual public hearing was to have a general discussion with the Auditor General on the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year, 2021 and to determine the challenges faced and possible solutions to these challenges.
- 4.2 The Chairman outlined the remit of the inquiry.
- 4.3 The Chairman invited Members to review the Issues Paper based on the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021.
- 4.4 The Chairman invited Members to raise any issues or questions on the examination into the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021. Members discussed the issues of concern and the general approach for the public hearing.

SUSPENSION

- 5.1 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:07 a.m.

AN EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

6.1 The Chairman called the public meeting to order at 10:30 a.m.

6.2 The following officials joined the meeting:

Auditor General's Department

- | | |
|----------------------------|-----------------------------|
| - Ms. Lorelly Pujadas | - Auditor General |
| - Mr. Shiva Sinanan | - Assistant Auditor General |
| - Mr. Louis Hernandez | - Assistant Auditor General |
| - Ms. Neela Sookra | - Audit Supervisor (Ag.) |
| - Ms. Jacqueline De Gannes | - Audit Executive II |
| - Ms. Anita Mangra | - Senior Legal Officer |

Ministry of Finance (MOF)

- | | |
|--------------------------------|---|
| • Mrs. Michelle Durham-Kissoon | - Permanent Secretary (Ag.) |
| • Mrs. Jennider Lutchman | - Permanent Secretary |
| • Ms. Catherine Laban | - Comptroller of Accounts, Treasury Division |
| • Mrs. Naleisha Bally | - Deputy Comptroller of Accounts, Treasury Division |
| • Mrs. Avonelle Rostant | - Treasury Director (Ag.), Pensions Branch |
| • Ms. Sabeta Lall | - Commissioner Taxpayer Services and Processing (Ag.) |
| • Mr. Ramnarine Bedassie | - Commissioner, Debt Management |

6.3 **Key Topics Discussed:**

1. The continued impact of the COVID-19 pandemic on the audit of the Public Accounts;
2. The financial resource challenges affecting the Auditor General's Department (AGD);
3. The AGD's human resource challenges and the effect of understaffing on the Department's ability to comprehensively fulfil its mandate, including the audit of the annual financial statements of entities across the entire public sector;
4. The AGD's ongoing recruitment initiatives in collaboration with the Service Commissions Department to address its staffing challenges;
5. The weakening of certain internal controls and the increase in the risk portfolio of Ministries, Departments and Agencies (MDA) as a result of the pandemic;

6. The follow-up auditing procedures on COVID-19 related expenditure as at September 30, 2021;
7. The emphasis on linkages between pandemic-related expenditure by the Ministry of Health (MoH), the Ministry of Finance (MoF) and the Regional Health Authorities (RHAs);
8. The follow-up audit of the Ministry of Rural Development and Local Government's (MRDLG) subventions to Municipal Corporations;
9. The manual data storage systems in use across the public sector and the risk involved as a result of typographical and other errors;
10. The Auditor General's role of submitting issues and challenges noted at MDAs to the attention of the Public Accounts Committee;
11. The Management Letters submitted by the AGD to MDAs based on the audit conducted;
12. The increasing appreciation in recent years by Accounting Officers at MDAs of the importance of the role and functions of the AGD;
13. The monitoring role of the MoF – Comptroller of Accounts (CoA) pursuant to the Exchequer and Audit Act Chap. 69:01;
14. The differences between the roles of the AGD and the CoA;
15. The numerous reports of misappropriation of funds regarding expenditure related to COVID-19 currently under police investigation;
16. The record keeping challenges noted across the public sector;
17. The level of compliance by MDAs with regards to the recommendations made by the AGD;
18. The reason for which overpayments may be noted in the accounts of MDAs;
19. The numerous inconsistencies and omissions detected by the AGD during its audit of the expenditure on social and COVID-19 related grants administered by several Government Ministries;
20. The exit meetings conducted by the AGD with the Ministry of Social Development and Family Services (MSDFS) on the strengthening of the Ministry's database to eliminate inconsistencies and omissions;
21. The responsibility of MDAs to conduct investigations into issues raised by the AGD to ascertain whether or not there was impropriety, and relevant corrective action taken;
22. The flagging of recurring issues by the AGD for follow-up engagement;
23. The submission of a report by the AGD on the follow-up initiatives to address the issues identified by the Auditor General to Parliament;
24. The importance of the implementation of the Integrated Financial Management Information System (IFMIS) and the ongoing efforts of the MoF towards this goal;

25. The need to implement a risk-based approach to internal audit across the public sector;
26. The importance of prioritising revenue collection in order to detect potential leakages;
27. The continued challenges posed to the AGD's audit of the Public Accounts as a result of the secrecy provisions of section 4 of the Income Tax Act Chap. 75:01;
28. The status and significance of the public debt of Trinidad and Tobago and the potential significant risk on the allocation of the resources of the state; and
29. The incremental transition from cash-based to accrual-based accounting across the public sector.

6.4 The Chairman thanked the representatives from the AGD and the MoF for attending the virtual meeting and they were excused.

SUSPENSION

7.1 At 12:14 p.m., the Chairman suspended the public meeting to resume for a post-mortem discussion with Members only.

POST-MORTEM DISCUSSION

8.1 At 12:15 p.m. the Chairman resumed the meeting.

8.2 The Chairman sought Members' views on the public hearing. A discussion ensued.

8.3 The Committee agreed that additional questions would be sent to the following:

- AGD;
- MoF;
- MoF- Board of Inland Revenue;
- Office of the Attorney General and Ministry of Legal Affairs;
- Judiciary;
- Trinidad and Tobago Police Service;
- Ministry of Trade and Industry;
- Ministry of Tourism, Culture and the Arts;
- Ministry of Foreign and CARICOM Affairs;
- Ministry of Agriculture, Land and Fisheries;
- Office of the Prime Minister;
- Ministry of Planning and Development;
- Ministry of Works and Transport; and
- Ministry of Health

[Please see Appendix]

ADJOURNMENT

9.1 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned to June 22, 2022 at 10:00 a.m.

9.2 The adjournment was taken at 12:30 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

June 8, 2022

ADDITIONAL INFORMATION
ADDITIONAL QUESTIONS ARISING FROM THE 10TH MEETING OF THE PUBLIC ACCOUNTS
COMMITTEE

Questions for Additional Information – AGD

**REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF
TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021**

General Questions

1. Provide a list of the pervasive issues detected from year to year during the audit of the public accounts across the public service at individual Ministries, Departments and Agencies.
2. Were there any challenges faced in the execution of the audit of the 2021 Public Accounts?
 - a. Were there any issues at a particular Head of Expenditure that resulted in there not being enough time to complete all phases of the audit on schedule?
3. How do the audits of Revenue and Expenditure differ?

Issue: Special Audits

1. What considerations were made when determining which public sector area should be the subject of a Special Audit?
2. How does the Auditor General's Department (AGD) identify and develop the audit scope for its Special Audits?
3. How do Special Audits differ from Audits of the Public Accounts of State Agencies?
4. When conducting Special Audits, does the AGD include a qualitative approach?
 - a. If yes, state how does the AGD assess value for money, accountability and transparency when conducting a qualitative audit approach?

Questions for Additional Information – Ministry of Finance

**REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF
TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021**

1. Briefly explain the use of 'cash-based as opposed to accrual-based accounting'.
2. State whether the Public Accounts of the Republic of Trinidad and Tobago may or may not be understated because of the use of 'cash-based as opposed to accrual-based accounting'.

Questions for Additional Information – Board of Inland Revenue, Ministry of Finance

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE

AUDIT OF REVENUE

FN3 – Chairman Board of Inland Revenue, Ministry of Finance (page 104)

4.18 Note 7 of the Statement of Receipts and Disbursements for the financial year 2021, reported that funds collected but not deposited to the Central Bank totalled \$883,000.00 in respect of Revenue Head 01/FN2/07 Business Levy and criminal charges were laid. This loss occurred during the period October 2020 to January 2021. The Report of Losses of State Moneys, Stamps and Property and Write-off was not submitted to the Auditor General in accordance with Financial Regulations 131 (2).

Questions

1. State whether the BIR detected proof of impropriety into this matter?
 - a. If yes. what action has since been taken to address this problem?
2. Financial Regulation 131(1), “An officer who discovers any shortage in or loss of public moneys shall make an immediate report to the accounting officer or receiver of revenue to whom he is accountable stating the amount involved and giving other essential information.”
 - a. When were these losses incurred and at what point were the losses reported to the Accounting Officer?
3. What was the reasons for the non-submission of the Report of Losses of State Moneys, Stamps and Property and Write-off to the Auditor General?

Questions for Additional Information – Controller Intellectual Property Office, Ministry of the Attorney General and Legal Affairs

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE

AUDIT OF REVENUE

AL7 – Controller Intellectual Property Office, Ministry of the Attorney General and Legal Affairs (page 103)

4.13 For revenue collected as at September 30, 2021, there was a difference of \$302,320.00 between the Statement of Receipts and Disbursements balance of \$6,547,210.00 and the Treasury Card balance of \$6,244,890.00.

4.14 Reconciliations were not provided to reconcile the Statement balances and the Treasury Card balances. The Receiver was authorised by the Treasury to accept on-line payments via debit and credit card mechanisms. Reconciliations were not provided for revenue collected via the on-line system. It is noted that the Controller on April 16, 2020 informed the Auditor General that weekly reconciliation would be undertaken.

Questions

1. Provide the reconciliation information regarding the differences between the Statement balances and the Treasury Card.
2. Provide details of the weekly reconciliation that has been undertaken according to the commitment made to the Auditor General in 2020, including the date at which these weekly reconciliations started and an indication of whether there have been any lapses since these reconciliations started.
3. Are these accounting tasks conducted by officers trained in accounting procedures and in the provisions of the financial directives?
 - a. If no, what training initiatives does the Controller plan to conduct in order to address these deficiencies?

Questions for Additional Information – Judiciary

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE AUDIT OF REVENUE

SJ1 - Registrar Supreme Court – Judiciary (Trinidad) - page 107

4.29 The cash collected under revenue item 07/01/SJ1/001-Registrar, Supreme Court was presented on the Statement of Receipts and Disbursements as \$18,700.85. This amount differed from the Treasury Card balance of \$187,007.85.

Questions

1. What was the reason for the difference between the cash collected and the amount documented on the Treasury card?
2. Provide the reconciliation information regarding the differences between the Treasury Card and the Statement of Receipts and Disbursements.

Questions for Additional Information – Trinidad and Tobago Police Service

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS
ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS
Head 64: Trinidad and Tobago Police Service (page 81)

Section D – Notes to the Accounts Note 2

3.40 At Note 2 d: Losses of cash and stores which were discovered during the year, it was reported that two (2) projectors, each valued at \$3,000.00, were stolen from the Brasso and Maloney Police Stations, respectively. Evidence was not seen that these losses were reported to the Treasury and the Auditor General’s Department in accordance with Regulation 131 (2) of the Financial Regulations.

3.41 The Head of Finance of Trinidad and Tobago Police Service has indicated that the necessary steps to report to the Comptroller of Accounts and the Auditor General’s Department will be taken.

Question

1. What was the reason(s) for not reporting the theft of two (2) projectors to the Treasury and Auditor General’s Department as soon as they occurred?
 - a. Was there an ongoing investigation relative to the theft? State.
 - b. If yes, what is the status or what were the results of this investigation?
 - c. Who is responsible for leading the investigation into the theft of property at the respective police stations?

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE
AUDIT OF REVENUE

NS3 – Commissioner of Police Trinidad and Tobago Police Service (page 106)

4.24 The Revenue Register did not have any brought forward or carried forward monthly balances. As a result, the September 30, 2021 balance as per the Revenue Register did not reflect the cumulative balance of cash collected for the year.

4.25 The Trinidad and Tobago Police Service reported to the Auditor General that tickets were issued and persons were charged for offences as presented in the Table below. Evidence of payments in respect of these tickets were not seen. Paragraph (4.24) above, refers.

No.	Category 2020/2021	Offence Detected	Revenue Generated
1	Failure to wear Face Mask (Tickets Issued)	16,964	\$16,964,000
2	Breach of Covid-19 Regulations (<u>Arrestable Offences</u>)	1,595	Fines Vary on the Courts Discretion (Up to \$50,000.00/Offender and Imprisonment)
3	Breach of Emergency Powers Regulations (<u>Curfew</u>)	1,592	Fines Vary on the Courts Discretion (Up to \$250,000.00/Offender and Imprisonment)

Questions

1. Provide details of the cumulative balance of cash collected for the year 2021.
2. Provide evidence of payments in respect to tickets issued in the above table.
3. Who is responsible for preparing and updating the Revenue Register?

Questions for Additional Information – Ministry of Trade and Industry

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS

Head 48: Ministry of Trade and Industry (page 81)

Section D - Notes to the Accounts - Note 2

3.39 At Note 2 I (ii): Particulars in respect of Contracts already entered into but not yet completed, it was noted that one (1) contract had a balance of \$374,476.43 whereas the audited amount was \$457,207.34. The difference is \$82,730.91.

Question

1. Provide an explanation for the difference of \$82,730.91 with regard to Contracts.

Questions for Additional Information – Ministry of Tourism, Culture and the Arts

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE AUDIT OF REVENUE

TM1 – Permanent Secretary Ministry of Tourism, Culture and the Arts (page 107)

4.30 The Statement of Receipts and Disbursements was not presented in accordance with the Comptroller of Accounts Circular No. 11 dated July 23, 2021. Details of Estimates were omitted from Section B-Details of Revenue in eight (8) instances.

Questions

1. What was the reason(s) for the Statement of Receipts and Disbursements not presented for audit?
2. What was the reason(s) for the omissions?
3. Were these accounting tasks conducted by officers trained in accounting procedures and having an understanding of the financial directives?

- a. If no, what training initiatives does the Ministry plan to conduct in order to treat these deficiencies?

Questions for Additional Information – Ministry of Foreign and CARICOM Affairs

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS

Head 65: Ministry of Foreign and CARICOM Affairs (page 81)

Section D – Notes to the Accounts Note 2

3.42 At Note 2 I (i): Commitments as at September 30, 2021, totalling \$128,075.37 could not be verified. Commitments were not recorded in the Vote Book for the relevant Sub-Head 02: Goods and Services. In addition, commitments were not brought forward in the Vote Book in the subsequent financial period.

Expenditure Control

3.43 It was observed at the time of the audit in March 2022, six (6) months after the close of the financial year, the books and records of the Ministry were not updated. As a result, the following differences were noted among the Appropriation Account, Schedules of Account and Vote Books for certain votes.

3.44 Additionally, expenditure under several votes in the vote books were written in pencil and were also not signed off by authorized personnel in accordance with financial directives.

Questions

1. When were the MFCA's books and records finally updated?
2. How does this timeframe compare to previous financial years? Provide precise details.
3. Were these accounting tasks conducted by officers trained in accounting procedures and in the provisions of the financial directives?
 - a. If no, what training initiatives does the MFCA plan to conduct in order to treat these deficiencies?

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE

AUDIT OF REVENUE

FA1 – Permanent Secretary, Ministry of Foreign and CARICOM Affairs (page 104)

4.15 Differences were noted between the Estimates of Revenue 2021 and the Estimates as per the Statement of Receipts and Disbursements as shown below:

Revenue Item	Estimates 2021 \$	Estimates Statement \$	Difference \$
07/01/FA1/002	2,000,000.00	2,500,000.00	(500,000.00)
07/06/FA1/001	650,000.00	600,000.00	50,000.00

Question

1. What was the reason for these differences?

4.16 A Revenue Register was not produced for audit examination. In addition, reconciliations with the Treasury's Records to ensure agreement in respect of each item of revenue shown on the Statement of Receipts and Disbursements were not provided for audit examination.

Questions

3. Provide the reconciliation information regarding the differences between the Treasury's records and the Statement of Receipts and Disbursements.
4. Which officer is responsible for preparing the Revenue Register?
5. Pursuant to section 55 of the Financial Regulations: "Receivers of revenue and collectors of revenue shall keep such registers and other records as will enable them to supervise efficiently the collection of revenue for which they are responsible".
 - a. What was the reason for the Ministry's inability to comply with this directive?

4.17 Differences were noted in respect of balances as per the Treasury Cards and balances in the Statement of Receipts and Disbursements for revenue items.

Revenue Item	Statement of Receipts and Disbursement \$	Treasury Card \$	Difference \$
07/01/FA1/002	1,005,018.00	1,103,489.18	(98,471.18)
07/06/FA1/001	669,464.00	642,012.03	27,451.97

Question

1. What was the reason for these differences?

Questions for Additional Information – Ministry of Agriculture, Land and Fisheries

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS

Head 77: Ministry of Agriculture, Land and Fisheries (page 83)

Expenditure Control

3.46 From a sample of eighteen (18) vehicle files examined the following discrepancies were noted:

- The chassis numbers listed on the Certified Copy of Ownership in respect of four (4) vehicles differed from those recorded on the Ministry's list of vehicles.
- Inspection certificates were not provided for four (4) vehicles.
- Evidence of Internal Audit documentation was not seen.

3.47 The Ministry has indicated that two (2) of the vehicles were inspected but there were no stickers available by the Licensing Division at the time of the examination. It was reported that four (4) of the vehicles were due for inspection however, due to the COVID-19 pandemic and the closure of the Licensing Division nationwide the vehicles, were not inspected in a timely manner.

Questions

1. What explains the difference between the chassis numbers on the certified Copy of Ownership and those recorded in the Ministry's list of vehicles?
2. Who is responsible for ensuring that accurate information was recorded with regards to the Ministry's vehicles?
3. When were these vehicles eventually inspected?

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE

AUDIT OF REVENUE

AL1 – Permanent Secretary, Ministry of Agriculture, Land and Fisheries (page 103)

4.7 The Estimates disclosed in Section B – Details of Revenue, Statement of Receipts and Disbursements were not in agreement with the Estimates of Revenue in twenty-nine (29) instances.

4.8 The Cash Receipts balance stated on the Statement of Receipts and Disbursements were not in agreement with the Revenue Register in twenty-five (25) instances totalling \$538,789.58.

4.9 The Cash Receipts balance stated on the Statement of Receipts and Disbursements were not in agreement with the Treasury Card in twenty-five (25) instances totalling \$607,056.58.

Questions

1. Provide the reconciliation information regarding the differences between the Statement figures and the Estimates of Revenue, the Revenue Register and the Treasury Card.
2. Were these accounting tasks conducted by officers trained in accounting procedures and in the provisions of the financial directives?

- a. If no, what training initiatives does the Ministry plan to conduct in order to treat these deficiencies?

AL2 - Director of Surveys (page 103)

4.10 The Estimates disclosed in Section B – Details of Revenue, Statement of Receipts and Disbursements were not in agreement with the Estimates of Revenue in four (4) instances.

Questions

1. Provide the reconciliation information regarding the differences between the Statement figures and the Estimates of Revenue.
2. Were these accounting tasks conducted by officers trained in accounting procedures and in the provisions of the financial directives?
 - a. If no, what training initiatives does the Director of Surveys plan to conduct in order to treat these deficiencies?

AL3 - Commissioner of State Lands (page 103)

4.11 The Estimates disclosed in Section B – Details of Revenue, Statement of Receipts and Disbursements were not in agreement with the Estimates of Revenue in eleven (11) instances.

4.12 The Revenue Register was not presented and as a result the cash collected totalling \$34,998,371.72 was not be verified.

Questions

1. Provide the reconciliation information regarding the differences between the Statement balances and the Estimates of Revenue.
2. Pursuant to section 55 of the Financial Regulations: “Receivers of revenue and collectors of revenue shall keep such registers and other records as will enable them to supervise efficiently the collection of revenue for which they are responsible”.
 - a. What factors led to the COSL’s non-compliance with this directive?
3. Were these accounting tasks conducted by officers trained in accounting procedures and in the provisions of the financial directives?
 - a. If no, what training initiatives does the COSL plan to conduct in order to treat these deficiencies?

Questions for Additional Information – Office of the Prime Minister

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE AUDIT OF REVENUE

PM1 – Permanent Secretary to the Prime Minister (page 106)

4.26 The Cash Books for the Communications Division in respect of the revenue items 07/01/PM1/001-Censor Cinematography Film and 07/04/PM1/001-Printing and Stationery were not submitted for audit examination. The total of receipts collected in respect of these two (2) items was \$275,151.95.

Questions

1. Who is responsible for the preparation of the Cash Books?
2. Were the cash books duly prepared?
3. What was the reason(s) for the Cash Books not being submitted for audit?

Questions for Additional Information – Office of the Prime Minister – Central Administrative Services Tobago

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS

Head 16: Office of the Prime Minister – Central Administrative Services Tobago (pages 76-77)

Section D - Notes to the Accounts - Note 2

3.14 Bank reconciliation statements for the months of June 2021 to September, 2021 were not presented for audit. The balance of \$6,518.22 on the Accountant General (Paymaster) bank account as recorded at Note 5 Statement of Bank Account held to the Appropriation Account was therefore not verified. In addition, disclosure as to whether accounts had been reconciled was not provided in accordance with Comptroller of Accounts Circular No. 12 dated July 23, 2021.

Questions

1. What were the reasons(s) for the bank reconciliation statements not presented for audit?
2. What measures, if any, were in place to reduce the occurrence of this in the future?
3. What was the reason the OPM's non-disclosure of whether accounts were reconciled?

Expenditure Control

3.15 Rental agreements for the period October 1, 2020 to September 30, 2021 were not produced for two (2) properties located in Scarborough.

Question

4. What was the reason for accounts for the rental agreements for two properties located in Scarborough were not produced for audit?

3.16 The documents and records pertaining to the recruitment process for the selection of an Executive Assistant, with effect from March 1, 2021, were not presented for audit.

Questions

5. What was the reason for the absence of this documentation?
6. Provide the details of the recruitment process utilised.

3.17 A contractual agreement for the period May 1, 2021 to September 30, 2021 for the security services provider at one (1) of the leased buildings at Scarborough was not produced for audit. Section 129 (1) of the Financial Regulations provides that

‘The accounting officer or head of department shall keep or cause to be kept a Register of Contracts awarded by departments, each contract being given an identifying number.’

Questions

7. Does the OPM maintain a Register of Contracts?
8. Was a contract concluded for the procurement of security services from May 1, 2021 to September 30, 2021?
 - a. If yes, what was the reason for non-submission of the contract for audit?
 - b. Provide a copy of the contract.
 - c. If no, what led to the decision to operate without a contract and who made this decision?

3.18 Documents relating to the procurement process engaged by the Division in the selection of service providers were not produced for audit.

Questions

9. How many service providers were selected by the Division during FY 2021?
10. Provide the details of the procurement processes used by the Division to select service providers.
11. Were there any instances of sole selective tendering in FY 2021?
 - a. If yes, what was the rationale for choosing this method?

3.19 The listing of bills as at September 30, 2021, which was presented for audit, totalled \$2,447,871.96 as unrecorded liabilities. The basis for classifying invoices as unrecorded liabilities was not determined. In some instances, invoices were not stamped to indicate dates of receipt of the said invoices and goods or services. Conversely, some invoices were date stamped as being received after the end of the financial year.

Questions

12. What was the cause of some of the invoices being classified as unrecorded liabilities?
13. Did any of these unrecorded liabilities correspond to payables in respect of expenditure for which rental agreements or contracts were not made available for audit as described at para 3.15 and 3.17 above?
14. Were these accounting tasks conducted by officers trained in accounting procedures and having an understanding of the financial directives?
15. If no, what training initiatives does CAST plan to conduct in order to treat these deficiencies?

3.20 The Schedule of Motor Vehicle Advances as at September 30, 2021, which was submitted to the Auditor General's Department, indicated six (6) motor vehicle/insurance loan balances totalling \$317,590.78 on which no payments were being made. The last payments on these loans dated back to the years 2012 to 2018.

Questions

16. What was the reason for non-payment on the six motor vehicle/insurance loan balances?
 - a. What is the total interest on these loans?
 - b. What circumstances accounted for the lack of payment on these loans since 2018?

Questions for Additional Information – Ministry of Planning and Development

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS Head 67: Ministry of Planning and Development

Section D – Notes to the Accounts Note 2

3.45 At Note 2 I (i): Commitments as at September 30, 2021, outstanding commitments was \$473,550.50. However, the Vote Books recorded commitments as \$69,897.00. This resulted in a difference of \$403,653.50.

Questions

1. What was the reason for which outstanding commitments were not reflected in the departmental vote book as required by section 66(2) of the Financial Regulations?
2. Were these accounting tasks conducted by officers trained in accounting procedures and in the provisions of the financial directives?
 - a. If no, what training initiatives does the Ministry plan to conduct in order to treat these deficiencies?

Questions for Additional Information – Ministry of Works and Transport

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS

ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS

Head 43: Ministry of Works and Transport (page 80)

Section D – Notes to the Accounts - Note 2

3.37 At Note 2 I (i) Commitments as at September 30, 2021, the outstanding commitments of \$799,784.95 as presented in the Appropriation Account and supported by the Ministry's Schedule of Commitments was not in agreement with the Vote Books. Commitments totalling \$706,653.75 were not seen recorded in the Vote Books nor were they seen to be carried forward to the subsequent year's Vote Books. Details are as follows:

02/012/01	55,097.06
02/012/08	641,250.00
02 /012/96	3,939.56
09/003/15/I/023	6,367.13
TOTAL	706,653.75

3.38 At Note 2 I (ii), the following contract amounts paid to date were not in agreement with the amount as per Vote Book.

Vote	Appropriation Account \$	Vote Book \$	Difference \$
09/003/15/B/076	202,466.25	1,012,331.25	809,865.00
09/003/15/B/050	1,090,320.00	2,725,800.00	1,635,480.00
09/003/15/B/080	1,417,500.00	1,408,750.00	8,750.00

Questions

- What was the reason for which outstanding commitments were not reflected in the departmental vote book as required by section 66(2) of the Financial Regulations?
- Does the Ministry have sufficient trained accounting staff to maintain these records?
- If no, what training initiatives does the Ministry plan to conduct in order to treat these deficiencies?

CHAPTER 4 – ACCOUNTS OF RECEIVERS OF REVENUE

AUDIT OF REVENUE

WT3 – Director Maritime Services, Ministry of Works and Transport (page 107)

4.31 The Director of Maritime Services did not produce a reconciliation statement to reconcile the balance of \$6,605,775.20 to the Treasury Cards and the balance of \$6,577,568.97 as recorded in the books of the Maritime Services Division. It was noted that other divisions namely Customs and Excise, District Revenue Offices and the Tobago House of Assembly collected revenue for and on behalf of the Maritime Services Division for which reconciliations statements were not submitted.

Questions

1. Who is responsible for the preparation of the reconciliation statement?
2. Why was the reason for the non-submission of the reconciliation statement?

3. Provide reconciliation information regarding these sums.

Questions for Additional Information – Ministry of Health

REPORT OF THE AUDITOR GENERAL ON THE PUBLIC ACCOUNTS OF THE REPUBLIC OF TRINIDAD AND TOBAGO FOR THE FINANCIAL YEAR 2021

CHAPTER 3 – ACCOUNTS OF THE ACCOUNTING OFFICERS ACCOUNTING FOR EXPENDITURE BY MINISTRIES AND DEPARTMENTS

Head 28: Ministry of Health (page 79)

Expenditure Control

Recurrent Expenditure

3.30 Seven (7) Commitments totalling \$6,899,116.49 were not reflected in the Vote Book provided for audit.

Question

1. What was the reason for which outstanding commitments were not reflected in the departmental vote book as required by section 66(2) of the Financial Regulations?

Ambulance Services

3.31 Expenditure totalling \$12,458,803.80 was recorded in the Vote Book in respect 4,824 COVID-19 'trips'. A copy of the contract agreement between the Ministry and the service provider outlining terms and conditions of this service, was not provided for audit scrutiny.

Development Programme

3.32 In respect of expenditure item 09/004/07A/001 – Medical Equipment Upgrade, contract agreements were requested for seven (7) payment vouchers totalling \$12,958,369.30. These contract agreements were not provided.

3.33 In respect of expenditure item 09/005/06C/234 – Hospital Refurbishment Programme, contract agreements were requested for nine (9) payment vouchers totalling \$12,532,296.71. These contract agreements were not provided

Questions

1. Provide a copy of the contract agreements for the following:
 - a. Ambulance services totaling \$12,458,803.80;
 - b. Medical Equipment Upgrade totaling \$12,958,369.30;
 - c. Hospital Refurbishment Programme totaling \$12,532,296.71.
2. Provide an explanation as to the reasons why the requisite contract agreements were not provided to the Auditor General for audit.

**VERBATIM NOTES OF THE TENTH VIRTUAL MEETING OF THE PUBLIC ACCOUNTS COMMITTEE
HELD (IN PUBLIC) ON WEDNESDAY, JUNE 08, 2022, AT 10.30 A.M.**

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Ms. Charrise Seepersad	Member
Mr. Adrian Leonce	Member
Mr. Roger Monroe	Member
Dr. Amery Browne	Member
Ms. Keiba Jacob Mottley	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Mr. Justin Jarrette	Graduate Research Assistant

ABSENT

Mrs. Ayanna Webster-Roy	Member
Mrs. Paula Gopee-Scoon	Member

AUDITOR GENERAL'S DEPARTMENT

Ms. Lorelly Pujadas	Auditor General
Mr. Shiva Sinanan	Assistant Auditor General
Mr. Louis Hernandez	Assistant Auditor General
Mrs. Rajkoomari Mohammed	Audit Executive II
Ms. Neela Sookra	Audit Supervisor (Ag.)
Ms. Jacqueline De Gannes	Auditor Executive II
Ms. Anita Mangra	Senior Legal Officer

MINISTRY OF FINANCE

Mrs. Michelle Durham-Kissoon	Permanent Secretary
Mrs. Jennifer Lutchman	Permanent Secretary
Ms. Catherine Laban	Comptroller of Accounts, Treasury Division
Ms. Neleisha Bally	Deputy Comptroller of Accounts, Treasury Division
Mrs. Avonelle Rostant	Treasury Director (Ag.), Pensions Branch
Ms. Sabeta Lall	Commissioner Taxpayer Services and Processing (Ag.)
Mr. Ramnarine Bedassie	Commissioner Debt Management, DRS, TAI

Mr. Chairman: Good morning all and welcome to the officials from the Ministry of Finance and the Auditor General's Department. My name is Devandranath Tancoo and I am the Chairman of the Public Accounts Committee. The Public Accounts Committee has a mandate to consider and report to the House on:

- (a) appropriation accounts of moneys expended out of sums granted by the Parliament to meet the public expenditure of Trinidad and Tobago;
- (b) such other accounts as may be referred to the Committee by the House of Representatives, or as an authorized or required to be considered by the Committee under any other enactment; and
- (c) the Report of the Auditor General on any such accounts and where the policy is carried out efficiently, effectively and economically, and whether expenditure conforms to the authority which governs it.

The purpose of this virtual meeting of the Public Accounts Committee is to have a general discussion with the Auditor General of the audit process on the report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year ended 30th of September, 2021, and to determine the challenges being faced and the possible solution to these challenges.

Based on the issues identified, the following the key stakeholders have been invited to today's Public Accounts Committee session: the Auditor General's Department and the Ministry of Finance. This meeting is being broadcast live on the Parliament's Channel 11, on Radio 105.5 FM, and on the Parliament's YouTube Channel, *ParlView*. Viewers and listeners are invited to send their comments related to today's enquiry via e-mail, parl101@ttParliament.org, via Facebook at /ttParliament, or via Twitter @TTParliament.

Participants are reminded that their microphones should remain muted until recognized by the Chair to contribute. And now, I now invite members of the Public Accounts Committee here present to introduce themselves to those invited guests. Members of the Committee, my colleagues?

[Introductions made]

Mr. Chairman: Thank you, members. Can I now ask members of the delegation from the Auditor General's Department to introduce yourselves, beginning with the Auditor General herself?

[Introductions made]

Mr. Chairman: Are those all the members of your Department attending with us today?

[Introductions made]

Entity Member: Good morning Chair. Mr. Shiva Sinanan, Assistant Auditor General is supposed to be present this morning but he is experiencing some technical difficulties. He may enter in once his technical difficulties have been resolved.

Mr. Chairman: Thank you very much. I now turn over to the Ministry of Finance for that

delegation to introduce themselves, beginning with the Permanent Secretary. Madam?

[Introductions made]

Mr. Chairman: Thank you all very much. Welcome. I will now ask the Auditor General to make a brief opening statement.

Ms. Pujadas: Good morning Chairman again. Thank you for having the Office of the Auditor General present at this meeting. As you are aware the Auditor General is charged under the Constitution, section 116(2), to audit the accounts of the Public Accounts of Trinidad and Tobago. Well what does the account of the Public Accounts of Trinidad and Tobago entail? The accounts of the Republic of Trinidad and Tobago involves the account of the Treasury which includes the public debt amongst other things. It also involves looking at the appropriation accounts submitted by the Accounting Officers of the various Ministries and Departments. It also involves looking at the revenue statements and disbursement received by *[Inaudible]* of revenue and the account of administering officers of funds or trust.

This year we were particularly challenged because COVID continued and it had an impact on our resources, as well as it also had an impact on resources of the Ministries and Departments in which we have to audit. So we were particularly challenged. As a result of that, we tried to give assurance out of—the assurances that everything was working as the way they should be. Because the risk portfolio of the Ministries and Departments can increase due to the fact that officers sometimes were not present, that the control elements which generally embarked, internal control element, it may not have been present because officers may have been at home on COVID, or on quarantine, or other related items.

So, this year we continue to focus on trying to ensure ourselves that the controlled function functions. We focus as well on following up on the COVID-19 expenditure because we noticed that COVID-19 expenditure has continued to be applied. We also try to bring some linkages between subvention issued under current transfers and subsidies from the various Ministries and Departments, and for this year we focused on the Ministry of Rural Development and Local Government and the subventions that were submitted to the regional corporation units. So we also try to make linkages between the COVID expenditure of the Ministry of Health and the Ministry of Finance with those of the regional health authorities and other entities.

So I would like to take this opportunity to thank my staff who have worked relentlessly, not only the audit staff, but also our administrative and accounting staff, and IT staff, during this very trying time. I just want to put that my report was made and I make the point today we are now open to any particular questions. Thank you.

Mr. Chairman: Thank you very much, Madam Auditor General. I will now invite one of the Permanent Secretaries in the Ministry of Finance to make a brief opening statement.

Mrs. Durham-Kissoon: Thank you, Chairman. Good morning again. My opening statement will be short. I just want to thank the Auditor General for her report. We appreciate the opportunity to have an independent view of our internal control and the measures that we need to improve.

So thank you once again and we look forward to responding to any questions. Thank you.

Mr. Chairman: Thank you, Madam Permanent Secretary. I want to join with you in recognizing the importance of the role of the Auditor General and the Auditor General's Department in ensuring that the Public Accounts are kept current, and ensuring that moneys allocated are expended in the direction, and so on, that they are supposed to have been. During that process we have the generation of these reports, and usually these reports highlight the concerns and the queries and issues of noncompliance. Given that—I accept that we would have had some challenges on the basis of COVID. I am curious as to find out from the Auditor General: What a general assessment is of the integrity and competence of the public service's financial management, accounting and information technology systems; and what recommendations you will make for improvements?

Ms. Pujadas: Thank you very much, Mr. Tancoo. I would like to say that we did not really pursue this year an in-depth analysis, but the information technology system, that exists. We do have this down as a priority for us to pursue in this financial year. So we did not have an opportunity to really analyse the proposed system which was proposed to be implemented by the Ministry of Finance, which is I believe is the Integrated Financial Management Information System. We are aware that the public accounts report that is submitted by the Ministry of Finance has highlighted certain initiatives which they have embarked upon and at the stage in which they are. However, we were not able to actually go through and do an in-depth analysis at this point in time.

With regard to recommendations going forward, as you know across the region and across a number of the others office colleagues, I am fully aware that the Integrated Financial Management Information Systems are in place and have been functioning for a number of years. With regard to that, we would obviously hope that such a system is implemented with some great deal of speed and with the necessary control mechanisms built into the system to facilitate the data integrity of the information, to facilitate proper outputs from the outcome system, and to facilitate proper management of the financial management system of the Government of Trinidad and Tobago.

Mr. Chairman: Thank you, Ma'am. Given that some of these issues are raised on a continuous basis, some of these very same issues with regard to the non-submission of cashbooks, et cetera, non-presentation of documents for review, it is a continuous issue that has been raised by the Auditor General's Department over the last multiple years. Can you advise, Ma'am, what your general opinion of the effectiveness of the internal audit systems across the public service; and what recommendations you would make to this Committee and to the Government, by extension, for improvement so that we do not have some of the very basic issues that have been raised this year and have been raised previously are being raised again next year?

Ms. Pujadas: Okay. Thank you again Sir. As I have indicated before, the Government system is basically at present a manual system. And as a result of that manual system sometimes

information can be misplaced. Information, we resort to information, and we use digitalization for the storing of information is actually a critical element in ensuring that the integrity of the information data is maintained, properly stored, and easily assessable.

So because the system is manual it is a system that has been a lengthy system from since true colonial days, and, as a result of that, it is very cumbersome. There needs to be a look at their whole information portfolio and how information can be extracted to be more acceptable and data saved and the integrity of data maintenance. If I may, Sir, I would like Neela Sookra, who is one of our acting Audit Supervisors involved in our IT audit technology arm of our office, to just give some ideas of some of the challenges that she had faced. If you would allow us just to do that, Sir?

Mr. Chairman: Yes, thank you.

Ms. Sookra: Good morning, Chair. Good morning everyone. We had a lot of challenges during our audit. We have seen where archaic systems actually prevent Ministries and Departments from making informed decisions based on errors they may have in their databases and in their systems as a whole, and most of the times you would find that these systems, because they cannot be updated, they have no maintenance agreements and stuff, you cannot generate certain reports from it. So you find that you have errors going along, and you may have a lot of payment errors and you will have wrong information in the information systems. So these were some of the errors—the issues that we had with the information systems. Thank you.

Mr. Chairman: Thank you. You raised a very important issue. Basically when the information is provided—when there are errors such as you have described, once there are errors that have been provided it means that the decision-making is challenged because you may be making decisions on the basis of incorrect or incomplete information. When those are highlighted by the Auditor General’s Department, can you indicate then, outside of just highlighting it, what is the role of the Auditor General in terms of following up on the recommendation—well two things, following up on the issues highlighted for correction; and what is the role of the Auditor General in terms of pursuing corrections? So it is two things, you have identified the error, you have identified the mistake, I am trying to find out what the role of the Auditor General is in terms of having that mistake resolved and putting in place a mechanism to ensure that it does not repeat itself?

Ms. Pujadas: I will take over here, Chair. As you know the role of the Auditor General is that of an independent auditor of the financial statement as presented by the various accounting officers, and as presented by the Ministry of Finance in terms of the various public accounts. However, as part of our audit procedures, we do tend to have liaised with the entity to identify what they are prepared to do to implement changes, and we do this by way of what we call management letters. The entities now are normally required in writing to respond to us as to what they are prepared to do and how they are prepared to address it.

In terms of the addressing of these, the responsibility for the addressing it, would

definitely be within realm of the accounting officer and the Ministry of Finance. We will follow-up depending on whether the item deems to be a short-term fix or a long-term fix. We are required at the beginning of each financial year to review the challenges that we have found in the previous Ministry and to do a follow-up with the entity to see if those things have been resolved. Some of these things that fall would need to be resolved on a longer term basis, but we will therefore need to see whether its strategic direction is included in the resolution of these issues. Implementation is not within the realm of the role of the Auditor General. However, what is required is for us to actually continuously bring it to the attention of the Public Accounts Committee so that the record can be aired and so continue with the relevant entities.

Mr. Chairman: Thank you very much, Madam Auditor General. In your opinion can you give us your opinion as to what you have found in terms of the receptiveness of the relevant entities to your recommendations for improvements? I am just trying to get an idea of what—

Ms. Pujadas: I would like to say for now, I have only sat in this chair—this is my third year, going on my third year. But, what we would have noted over the years is, in the earlier years, our management letters were not given the due respect that they deserved. However, over the last few years, predating myself, there has been a greater appreciation by the Ministries and the accounting officers in recognition that we are there to report to them things that they may not have aware of themselves, and there has been an appreciation to try to implement within their strata as much as they could to improve upon their systems. Again, of course, because the system is such a legacy system, and it is a system that has been built on over the years, we are now not necessarily looking at it from an holistic point of view, it does continue to be a bit of a bureaucratic and just continues to provide some constraints, but even the accounting entities and the accounting officers to implement changes rapidly. But I would say that over the last few years there has been a greater appreciation for the role of the Auditor General, and for the recommendations that we have made with regard to our comments within our management letters.

Mr. Chairman: Thank you, Ma'am. Would it have been your experience in conducting your research that there are different types of accounting practices under various Ministries; or it is that you have a standardized structure, standardized method of doing business, standardized reporting mechanism so that all Ministries across the board follow the same process and procedure? Is it that there is such a standardized method; and, if there is, is it the responsibility of the Auditor General to reach into Ministries, or to advise Ministries, or to train Ministries, to ensure that the documentation and the information you get is as required by your entity, by the Auditor General's Department?

Ms. Pujadas: Well Sir, I would like to say that the Exchequer and Audit Act defines the roles and the responsibilities. The role and the responsibility of monitoring and ensuring internal control mechanisms is not vested with the Auditor General. That role is vested under the Exchequer account with the Ministry of Finance and it is charged under the direction of the Comptroller of

Accounts. Generally, the role is standardized across the board. Presentation is standardized across the board generally by circulars issued by Comptroller of Accounts in terms of presentation of the format of the financial statements, and in terms of the presentation of the format of the statements received by each person, in terms of also the format of the Infrastructure Development Fund. So they are submitted by the Comptroller of Accounts as to how that presentation is supposed to go and the rules in which the data is captured, accounted for and recorded are defined in the Exchequer and Audit Act. Further, directives are also issued in financial instruction and in the financial regulation, and further control mechanisms are often issued under the Ministry of Finance by way of the Comptroller of Accounts to aid accounting officers in maintaining the internal control processes of the financial management systems.

Mr. Chairman: Thank you very much, Ma'am. I want to turn over now to my colleagues if they have questions that they would like to raise at this point.

Ms. Gopee-Scoon: Chairman?

Mr. Chairman: I recognize member Gopee-Scoon

Ms. Gopee-Scoon: Thank you, Chairman. I may have to leave a little early and this is the reason why I jumped in so quickly. First, let me place on record my appreciation and thanks that we are sitting here today and we are able to really examine this report of the Auditor General and the Public Accounts Committee for this year, 2021. I am saying so because of the very challenging circumstances on account of the COVID-19 pandemic, and in addition to the challenges across the country, and with all of our families and so on, the staff in particular, the staff of the Auditor General's Department was also hard hit. So I am pretty pleased that they were able to complete their—prioritise and complete their key areas to present this report to us.

So coming out of the earlier discussions, I have one thing that I want to place on record as well, that I do look forward to the Integrated Financial Management Information System being fully operationalized and functional. So I say that. And also I wish to, when I was speaking of recognition, I also wanted to say that I really do appreciate having the special report on the follow-up audit of the COVID-19 expenditure at the municipal corporations and RHAs. Again appreciating the prioritization to bring to our attention. So just a very general question from me on whether or not there were any material errors of fraud, or illegal acts, or deficiencies in any of the Heads of Expenditures audited as part of the 2021 Public Accounts that you would want to bring to our attention? I am saying so going through the 200-page documents, but in terms of material errors of fraud or illegal acts I would want you to highlight any of these if you may please and give us a comment. Thank you.

Ms. Pujadas: Thank you. We have brought to the attention of the [*Inaudible*] those items that you speak of it should have been addressed. In terms of speaking of materiality, and it relates to fraud, as you know the Auditor General is not a forensic department and we would not be able to really speak to the issue of fraud. There may be items and issues where control breaks down which has increased the potential for fraud to occur. In these instances, we noted that there were

some challenges in the revenue areas and in the revenue collection area in which reports were reported officially for misappropriation of funds by certain elements, and I believe that these things are still under investigation by the appropriate entity, which is the TTPS. But there were challenges in terms of that during the COVID period and we did receive reports from the various entities in which these things fell and we did allude to it but we cannot speak directly to it because we are not the investigating entity involved in it. I would like to say Mr. Sinanan is here and he was particularly involved in the COVID-19 expenditure at the regional corporations and the regional health authority, if he would like to add any further comments to my thoughts. So thank you, Chair. Through you, Chair.

Mr. Sinanan: Yes, good morning again all. Concerning the COVID expenditure, there was no fraud per say. What we found is some lapses in the internal controls and maintenance of records. For example, where you had certain systems to be placed for the distribution of hampers, and so on, you would have found that there was no accountability. So how they were distributed, you had large sums of money spent and you had no record of whether the items reached the persons, those persons who are vulnerable. And that was the objective to help those who are needy. So in many instances we could not verify that that objective was satisfied. Further, when we even went on to do the subventions we found that certain entities in key records, it may not lead to fraud, but it would have had to do with errors by not maintaining certain records so that they could reconcile and so on.

Ms. Gopee-Scoon: Can I follow-up?

Mr. Chairman: Sure.

Ms. Gopee-Scoon: So pleased. So maintenance of records seems to be an issue, and that might be I can say, might be a pervasive issue, and recommendations probably—are made I know by your good office. Are you finding that there are any instances where the recommendations are not being taken on board? And this is a very general question.

Mr. Sinanan: Yes. Okay. Like, for example, in the chapter on the COVID expenditure it was a follow-up and you found that in the prior year 2020 there were many instances of lack of proper recordkeeping. In 2021, which was the follow-up, we found that there were some improvement and, in addition to that, where there were lapses. In the responses to our management letter we did get some assurances that systems will be put in place to maintain the records.

Ms. Gopee-Scoon: Yeah. But on a more general level you would find— I mean I listened to the comment earlier where you said you were so pleased—well you are pleased, not so pleased. I would not go to the superlative. You were pleased with, in a general sense, that Ministries having the appreciation for the Public Accounts Committee to be present and understanding the work that they do and so on.

So, I am just extending that to a very general sense in terms of the implementation of your recommendations, so these are being done. Just a comment from you on that.

11.00 a.m.

Mr. Hernandez: Yes, Chair, generally, recommendations are put in place but what we do is, in the following year, we do follow up to ensure that what was said, it has been implemented.

Mrs. Gopee-Scoon: So, between 2020 and 2021, were you able to identify that there may be unresolved matters not from 2020, for instance, that were not addressed and reappeared in 2021, understanding, of course, that 2021 was a year of special circumstances and you did not go the round of the particular Ministries and you selected particular Ministries and agencies for auditing? But between 2020 and 2021, are there any particular carry-over matters or unresolved matters that you could identify that were not addressed and reappeared?

Mr. Hernandez: Yes, there were some. At some entities, we found that matters were not addressed. There were recommendations. Some responded that they were going to put systems in place but we found there was a repeated—and there were no improvements, but it was not the majority.

Mrs. Gopee-Scoon: Right.

Mr. Hernandez: For example—*[Inaudible]*—like one or two, we found that they actually implemented, I would say, a model system, at two of the corporations. They actually put systems, documentation in place for controls to ensure that there were no leakages.

Mrs. Gopee-Scoon: Excellent. Very good. Very good. You know there is something that also bothers me, my last question. You see these overpayments recurring and you highlighted again there were 140 cases of overpayments but not to any material amount in that it was 400,000. Could we put a system in place to avoid this? Have you documented and recommended a clear system that would avoid that or it depends on the individual circumstances of the Ministry? I am not sure. But you keep seeing this all the time, it is recurring.

Ms. Pujadas: Yeah. I would just jump in here, if I may. Overpayment, I think—it is a requirement that we account for overpayment but a lot of the overpayment, those reported—because it is a requirement in the financial Exchequer and Audit Act that compliance takes place with regard to overpayments—occur in the main with regard to the processing of salaries and that the impact of overpayment generally has to do with the movement of staff. So, two things could occur with regard to overpayments and the movement of staff.

One, staff may be acting in a higher position and because of that higher position, they are not entitled to certain benefits or they now may be entitled to certain benefits and they have now gone on extended sick leave or sick leave, or they have gone on vacation leave and they have not earned the right to have the benefits in that position that they were acting to and because of a timing difference, they may have been overpaid.

Now, again, this problem would obviously somehow—because the other thing is outstations. You might find you have a lot of overpayment in the Ministry of Education because we are dealing with people who are outstation principals, schools, school districts. The information flow may not have been received in a timely manner and in accordance with the time frames in which the salary payment cycle is being addressed in time to cut it off from the person

having received the payment. So, there are a number of little challenges that go with it that basically is the fault of overpayment.

I do not know going forward when we have become fully digitalized, with regard to the Integrated Financial Management Information System and that being integrated with the global payroll system, whether or not this interface and this interaction may help resolve the timing differences that tend to occur which give rise to the overpayment as it relates to salaries of public servants and teachers.

Mrs. Gopee-Scoon: Yeah, and thank you very much for the explanation and I think we really need to see that interface. I think it is going to solve a lot of problems going forward. Yeah. Thank you. Thanks so much, Chairman. I pass over to you to another member. Thank you.

Mr. Chairman: All right. Before I go to member Seepersad, I want to go back to a comment made by Mr. Hernandez in which he indicated that no evidence was really found of fraud in the assistance programmes during the COVID-19 period. However, in the document itself, the Auditor General's Report of 2021, there were several instances where a substantial amount of inconsistencies were discovered. So, for example, with regard to the Public Assistance Grants:

“There were 673,504 instances of...”—incomplete information in critical areas.

With regard to the Disability Assistance Grants:

“There were 1,238,235 instances of blank fields...”—of critical areas again. And the same can be found elsewhere, and these relate to substantial amounts of money.

So, for example, the senior citizens' pension on page 88 that you referred to:

“There were 404 instances where...—the cheque number—“was ‘0’ and...”—bank account—“was also ‘0’...”

And that is an account of one point something million dollars.

So, I understand that you have reported these inconsistencies. However, I think it is a bit general to say that there was no fraud because clearly there is a substantial amount of misinformation that was provided to the relevant agencies with regard to these particular grants: the Public Assistance Grant, the Food Support Programme, the Disability Grant and the senior citizens' pension. And because that information was—because there was so much missing information, it meant that we could not necessarily account or determine whether fraud did or did not take place in those circumstances. Because, if you would bear with me, it is a little strange that we have one million-plus instances of blank fields on a database, especially when you are dealing with things like national ID cards which did not match up with date of births and so on.

So, I would not want to leap to the conclusion that there is no fraud. I accept that the role of the Auditor General is to identify the issue but I think thereafter, the Auditor General should be may be, via a management letter or so on, make some recommendations and suggestions for substantial corrections so these kinds of things do not happen. And maybe there should be need for the relevant Ministry to initiate some sort of punitive action so somebody could be held accountable because a substantial amount of funds have been expended under these grants with

circumstances that are substantially less than acceptable. I do not know if you agree, Mr. Hernandez

Mr. Hernandez: Mr. Chair, when I spoke just now, I was actually speaking about the special report on the COVID expenditure and transfers and subsidies from the Ministry of Rural Development and Local Government. So, it did not relate entirely to the whole report. So, it was generally to the COVID expenditure, Chapter 6.

Mr. Chairman: I will take that. Then my question then to the Auditor General is: Whether or not these substantial errors in the documentation that would have been supplied to the Ministries with regard to these various pension programmes—the senior citizens’ pension, the Disability Assistance Grant, the Public Assistance Grant—whether the Auditor General is of the view that something is necessarily amiss here that warrants additional information and/or additional action on the part of the Ministries responsible?

Ms. Pujadas: Chair, I did not want to say that something was amiss. However, in conversations and in view of the management letter and responses of the management letter, first of all, an investigation needs to be ascertained as to whether or not some of these differences and instances that we found were in fact input errors because they could have been accounted for by input errors because, again, it is a human being inputting the data.

The second thing is that we recommend that the Ministries, the Ministry of Family Services and Social Development, in particular, needs to look at their system and develop proper monitoring and verification processes and reconcile with it to ensure that the data that is being inputted is accurate, therefore minimizing the risk of these instances occurring in the future. The Ministry was on board with the recommendation. In other areas, it was unable to ascertain whether or not perhaps there was an increased risk that an activity may have been of a fraudulent nature and we recommended to the Ministry that they look at those areas with a view to ascertaining whether or not a fraudulent practice had taken place. The accounting officer was on board with that.

I will also like at this point for—because this was done via our IT audit stream and it was done verifying and analyzing data and looking at the database that was created for the data, I do not know if you could allow Ms. Neela Sookra, one of our team leaders and our team member, who is a integral member of this team to provide further information in this regard. Chair, if—

Mr. Chairman: Yes, thank you.

Ms. Sookra: Hi. Good day. When we asked the Ministry for this data, it as a way of looking at the database to ensure that what was in the database was correct and complete. Previously we had looked at the information system some years ago and we had identified certain issues with the database. So now, when we looked at it, we were of the view that they would have taken our recommendations and they would have probably updated the database to reflect the correct stuff. Now, what they did say is prior to 2019, the data in the database may have been incomplete and there may have been errors but after that, they would have put in validation into their

database to ensure that when a user puts in data, that the system will validate it and it should be correct.

Now, there were also some errors and some instances where there may have been a validation issue, where there may not have been any persons checking the data after someone puts it in, probably a clerk or a data entry person, so they had those issues. So, some of the issues identified may have alluded to input errors, it may have also alluded to the fact that the software does not validate the data that goes in. So, for example, you will have an ID card number which is supposed to be, I think it is 11 digits, so the software is supposed to identify it. If you put in nine, then you will get an error and that was not happening probably prior to 2019. So, you have all this data in the database that would have incomplete.

So, the Ministry—we had exit meetings with the Ministry and they have advised that they are currently doing a digitization project where they are trying to clean up the data and look through persons' files and actually match or fix the errors that we have highlighted in the reports. So that is a process they have undertaken. They have responded to our report and they are actually investigating some of the issues that we have highlighted. Thank you.

Mr. Chairman: Thank you very much, Ma'am. Just out of curiosity—I am looking at page 88 of the report. Given your indication that some of these things may be computer, data entry issues and so on, we have:

“One hundred and eight instances...”—in which—“the age of the...”—senior citizens' pension—“ranged...”—between—“27 years to 64 years.”

That means that persons who are 24, 25, 26, 27, et cetera were able to get a senior citizens' pension. That process means that somebody will have had to apply for that information to go into the data system—the data collection system and for that processing to take place.

So, it is not just the errors in data entry, something is clearly amiss where we can have 108 persons—108 instances in which somebody who is clearly not going to qualify for a pension actually receiving a pension or maybe you can advise under what kind of—well, it is your opinion right now that I am asking for as opposed to a factual statement because the Auditor General did indicate that this has happened where persons who are between 27 and 64 were able to get a senior citizens' grant. What circumstance would have created this situation where this can actually happen?

Ms. Pujadas: Well, I will start off and then I will let Ms. Sookra. We have indicated that there were instances where we found the age of the recipients ranged from age 27 to 64. Now again, we are looking at a particular field. If, for example, the person who is born in 1993 or 1939 but instead the person has inputted 1993, that would be an instance where it would appear as if someone of a particular younger age has actually received a benefit.

So, I just want us to be clear here that is data analysis and the Ministry is responsible for doing an in-depth investigation to ensure that those instances, the details of which were presented to them, that they would further investigate it to be assured that in fact that people

within this age group were in fact not the ages that the data seems to have represented. Ms. Sookra could provide further details if she wishes on this comment.

Mr. Chairman: Sure. Madam Auditor General, would it then be the case that the Auditor General's Department, having flagged this, would then have expected that the Ministry would then give you a response indicating that an assessment has been done and this matter has been resolved?

Ms. Pujadas: Yes, Sir, we would follow up on this matter and Ms. Sookra did point out that the Ministry has in fact gotten the details and they have indicated that they are in the process of investigating and we will expect a further response from them. But if none is received, we would be—as part of our ongoing process in the subsequent year, this would be flagged as what we would call in a generic term, we would call it “keep in view” which means when we go back in, we would seek to see whether or not in fact further steps were taken to address the challenges that we raised and the issues that we raised and this matter was being resolved.

Mr. Chairman: Thank you, Ma'am. And when then would those corrections, suggestions, that feedback, when would that feedback be provided to the national committee via the Public Accounts Committee? So, we have now—just to clear up the question. We have now the copy of the Auditor General's Report for 2021, we have issues emanating from this which you would then send back to the Ministries, the relevant entities for corrections, for suggestions, for clarifications. At what point then do the Public Accounts Committee get the updated version of those clarifications and corrections?

Ms. Pujadas: [*Inaudible*]
—specific follow up on those data, Sir. It will be presented as part of our report in the subsequent year. So, for 2022, we will identify whether or not any corrective actions have been taken with regard to those things, those items that we have flagged. It is not part of the general process right now but you have raised a very interesting procedural aspect in that perhaps we need to look at our own systems and look at us having a more detailed follow-up structure in which that particular follow up can be presented to you through the Parliament as a separate report. But at present, this is not the system that is currently administered at present.

Mr. Chairman: Thank you. I think that is an excellent suggestion. I want to hand over to member Seepersad.

Mrs. Gopee-Scoon: Chair, if you would mind, I just wanted to investigate on the same matter under discussion. I just wanted to intervene.

Mr. Chairman: Sure.

Mrs. Gopee-Scoon: Just to place on record, because I recognize the discussion is a serious one, just to place on record that the Minister with responsibility for Family Services and Social Development did come to the population more recently at the variation of appropriation financial Bill, 2022, and then before that to the Parliament in, I think, last October at the budget debate, identifying the situation within that Ministry of several investigations ongoing and some are at a very sensitive stage, some of course being investigated by the Financial Investigations

Bureau and the Anti-Corruption Investigations Bureau and Fraud Squad and so on.

So, I put on record because I do not want it to go unnoticed that the Minister has been speaking openly to the public through the Parliament and through releases about this situation ongoing at the particular Ministry. I just want to put it on record. Thank you.

Mr. Chairman: Thank you very much, member Gopee-Scoon. I also want to put on record that a lot of those explanations came as a result of questions. However, what is being requested now is in fact a different type of response which is specifically based on the issues specifically raised here, the corrective measures that have been taken and the processes which would have been put in place to penalize whatever or whomever would have been or could be held liable for it. I want to turn over now to member Seepersad, please.

Ms. Seepersad: Thank you, Chairman. My question is more broad. I am concerned about the major unresolved matters from the 2020 audit which were found to come forward in 2021, if Ms. Pujadas could identify that and tell us what is being done to address these issues. Because from my reading of the report, there seems to be a recurrence of the same issues year after year and while it is good to report, that is not enough, we need to fix the problems and deal with whatever underlying issues there are.

Ms. Pujadas: Thank you. I am not quite clear on exactly what direction the question is being asked for. But again, I would like to draw your attention, it is not the role of the Auditor General to implement. The accountability framework is vetted strictly within the accounting officer's realm and under the remit of the Comptroller of Accounts. However, as part of our ongoing strategy, we do attempt to bring to the attention those issues that continue to be pervasive, that continue to be material with the view that recommendations coming forth from the Public Accounts Committee would hold those who are ultimately responsible for the implementation of systems, for the improvement of those systems.

With regard to some of the issues in terms—that I think we were talking about, internal controls and these sorts of things, the remit of the internal control functions fall under again—*[Inaudible]*—would fall under the Comptroller of Accounts. That having been said, we have noted that there have been a number of circulars coming forward requiring accounting officers to take particular action of the internal control stream. We have also seen that there is an attempt to upgrade and improve the training element of the internal audit function and those who act within that realm across the Ministries and departments, that there is an attempt to improve on their competencies and their skill sets. And basically these are the things that are being addressed by the agency that is responsible for addressing those things. So, again, I thank you for your question.

Ms. Seepersad: What I am really trying to find out is: What is the list of recurring issues that you have identified that keeps coming up year after year? That is what I am trying to get a handle on.

Ms. Pujadas: May I ask that if we could present that to you on a later date in writing?

Ms. Seepersad: Yes, that would be fine. I also would like to ask you about your resources, that is

the resources within the Auditor General's Department. Are you adequately resourced? What is your level of vacancies? If you could address that.

Ms. Pujadas: Okay. I cannot give you details figures at the level of—we did present in the beginning of the year at the Standing Finance Committee that we had significant shortage of both in the professional and in the technical stream. However, within recent times, we have received some funding to bring on board at least 10 professional officers who were interviewed by the Service Commissions Department two years ago and so we are at present attempting to bring on board at least 10 of those. We have vacancies of 17 and to date, as of yesterday, one person thus far has come on board. Of the 17 outstanding, one person, that is within the professional stream. And within the technical stream, we had vacancies of about—going into the year, we had approximately 40-something vacancies for those within the technical stream and that is—those are people who do not have their full professional capacities but they do have some technical capacities within the accounting stream and auditing stream.

To date, we have brought on board approximately, I think—I do not want to give you the incorrect figures but we do still have a significant number of outstanding. From the list that was created by the Service Commission Department, I believe that we still have at least six or seven of those to bring on board. A number of them who were interviewed and were found acceptable by the Service Commissions Department chose not to come on board, so we have to actually go back to the Service Commissions Department with a view to getting interviews taking place again because we still have a significant level of technocrat positions that are vacant. I do not know if that answers your question adequately.

Ms. Seepersad: How are these vacancies, the fact that you do not have a full complement of staff, affecting your ability to carry out the audit functions that you are charged with?

Ms. Pujadas: Could you repeat your question, please?

Ms. Seepersad: Sorry, one second. I am trying to found out how is the level of vacancies that you have affecting your ability to carry out your mandate?

Ms. Pujadas: Yes, it has significantly impacted our ability to effectively manage our mandate, not so much from the public accounts arena, but really and truly, we have an extensive mandate because our mandate includes statutory bodies, regional corporations; a lot of these other entities, Nalis, Central Bank, ADB. And so, as you can see, our portfolio is wide and therefore it has impacted on our ability to address some of the other portfolio items that we need to address.

Ms. Seepersad: Okay. Thank you. The other question I have, it concerns the financial management system. I do not know if it could be addressed by the Ministry of Finance because that seems to be an ongoing theme that the overall financial management system needs to be addressed. And I need to find out or get some indication of when it will be fully implemented so that you do not have to have the same theme of legacy manual systems creating issues with your audit and with being able to record the financial data in an accurate manner. I do not know if the Ministry of Finance could assist in answering that question.

Mrs. Durham-Kissoon: Thank you, member. Through you, Chair, yes, we do recognize at the Ministry of Finance and throughout the public service that the Integrated Financial Management Information System is in need of implementation. We have been aggressive in preparing to rollout that system early in fiscal 2023. We are—as you may be aware this programme, it is to support, as you rightly said, the public financial management system and the modernization of it and, of course, the main tool is the computerization, the whole digitalization and for us to all have real-time data.

11.30 a.m.

Mrs. Durham-Kissoon: At the moment, we are addressing what is called the chart of accounts and that is basically the classification of the revenue and expenditure that you would see in the estimates for the revenue and expenditure. We are currently reviewing the design of that to make sure that it can accommodate all of the information that is required to address the issues that we are speaking to this morning.

We are well in advance. The system is to be compliant with the Government's financial statistics, which is an IMF-designed classification. We have also prepared a programme for training of Ministries and Departments. We have a few pilot Ministries and we are expecting, within the next month or two, to see how we can go live with those pilot Ministries. I do not know if I can ask my colleague, PS Lutchman if she would like to add anything with respect to our aggressive rollout of this programme.

Ms. Lutchman: Thank you, Chair. Through you, yes, I endorse everything that PS Kissoon would have indicated and earlier one of the comments that was made was the issue of overpayment and specific reference was made to the Ministry of Education and the timing difference in getting the information. The IFMIS system would resolve that issue. And as PS Kissoon indicated, because it is a real-time system, information will be available to those charged with the authority making decisions immediately. And, therefore, as she indicated, we are aggressively pursuing the full implementation by the first quarter of the next fiscal. Okay.

And to support that as well, just to add, we would be also seeking to strengthen the internal audit function, which would be supporting that system. And in that regard, just like the Auditor General has implemented the risk-based approach to auditing, we would also be seeking to fully implement the risk-based approach to internal auditing. So that would also be there to support our IFMIS system. Thanks, Chair.

Ms. Seepersad: Thank you.

Mr. Chairman: Member John, I see you have your hand up. Can you intervene now?

Ms. John: Yes, Chairman, thank you. All right, I have been following the conversation and I think there have been quite a lot of good questions asked. I want to ask the Auditor General please, through you, Chairman. I just want to go back a little bit to the errors of—well there were some errors within the report, the Auditor General's report. And there was a discussion about the errors that we are seeing over and over. And not to belabor the point, in terms of errors,

whether it is errors of omission, or errors of commission, given the fact that what has come out is that there is a challenge within the management information system, how does one determine that the error is not one that is, well, intentional, in terms of something that hinges of a fraud? Because I do not know how bad the MIS is, in light of the fact that I know these Ministries will have their own way of managing their data, whether it is outdated databases or so on, I do not know, but at least we have the tools of the spreadsheet, et cetera. How is that determination made please, through Chairman?

Ms. Pujadas: Thank you Ms. John, for your question. I just want to point out that in the main, the Ministry's system, the payment system is a digitalized process. However, the supporting system, in terms of the records and the management of those records, are very much a manual system.

The errors are basically within the realm of normal consistency. We would normally do analytical review and assess the level of the errors. The errors, while we are raising them is because they are not in compliance with the Exchequer and Audit Act and the regulations that are cited. Some of those errors would point out to a risk; perhaps they need to be strengthening the internal control function. I am happy to hear PS Lutchman indicate that the control functions is going to be built into the IFMIS system, which might help mitigate some of the errors that have been coming forth. But, by and large, the materiality, because we would have to do alternative testing to verify the information and the recordkeeping of the manual system, we are pretty much assured of the integrity in most cases. Of course, the larger risk area is not so much in the expenditure area, with perhaps the exception of development and infrastructure development programmes, because of the control mechanism built in by the exchequer is very, very strong.

The issue sometimes that we would need to look at with greater detail and emphasis has to deal with the revenue collection and perhaps potential leakages that could incur as far as the revenue collection is concerned. Those, I think would stimulate a much greater risk.

Ms. John: Through you, Chairman. When you say, Madam Auditor General—

Ms. Pujadas: Did you all hear me by any chance?

Ms. John: Yes, I heard you.

Ms. Pujadas: Would you like me to repeat?

Ms. John: I heard you.

Ms. Pujadas: Ms. John, I am not hearing.

Ms. John: I am hearing you. I heard her, Madam Auditor General. I just had a little contraption here. I have been trying to keep my laptop up. All right. Now, with respect to the—I heard you speak about, I think the chart of accounts and that you were following an IMF model. There must be something in place right now. Why this IMF suggestion or their model? Is it that it brings more rigidity? Because, as a matter of fact the chart of accounts is kind of lynchpin. I have never been an auditor but I have been in places that have been audited and basically the fundamentals are as important as the in and out of your cash, or whatever it is, of your resources. So with respect, when you go in, are you looking at the fundamentals? And I would have heard the Chairman

mention earlier, I think, the standardization of this or one of members would have asked about the standardization of these fundamentals across your network.

Ms. Pujadas: I think the issue of the chart of accounts has to be better discussed with regard to the, again, Ministry of Finance. However, the fundamentals, as I indicated to you, this is a cash-based system. This is not an accrual-based system. The Government accounts is very much on a cash-based system. So what does that mean? The cash-based system is basically stimulated on, as you know, a vote book system, which is delved down by lines of expenditure, starting with the Head of Expenditure. It is really basically you receive a release, you account for that release, there is proper recording of that release and then you are entitled to spend only if you have received a release.

Prior to that, there is a system under section 18 of the Exchequer and Audit Act, which is called the application of credits. That means that is the authorization. That is the very beginning, where you are authorized to spend up to a certain level of expenditure. There are documentations that need to be done because this is a formalized, again, manual document that is utilized to control expenditure and to control the levels of expenditure that can be done by an accounting officer within a particular period. And so there are supporting support documentation that is linked to that. And in terms of the expenditure, before anything that can be put through into the payment system, the Exchequer again defines certain control mechanisms, which relate to the expenditure system, which must be adhered to and followed.

So, from a fundamental basis, as part of our audit, and this is why we bring up these instances. Because sometimes, while the control may not—we could have looked at alternatives to make sure that the expenditure was bona fide. The fact of the matter is that we want to make sure that the controls that were maintained and built into the Exchequer and Audit Act, because by and large the Exchequer and Audit Act is the internal control framework for financial management that exists today.

Ms. John: Thank you. Fair enough. Okay—being a paper-based and what have you—so really and truly the line of sight is very clear, particularly as it is a more or less paper-based system. Which brings me now to, in highlighting the deficiencies or where people would have taken advantage of the system, this would show up in your management letters, which I recall to be extremely detailed. I cannot remember if you all include in that timelines for rectification or resolution. Now, but what I do know is that they are extremely detailed.

Now, if people are getting these management letters and they are ignoring them and year after year you go back to the same institutions and they have the same issues, I cannot understand that there is a kind of standing still or a standing apart, or you cannot intervene or escalate this higher. Am I correct or not correct?

Ms. Pujadas: Our reporting mechanism, as defined by the Constitution and defined by the Exchequer and Audit Act, we are reporting to the Parliament. That is our line of reporting. That is our oversight mechanism. I do agree with you though however, that a continuation of the

issues that are raised on a continuous basis. But you must recall that it is not the same Ministries sometimes that are having the same issue. Sometimes, if you look at the report, Ministry of Agriculture, Land and Fisheries, for example, just as an example and I am not saying that this is the case, but Ministry of Agriculture, Land and Fisheries may have addressed the issues that we raised. And because we took a risk-based approach, we may have looked at another element. And during that element we may have found other things that were in breach or needed to be improved upon. So, sometimes it is not necessarily the same activity or the same breach or the same breakdown and control that is occurring.

Now, in general, what we sometimes do is we do liaise with the Comptroller of Accounts to identify things that they may need to be addressed from a holistic level. Again I would like to say we have not substantiated it, but I am aware that the Comptroller of Accounts had taken certain directives where internal control is concerned and I know they have been looking to improve upon the internal audit function. Because the internal audit function within Ministries and Departments are key to ensuring the integrity of the data, to ensuring and giving the accounting officers the assurance that the information that is being recorded is complete, accurate and do in fact exist. So I do know that at present there are attempts by the Ministry to improve upon the internal audit function and to deal with the reform of the internal audit function.

Ms. John: Thank you. Chairman, I do not want to belabour this point. Chairman, just through you, if I can ask just two other short questions, please? Madam, I am looking at—there is on page 45, I think there is something called a limitation of the audit of statement revenues, where it seems as if there is a bottleneck or a stalemate between your function and the Board of Inland Revenue, specifically treating with section 4 of the Income Tax Act, where you are seeking certain information which will help you in undertaking a complete audit. It appears as if there is a challenge there, and since 2017 you have been seeking to have it resolved and you have brought it to the attention of the Attorney General, where you are asking that they seek an interpretation summons to resolve whether you have locus, in terms of getting the information you seek.

You have also indicated that with the advent of the new Attorney General, you have also brought it to his attention. How much is this interfering with your work as Auditor General and in completing certain material audits?

Ms. Pujadas: Well, when we speak about the limitations there, of course, we are speaking in terms of the revenue function. Now the revenue statement is presented as a separate statement, in terms of the presentation of where the Government accounts at present, under the cash-based system, is administered. So basically we are talking about statement of receipts and disbursements and we are talking about the receipt of revenue. Now the BIR, Board of Inland Revenue is a receiver of revenue. And as you know they collect revenue on the various tax divisions. So, in order for any auditor to be assured of the completeness of something, they need to have access to information. However, the board is constricted by their Act, their secrecy Act

that would debar us from having detailed access to certain information, to be assured that the taxes that were issued to Madam Jearlean John was received by the board and was collected by the board, you know. So that is the challenge we have.

Because of this challenge, we do not stand back and say: Okay, we cannot audit it. We do, do spot service at the district revenue offices and we do, at that point, observation, physical observation. We look at the collections. We look at the recording. So we do try to minimize the risk. But, of course, a strong auditing process would require us to have more access to the information to be assured that the revenue is being collected as it should be, in accordance with the law.

At this point, I do not know—I would like, Ms. John, if you would not mind, and through the Chair, if our Senior Legal Officer could add a little bit to this at this point in time. Thank you.

Ms. John: With the Chairman's permission, of course.

Mr. Chairman: Sure, no problem. Thank you.

Ms. John: Yes, the legal officer?

Ms. Mangra: Good day everyone. So we have obtained our own internal legal opinion. We maintain strongly that we have a constitutional right to the information that we are asking for from the Board of Inland Revenue. It is a position that we have always maintained. However, at this stage we have just not gotten any assistance with our position.

Ms. John: Okay. Chairman, my final question please. Thank you. Madam Auditor General, again, through the Chairman, the section audit scope and approach at, I think, 1.24, I think it is. Audit findings: payments made out of public moneys to a Member of Parliament in accordance with section 25(2) of your Act. And one went on to detail that. I think it is very helpful that one will always see from where you are given your authority. And it is that basically if a Member of Parliament, which is President or Vice-President of the Senate, Speaker or Deputy Speaker, et cetera, receives anything that is outside of their normal remit, that this is reported within your report. I am seeing specifically at 1.24, a specific payment. When such a payment is made in asking for the information, is it that it has to be approved by Cabinet? You have to see a contract, the capacity of work, a sign-off by someone to say this work was indeed done before? Well a cheque would have been issued. By the time you get on to the compound, a cheque would have been issued. Is that how you conduct the audit into a payment such as this?

Ms. Pujadas: The requirement is under the Exchequer and Audit Act that the Ministries and Departments, in preparing their notes to the accounts, identify who has received finances or who has received payment that it is not specifically linked, or they have received payment in providing a service that is not in keeping with that particular piece of legislation. For us now, when we verify the note, we would verify, as you rightly said, we would verify the actual payment and we would actually look at the service that is being provided. And for all services that are being provided, there needs to be some level of authorization. So we would verify to see whether or not such an authorization was granted for the receipt of such a payment.

Ms. John: Okay. Thank you. Chairman, thank you very much. Thanks a lot, Madam Auditor General.

Ms. Pujadas: You are most welcome, Ms. John.

Mr. Chairman: Thank you. I want to turn to the statement of the public debt, as referenced in your report, Madam Auditor General. At page 54 the report indicates that in addition to the effects of the COVID-19 pandemic, the public debt of Trinidad and Tobago was identified as a potential significant risk on the allocation of the resources of the State. Given that over the last few years we have seen an increase in the level of the public debt to point where it is now, \$97 billion, as per your document, can you identify, well can you elaborate on what those potential risks are and what the potential consequences are to the economy of Trinidad and Tobago?

Ms. Pujadas: This is a very difficult question for me to answer, Sir, because I am not an economist. Unfortunately, I am a lowly accountant. However, as we know at present the debt ratio, from my understanding and from my research and from what we have produced, is approximately 82.7 per cent of the debt ratio to the GDP.

Now, that would obviously—if you have to make loan payments and make commitments which mandatory and there are legal obligations to these things, but if you have to make these payments then they would obviously be a priority over the expenditure for goods and services, for infrastructure development, for development programmes. These obviously would have to take—they would take up—so from that perspective is how we were looking at analyzing it to see whether or not, whether there was a leveling off, or whether there was an increase.

From our report, you would know that there was a slight increase from the previous year. And we were also looking to see whether or not the Government was in fact making their payments, which we can attest to in the report that they have been. But we did not go all the way to link it to determine whether or not, in meeting these payments, the impact it would have had on expenditure. But from a personal level, and as plug here for the Auditor General to receive more resources, our budget was definitely cut in this last financial year here. So it obviously did have an impact on us being able to put forward our work in the manner in which it should have been forward.

Primarily, we did not get the resources to fund the necessary staffing arrangements that we needed to have, nor the technical tools in order to improve on our auditing techniques.

Mr. Chairman: So that we agree that the level of public debt has in fact affected your own funding.

But from an accounting perspective, as the Auditor General of the country, what would be your opinion of the level of comfort that—let me ask that question differently. As the accountant to the Government, as the Auditor General, are we in a comfortable state? Is this a good state? I would like to get your opinion as to the level of public debt, whether it is in fact an acceptable level of public debt, given the revenue and expenditure predicted by the Government or on behalf of the Government?

Ms. Pujadas: Thank you Chair for that question. But again, it is a very difficult question for me to answer, because again we have not done any analysis in that area. And point two, again, I am not an economist and I do not have an economist expert as part of my team to really to be able to make a definitive pronouncement on that issue.

Mr. Chairman: Thank you, Ma'am. If I may then turn to that question to the Ministry of Finance to advise of the level of concern that we should have as a country, given the level of public debt as it is at this point. Madam Permanent Secretary?

Mrs. Durham-Kissoon: Thank you, Chairman. Sorry for that delay, my mouse was not cooperating. So I would just like, Chairman just to make a slight correction. The public debt that was quoted 82 per cent, that would include open market operation and what we use as our guide in the Ministry of Finance is the adjusted general government debt, which excludes open market operations. And I believe we would explain that in the *Review of the Economy*. So, taking that into consideration, it is approximately 77.9 per cent.

To address the question directly, as you may have alluded to, Chairman we would have been subject to reduced revenue over the period. And with COVID-19, we found ourselves having to address certain anomalies in the economy. We would had have to, as was discussed at length earlier, put in place several measures to support persons who would have lost jobs during the COVID-19 period when businesses would have been forced to close.

In addition to that, we would have had to seek financing for pharmaceuticals, particularly drugs related to COVID-19. Additionally, with the loss of income, many households were not able to pay for utility bills, et cetera. So, the borrowing that you are seeing in the portfolio would have sought to address those issues, particularly in supporting households in dealing with the fallout of the COVID-19.

So, in addition too, we have existing portfolios to address infrastructure. So that the economy, when it starts to takeoff, the infrastructure needs would be able to support the growth that we are anticipating.

Mr. Chairman: Thank you, Madam PS. I am raising that in connection to the Exchequer account, which is now overdrawn by \$42 billion-odd. So I have \$42 billion overdrawn in the Exchequer account and \$97 billion-odd in public debt. The question I was trying to get to is: whether or not there is some level of concern because of that level of indebtedness, because of that level of borrowing and because of that level of drawdowns from the Exchequer and Audit Act, the overdrawn account, that is. And if there is concern, what is proposed to be done to have those matters addressed?

Mrs. Durham-Kissoon: Okay, Chairman, the issue of the public debt as we continue to say is that we need to support spending in the economy. All right. During the COVID-19, we would have seen the effect of reduced spending in the economy. So we continue to seek to address expansion in the economy—to bring the economy, to expand, so that revenue can be earned so that we can service our debt and bring the spending, so that the GDP would increase.

Mr. Chairman: Thank you, Ma'am. Member Seepersad.

12.00 p.m.

Ms. Seepersad: Thank you, Chairman. Are you hearing me properly? I believe there were some issues with the audio just now.

Mr. Chairman: There is in fact some issue; we are not hearing you clearly.

Ms. Seepersad: Well, my question deals with the accounting system, the cash-based system and when is the Ministry going to implement an accrual-based accounting system for the Government accounts?

Mr. Chairman: I think the Permanent Secretary can answer that question Ma'am.

Mrs. Durham-Kissoon: Thank you, Chairman. Member, could you repeat the question please?

Ms. Seepersad: When will the Government introduce an accrual-based accounting system to record its accounts? Because right now you use a cash-based system and that affects the reporting of debt, et cetera. The correct reporting of debt.

Mrs. Durham-Kissoon: Okay. Thank you, Chairman. I will turn over to the Comptroller of Accounts.

Ms. Laban: Member, with the implementation of the Integrated Financial Management Information System we are also looking to standardize the basis of accounting, which would be in accordance with IPSAS, International Public Sector Accounting Standards. However, the moves cannot be moved to accrual directly. We are moving from cash basis to cash-basis IPSAS, to modified cash, then to modified accruals, and then possibly later on to a full accrual accounting. But this takes quite a number of years. So we have started with the introduction of cash-based IPSAS standards. Thank you.

Mr. Chairman: Member Seepersad, does that answer your question?

Ms. Seepersad: It answers it but it is not satisfactory. How many years this is going to take?

Mr. Chairman: I am not sure if the Ministry of Finance wants to give a response please.

Ms. Laban: Well according to our information, the move towards accrual accounting can take up to 12 years. However, as I said, with International Public Sector Accounting Standards, we are still moving towards standardizing, which is with IPSAS, with the use of cash-based IPSAS. And that is going to be implemented along with the integrated system.

Mr. Chairman: I know that member John had her hand up, I do not know if she still wants to intervene? Member John.

Ms. John: Very briefly. Very briefly, Chairman. So then, I wonder how do they then account for expenses or revenues that has been collected but not yet— Because if this is cash-based this is what, this is real-time. But then you have revenues that would have been earned, that should be on your book. How do you then track that? Or debts that you probably do not have, what you call it?—a disbursement for, you know, as yet. Because again, it is cash-based. So if it is you have these revenues or debts that ought to be accounted for, what is happening now? Is it just placed somewhere and when the cash comes you then do a matching of it? Sorry. Ministry of Finance,

to the Comptroller of Accounts, through you, Chairman. I just want to know what happens now in terms of revenues that are not—you cannot do this cash system for. But it is there somewhere. It has to be accounted for. How do you do that?

Ms. Laban: We do accounts for all revenues. Currently with the cash-based accounting revenue is accounted for on a daily basis. With the integrated system, it will be reported in real-time and therefore we would have more information collected on revenues to be able to do better reporting. But the cash is reported on a daily basis as received.

Ms. John: But what about debts then? You have creditors. And these are material. You probably would have consumed it or it is going in as part of some factor of production somewhere in the Ministry. How is that accounted for if there is no Vote, or however it is recorded in the Ministry? I do not know. Remember yes, the revenue okay fine I could understand the cash is there so you record that. But remember is it that everybody pays on time and they pay by cash and that kind of thing? Or you will have cash to receive as receivables? In normal accounting, there are receivables, cash not yet received and you account for that as something that is material on your books.

Mrs. Durham-Kissoon: Okay. Member, if I can take up here. With respect to loans, which are debts the accounting officer is required to budget the projected expenditure from the loan, all right, and bring it to account as they drawdown on the loan. Okay. So it is brought in to budget.

Ms. John: Okay.

Mrs. Durham-Kissoon: So I do not know if you are following what I am saying. So if the—

Ms. John: I am an accountant. Yes I am following. But I mean—I am thinking may be more private sector, what is done in the private sector, that you must account for your receivables in the same way you have to account for debts that even if you cannot service the debts you must account for them on your books real-time. That is in keeping with standard accounting practice.

Mrs. Durham-Kissoon: Okay. So we do account for what is to come in and we also have the project, the servicing, under expenditure.

Ms. John: All right, thank you.

Ms. Seepersad: Chairman, could I just follow up on that because I have a very serious concern that because—based on, I mean I am jumping on to what member John was talking about. The accounts are understated because if we report on a cash basis, you are understating your assets, your liabilities, et cetera, revenue, expenses, et cetera. And 12 years is not a comforting number. So we continue to get I would say, incorrect information when we look at the Government accounts.

Ms. Laban: I would object, member. I would not say that the cash is understated. When the accounts are done on a yearly basis at the end of the financial year, all the receipts and liabilities are taken into consideration in the statements that are produced. So they are shown on the account, on the books. It takes—because it is a manual system it takes a longer time but it does, it is shown.

Ms. Seepersad: But if you tell me that the accounts are done on a cash basis then it is not an accrual-based system? Is that correct? Chairman, I hope you do not mind but I think this is something that we need to get some more information on.

Mr. Chairman: By all means.

Ms. Laban: Sorry, can you repeat the question?

Ms. Seepersad: Yes. What I am saying is, you are reporting on a cash-based system not an accrual-based system. Therefore, you are understating the liabilities, assets, et cetera, because cash is not accrual. Unless I am misunderstanding the method used for your accounting system.

Ms. Laban: I am still not quite sure I follow. But we have presented one of the statements, the consolidated statement of assets and liabilities in the cash-based IPSAS format which is according to accounting, it is a standard. And we have shown for example the liabilities of the Exchequer account as a liability in that statement. Previously, it was shown as an asset. But now, with that statement that we have formatted it is shown as a liability in the account.

Ms. Seepersad: And is this for all assets, liabilities, income, and expenditure? Does it relate to all those categories? So these are expenses that are due but not yet paid, income received and not yet entered, et cetera, et cetera. I mean you understand what accrual-based accounting is. Does that relate to all the categories on the income and balance sheet?

Ms. Laban: I cannot say at this point. We will have to look into it.

Ms. Seepersad: Could you provide us with details please, because that is something that I am very concerned about, that we continue to get information that is not accurate when we look at the statements.

Ms. Laban: Sure.

Ms. Seepersad: Thank you very much. Thank you, Chairman.

Mr. Chairman: Thank you very much. Colleagues, do we have any more questions for the team here? All right, if there are no further questions it falls to me to thank the representatives of the Auditor General's Department and the Ministry of Finance, for your presence here today and your participation in today's Public Accounts Committee meeting.

I also want to thank members of the view and listening audience for tuning in and for submitting questions which we were able to raise on your behalf. Thank you again. And at this point we will ask that members of the Ministry of Finance and the Auditor General Department will be excused. And to wish all citizens who are have viewing a very good day. Thank you all very much. Committee members please hold so we can continue our discussion off camera.

12.11 p.m.: Meeting adjourned.