

The Second Report of the Public Accounts Committee on an Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2020.

The Ministry of Finance notes the issues, observations and recommendations contained in the Second Report of the Public Accounts Committee on an Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2020.

In relation to same, the Ministry of Finance's responses are presented hereunder.

Recommendation (Page 19):

- ***The Ministry of Finance (MOF) should report to Parliament on the approach taken regarding the two thousand, six hundred and seventy-two (2,672) persons who received the ISG in addition to the SRG by January 31, 2022.***

Response:

The Auditor General's Department (AGD), by correspondence dated January 11, 2021 submitted to the MOF the following findings re duplicate payments to applicants under the SRG and the ISG:

*The SRG database was joined with the Income Support Grant's database, which was administered and paid by the Ministry of Social Development and Family Services. The joined databases revealed that two thousand, six hundred and seventy-two (2,672) persons received both grants. Applicants who were paid the SRG should not have been paid the Income Support Grant. Therefore, overpayments of the Income Support Grants amounted to **\$8,115,000.00**.*

The AGD also recommended that the Ministry of Finance (MOF) and the MSDFS collaborate to determine the way forward on the overpayment of the Income Support Grants.

Accordingly, meetings were held with the MOF and the MSDFS whereby two (2) options were presented for consideration:

- i. Pursue a write-off of the overpayment; or
- ii. Pursue recovery of overpayments from all duplicate recipients.

On **March 3 and 9, 2022**, the MOF received from the NIBTT and the MSDFS, respectively, confirmation of payments data for the **2,672** persons listed as overpaid. This information is being reviewed with the objective of confirming the actual payments made and the actual value of the overpayment of the ISG.

Additionally, it should be noted that applicants approved for the 2020 SRG would have qualified for relief up to a limit of **\$4,500.00**, which during the earlier period of the

project was paid in tranches of **\$1,500.00** per month for a period up to three (3) months, based on an applicant's eligibility. Subsequently, to expedite payments to eligible applicants post-June 30, 2020, some persons were issued one (1) payment of the full sum for which they were eligible. Note also that some applicants may not have qualified for all three (3) tranches. Conversely, the MSDFS paid the ISG in one lump sum.

Accordingly, when it was identified that persons were attempting to access both the ISG and SRG, in keeping with the policy that duplicate grant recipients should not receive more than **\$4,500.00** between the ISG and the SRG, steps were taken to mitigate the level of overpayment by not issuing additional outstanding SRG tranche payments to persons identified as being in receipt of the ISG.

Upon completion of the review of the payments data received from the NIBTT and the MSDFS, the MOF will continue discussions with the MSDFS with a view to deciding on a final course of action.

Issue (Page 20):

- ***Non- Compliance with Financial Directives***
 - ***Issue - Vote Book Inaccuracies re: Financial Directive - Section 66(2) of the Financial Regulations***

Response:

1. Quarterly Votebook reconciliation exercises have been conducted with the exception of Valuations Travelling, which was delayed due to the clerk being unwell. However, this exercise is expected to be completed during the month of March 2022.
2. The ongoing end of year reconciliation exercise referred to was completed with the assistance of the Treasury Division as the Accounting Executive I was in quarantine isolation and the Accountant IV was new to the schedule.
3. Accounting Assistant (Expenditure Reconciliation) did participate in training facilitated by the General Ledger Services of the Treasury Division in February 2022 on Proper Accounting Procedures as it relates to reconciliation.

General Training/or the Unit however has not yet been formally organised due to the Accountant IV and the Accounting Executive I having to deal with other pending issues after there not being an Accountant IV during the critical period of November 21 to January 22, and the Accounting Executive I being absent during those months due to quarantine isolation.

Contact was made last year with the Financial Management Branch of the Treasury Division which informed that training was suspended due to COVID-19, and that online training was not an option at that time. The Financial Management Branch would be

contacted again soon to ascertain if online training is now an option. If not, a proposal would be submitted by March 31, 2022 to outsource the expertise.

In addition, in-house training would be formally conducted starting from April 2021. These would be done in 2-hour sessions focusing on specific functional areas, beginning with the functions of the Sub-Accounting Unit.

Recommendation (Pages 20 and 21):

The Treasury Division should provide Parliament with the following by January 31, 2022:

- a) A progress report and completion timeline regarding its development of online training in government accounting for MDAs in collaboration with the Public Service Academy; and***
- b) A list of priority MDAs where training is most needed.***

Response:

The Treasury Division conducts training sessions with all Ministries, Departments, and Agencies (MDAs) annually on the presentation of the Circulars for the Closing of Accounts. This was done on August 26, 2020 and August 25, 2021 virtually.

The non-submission or late submission of Appropriation accounts and reconciliation statements does not reflect the need for training but the tardiness of the defaulting MDAs.

Pages 19 and 20 of the Second Report of the PAC has an extracted and compiled listing of defaulting MDAs as identified by the Auditor General, which were in breach of the Non-compliance of Financial Directives i.e. non submission or late submission.

Further, the issues raised by the Auditor General will be addressed with the implementation of the Integrated Financial Management Information System (IFMIS) which is currently at the pilot stage. Training has been ongoing throughout the year in the use of the system.

Training in the current accounting systems will require a review in the very near future as the implementation of IFMIS would result in significant changes in the roles and functions of the staff in Accounting Units.

In light of the above, a decision on whether to invest in the training of officers in the use of the current accounting system (i.e. allocation of Time and Human Resources) is appropriate at this time, as this training will no longer be applicable with the implementation of IFMIS which is tentatively carded for December 2022.

Also, concurrently, discussions are ongoing with the Public Service Academy (PSA) on a way forward to convert 'face to face' training to online training.

Currently, the Treasury is working with the PSA and the CPO to deliver Pension and Leave training virtually. Once operationalized, the methodology can be extended to other types of training as may be required.

As it currently stands, all MDAs are constantly in need of training due to the high turnover of staff at these units. In light of this, the Treasury Division created the Accounting Manual and posted it online via our extranet in an effort to assist officers with accounting matters.

Issue (Page 22) - Internal Audit:

- ***At the Inland Revenue Division (IRD), the 2019-2020 Internal Audit Work Plan did not include documents such as VAT Returns, Income Tax Returns, Income Tax On-Line Returns and Procurement documents. Of particular concern, no evidence was provided to reflect that COVID- 19 payment vouchers were being considered by Internal Audit***

Response:

The Approved Internal Audit Work Plan for Financial year 2022 has listed as Activity 5 (a) Expenditure (Personnel, Goods and Services, Minor Equipment Purchases, Current transfers and subsidies and Development Programme). This entails the audit of the Vote Books, Vouchers and Schedules for the Financial Year 2022, which includes the audit of COVID-19 payment vouchers.

This audit is scheduled to be undertaken quarterly in its entirety during the financial year. It should be noted that the audit of the first quarter October - December 2021 is currently in progress and is expected to be completed by March 31st, 2022.

As it relates to the audit of documents such as VAT Returns, Income Tax Returns, Income Tax On-Line Returns, there exists the capacity within the Integrated Tax Processing System (ITPS) for internal audit checks, and new initiatives in line with international best practices in Information Security have been identified. These initiatives include all aspects of the system.

Audit of the Registration system and physical access controls have been planned for fiscal 2021/2022.

The IRD recognises that the internal Audit function can be strengthened and plans are in development to:

1. Train/retrain existing staff; and
2. Hire qualified internal auditors on contract.

Recommendation (Page 23):

- ***The CED - MOF should report to Parliament on the rationale for the range of areas covered by its internal audit function by January 31, 2022.***

Response:

The Internal Audit (IA) was unable to complete its work plan 2020-2021 due to COVID-19 restrictions and staff shortage of the Audit Section.

Internal Audit is currently staffed with an Auditor I and Auditing Assistant. The compliment for Internal Audit comprises of two (2) Auditor I positions (Range 35 F), and one (1) Auditing Assistant (Range 30C).

The Ministry of Finance has embarked on a number of initiatives to ensure adequate staffing in the various Divisions starting from a needs assessment to recruiting. With respect to Internal Audit, this is a component of the Public Financial Management (PFM) Reform project. The outcome is to implement an IA Framework to improve PFM control, transparency and reporting. Training of Internal Auditors is expected to commence in the third quarter of Fiscal 2022 and the new framework fully implemented by December 2022.

Recommendation (Page 23):

- ***The CED - MOF should provide clarification to Parliament of whether the revenue records regarding Import Duty, Beer Duties, Rum and Spirits, Cigarettes, Spirit Retailers Elsewhere and Special Restaurant Elsewhere were duly examined by internal audit by January 31, 2022.***

Response:

Import Duties - Post Clearance Audit checks are done after clearance by Customs Officers which is of a technical nature. The Customs Officers are trained to perform the Post Clearance Audit.

Notwithstanding, the Internal Audit Unit verifies the monthly totals of the Revenue Accounts from the ASYCUDA System and monthly International Public Sector Accounting Standards (IPSAS) Statement.

Recommendation (Page 23):

- ***The Inland Revenue Division - MOF should report to Parliament on the steps taken to ensure that COVID - 19 payment vouchers are reviewed by internal audit by January 31, 2022. The MOF should submit to Parliament a status update on the following by January 31, 2022:***

Response:

The Internal Audit Unit commenced an audit exercise on December 20th, 2021 to review COVID-19 payment vouchers for the Financial Year 2020. This audit exercise was completed on December 23rd, 2021 and no major discrepancies were discovered during the course of the audit.

Based on recommendations that the audit of COVID-19 expenditure be conducted on a timely basis to ensure compliance with the Financial Regulations and Instructions, the Auditor General's Department and the Public Accounts Committee, the Approved Internal Audit Work Plan for the Financial Year 2022, includes the audit of Expenditure which involves the audit of COVID-19 vouchers. This audit is scheduled to be conducted on a quarterly basis during the financial year.

It should be noted that the audit of expenditure for the quarter October to December 2021 is currently in progress and is expected to be completed by March 31st, 2022.

Moving forward, the expenditure audit inclusive of COVID-19 expenditure, will continue to be conducted at the end of each quarter during the financial year.

Recommendation (Page 25):

- ***The MoF should submit to Parliament a status update on the following by January 31, 2022:***
 - a. Whether the 3,431 outstanding Declaration and Signature sheets were in fact never completed by recipients of the Temporary Food Cards; and***
 - b. The steps take taken to strengthen internal controls for the Temporary Food Card initiative.***

Response:

The Ministry of Finance wishes to advise the Public Accounts Committee that the information being sought is relevant to the Ministry of Social Development and Family Services which is the line Ministry for the administration of the Food Support Programme initiative.

Recommendation (Page 25):

- ***The MoF should submit to Parliament a summary of the monitoring activities conducted by the SMEO in respect of COVID-19 expenditure or an explanation for the absence of such monitoring by January 31, 2022.***

Response:

The role of the SMEO was limited to monitoring the expenditure and performance of the following relief measures by way of periodic reports provided by the relevant executing agencies:

- Food Support Programme – Ministry of Social Development and Family Services;
- Income Support Grant (Phase II) – Ministry of Social Development and Family Services;
- Salary Relief Grant – National Insurance Board of Trinidad and Tobago (NIBTT)/Ministry of Finance;
- Grant Funding to Religious Organisations to support Food Distribution – Office of the Prime Minister;
- Market Boxes – National Agricultural Marketing and Development Corporation (NAMDEVCO), Ministry of Agriculture, Land and Fisheries;
- Fuel Relief Grants – Ministry of Works and Transport;
- Emergency Relief Grants for Artistes and Creatives – Ministry of Tourism, Culture and the Arts;
- Assistance to stranded nationals abroad – Ministry of Foreign and CARICOM Affairs;
- Credit Union Loan Facility – Office of the Supervisor of Insolvency, Ministry of Finance;
- SME Loan Guarantee Programme (Phases 1 & 2) – First Citizens Bank as Administrative Lead/Ministry of Finance;
- Entrepreneurial Relief Grant – National Entrepreneurship Development Company (NEDCO).

**Ministry of Finance
March 31, 2022**