

**MEEI Response to the recommendations of the First Report of the Public Administration and Appropriations Committee on Examination into the Current Expenditure of Ministries and Departments under three (3) Sub-Heads: Current Transfers and Subsidies, Development Programme — Consolidated Fund and Infrastructure Development Fund**

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**1. Internal Audit**

- *The Head of the Public Service develops a training programme to strengthen the Internal Audit function throughout the Public Service, which must include continuous training to ensure knowledge and practices remain up-to-date with International Financial Reporting Standards (IFRS)/ IPSAS.*
- *Consideration may be given to the use of the resources of the Treasury and the Auditor General to assist with the delivery of the programme. Through the strengthening of Internal Audit departments, many issues can be rectified in a timely manner. Records will be properly maintained, issues will be identified and dealt with and there will also be a higher sense of accountability, transparency and value for money.*
- *The Public Service Commission and the Chief Personnel Officer review the job descriptions and the terms and conditions of employment for all levels of Internal Audit staff, with the objective of making Internal Audit a professional stream in the Public Service.*
- *The Public Service Commission and the Chief Personnel Officer takes all requisite steps to fill all vacant positions after the review mentioned above, in a timely manner.*
- *The Public Service Commission and the Chief Personnel Officer must devise and implement retention strategies to minimise loss of Internal Audit personnel in the Public Service.*

**MEEI response:**

**The Internal Audit presently comprises of the following posts:**

**One (1) Auditor II**

**One (1) Auditor I**

**Two (2) Auditing Assistants**

**The Ministry of Energy and Energy Industries (MEEI) in its restructuring exercise proposes to strengthen its Internal Audit Division by four additional posts as follows:**

- i. One (1) Auditor III**
- ii. One (1) Auditor I**
- iii. Two (2) Auditing Assistant**

Notwithstanding awaiting the creation of the above posts, the MEEI has sought to build the capabilities of its existing staff by exposure to the various training as follows:

- **Forensic Accounting and Fraud Auditing-** offered by Ministry of Public Administration
- **Operational Auditing-** offered by Ministry of Public Administration
- **Risk Based Auditing-** offered by Institute of Internal Auditors (IIA)
- **Auditor in Charge- Tools and Techniques-** offered by IIA

Further, the Internal Audit Division seeks to mitigate risks and ensure adherence to prescribed Regulations by the following activities:

- **Evaluate financial and auditing activities included in the Audit Plan and prepare reports envisaged under the plan to the Permanent Secretary.**
- **Communicating the audit conclusions and recommendations to the audited parties, establishing a schedule for implementing the recommendations and monitoring the work to ensure that the recommendations are implemented**
- **Ensure compliance of departments to be audited to prescribed systems and procedures on a quarterly basis.**

## **2. Fraud**

- *The Ministry of Finance develops and implements a mechanism to:*
  - *identify; and*
  - *prevent fraud**which is to be applied to all Ministries, Departments, State Enterprises and Statutory Authorities. This will ensure that accountability is maintained.*
- *Penalties should be introduced to penalise persons found guilty of committing fraud within Ministries, Departments, State Enterprises and Statutory Authorities.*

**MEEI response:**

**The Ministry supports the recommendation of the Committee.**

**The MEEI is guided by the relevant legislation and procedures surrounding fraudulent activities. Depending on the nature of the alleged offence, various departments are involved in investigating the alleged cases taking the necessary steps and actions by engaging relevant internal and external stakeholders such as the Service Commissions Department, Ministry of National Security, and Ministry of Finance et al.**

### **3. Monitoring and Evaluation**

- *Ministries and Departments must familiarise themselves with the National Monitoring and Evaluation Policy of Trinidad and Tobago which outlines*
- *the system for monitoring and evaluation during the execution of projects, focusing on accountability, transparency, credibility, objectivity, ethics and utility.*
- *The Ministry of Finance and Ministry of Planning and Development must ensure there is a clear distinction between the functions of the Internal Audit Units and the Monitoring and Evaluation Units.*
- *Ministry of Planning and Development develops training to ensure the Monitoring and Evaluation Units perform at optimum capacity.*
- *Ministry of Planning and Development develops Standard Operating Procedures (SOP) for the Monitoring and Evaluation Units.*

#### **MEEI response:**

**The Ministry supports the recommendation of the Committee.**

**The MEEI has proposed a Monitoring and Evaluation (M&E) unit in its restructuring exercise comprising of the following positions:**

- **Monitoring and Evaluation Coordinator**
- **Senior Monitoring and Evaluation Officer**
- **Two (2) Monitoring and Evaluation Officers**

### **4. Exclusion of Projects from the PSIP**

- *The Ministry of Planning and Development identifies and removes longstanding projects and programmes from capital expenditure funding.*
- *The Ministry of Finance through its Budgets Division, must ensure that programmes transferred to recurrent expenditure from capital expenditure receive adequate funding.*

#### **MEEI Response:**

**Consistent with the requirements under this item, the MEEI is in the process of transferring a number of projects/initiatives currently funded under the Public Sector Investment Programme (PSIP) to the Recurrent Account. These projects are:**

#### ***Renewable Energy (RE) and Energy Efficiency (EE):***

- **CARICOM Energy Month (CEM) – Under a mandate by COTED, CEM is to be celebrated during November of each year; it comprises a number of events involving the schools and general public to spread the RE and EE message**

- **Training Workshops and Communication Campaign – RE and EE education and sensitization**

*Extractive Industries Transparency Initiative:*

- **Outreach Events to Stakeholder Groups – EITI information dissemination**
- **Training Workshops – eg. Mining Sector – training in good governance/sustainable mining practices to get the operators at a level at which they could start reporting**
- **Consultancies eg. hiring of an Administrator to prepare the EITI annual reports**

**5. Project Management**

- *The Ministry of Planning and Development standardises the project management function across Ministries and Departments. The Ministry may wish to consider identifying existing model Ministries and Departments which can be used as benchmarks.*

**MEEI Response:**

**The Ministry supports the recommendation of the Committee. Over the years, the Ministry has trained persons in project management and continues to offer training in project management. Recommendations for designated post of Project Officers will be evaluated to justify the need and to identify model Ministries as benchmarks to ensure the projects of the MEEI receive value for money.**

**6. Non-profit Institutions**

- *The Ministry of Finance develops specific rules for expenditure control in Non-Profit Institutions. These rules should clearly outline the terms and conditions for the release of funds to Non-Profit Institutions and for the accountability for the expenditure of the funds.*

**MEEI Response:**

**There is no item identified under the Ministry of Energy and Energy Industries in the Draft Estimates 2016/2017 for providing funding to Non Profit Institutions.**

## **7. Sub-Accounting Units in Small Departments**

- *The Ministry of Finance discontinues the use of Sub-Accounting Units within Ministries and Departments.*
- *In the interim, where Sub-Accounting Units exist, the Ministry of Finance must ensure there are clear lines of authority for each Accounting Officer.*
- *The Public Service Commission must ensure that main Accounting Units be adequately staffed both in persons and with the skill sets to properly service all Divisions within the Ministry.*

### **MEEI Response:**

**The Ministry supports the recommendation of the Committee to increase efficiency and deliverability, while ensuring that adequate measures for checks and balances are improved.**

## **8. Communication Backbone**

- *The Ministry of Public Administration and Communications mandates that all Ministries and Departments utilise the Government Communication Backbone in keeping with the Cabinet Minute. This will assist in producing economies of scale while demonstrating fiscal prudence.*

### **MEEI Response:**

**MEEI utilizes the GovNett backbone infrastructure to access the GORTT-specific services such as IHRIS and the Government Payment System (GPS). MEEI fully supports MPA's initiatives for E- Government and economies of scale. However, based on detailed discussions and technical assessments with the E-Government Unit in 2003-2004, the MEEI was granted approval to integrate its then already-highly-developed Wide Area Network (WAN) to the GORTT backbone while maintaining its independent WAN systems and infrastructure. The MEEI's position remains the same. Migration to the GovNett Backbone poses a number of risks in the area of data and system security, cybersecurity, responsiveness, stakeholder access, business continuity and support that can impact negatively on the MEEI's information systems and services.**

**The MEEI requires its own independent, highly-developed and secure, customized systems and infrastructure to support its energy-industry specialized mission-critical systems in order to maintain its services delivery to stakeholders in the energy and mineral sectors, as well as to ensure the highest level of data security and confidentiality of each individual operating companies' highly sensitive and proprietary data.**

The MEEI minimizes ICT connectivity costs through rationalization and streamlining of the costs of voice, data, videoconferencing, teleconferencing and enterprise wireless costs, among others.

#### **Head 40 - Ministry of Energy and Energy Industries**

*Recommendations: Ministry of Energy and Energy Industries should -*

- *Take immediate steps to implement a fraud policy, this policy should include mechanisms for distinguishing between fraud and error.*
- *Make value for money audits a regular feature of the Programme of Works for the Internal Audit Department. Moreover, the Ministry should widen the Internal Audit scope to include:*
  - *Analysis of strengths, weaknesses and threats;*
  - *Identification and assessment of risk;*
  - *Identification of conflicts of interests; and*
- *Evaluation of the achievement of economy, efficiency and effectiveness in service delivery;*
- *Seek to implement a Monitoring and Evaluation Unit by December 2016.*

#### **MEEI Response:**

**The Ministry agrees on the development of a fraud policy; however, this has to be consistent with the policy to be developed and implemented by the Ministry of Finance for the entire public sector.**

#### **Value for money audits**

**Whilst Internal Audit recognizes the necessity for Value for Money Auditing, this is another aspect that has been included in the unit's Audit Plan for the last two financial years that has not been pursued to the extent it should be due to staffing constraints.**

**With additional positions being proposed under the revised organisational structure, it is expected that this area of work will be undertaken.**

#### **Implement a Monitoring and Evaluation Unit by December 2016**

**The implementation of an M&E Unit is subject to the comments by PMCD and approval by Cabinet for the newly created posts.**