

1. PAAC Report - pg 17

Monitoring and Evaluation – Recommendation

Ministries and Departments must familiarize 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.

MLSED Response

Currently, the Ministry does not have a Monitoring and Evaluation (M&E) Unit, however, some level of monitoring is done by the Research and Planning Unit with respect to implementation of projects and programmes. There has been communication between the MLSED and the Ministry of Public Administration with respect to the establishment of a M&E Unit within the MLSED to ensure projects and programmes are properly monitored and to ensure value for money. The Units/Departments of the MLSED have been informed of the National Monitoring and Evaluation Policy of Trinidad and Tobago and have been advised to utilize the same in the execution, monitoring and evaluation of their projects.

2. PAAC Report - pg 18

Exclusion of Projects from the PSIP

MLSED Response

The Ministry is taking the necessary steps to assess and evaluate new project proposals as well as ongoing projects for inclusion in the PSIP. As a result, all items that are deemed to be annual in nature are being removed and accounted for under the Recurrent Estimates. Ongoing “legacy” projects are being evaluated and would be subsequently removed from the capital expenditure.

3. PAAC Report - pg 19

Project Management

MLSED Response

Although the Ministry does not have a Project Management Unit, it is committed to continuously strengthening its project management function. The Ministry receives ongoing training, whether through the Ministry of Planning and Development or via external providers to develop and strengthen its capacity to formulate, implement, monitor and evaluate projects and programmes.

4. PAAC Report – pg 39

Statement and Recommendation: Head 30- Ministry of Labour and Small Enterprise Development

Based on the written submission the Committee noted that there were twenty-seven (27) projects under the Consolidated Fund for financial year 2016, with a total allocation of \$31,200,000. Of these projects for (4) were new and twenty three (23) were ongoing. However, of the 27 projects under the Consolidated Funds there was expenditure for only five (5 as at February 29, 2016).

Under the IDF there were two (2) projects for financial year 2016 with total allocations as \$3,800,000. Both of these projects were ongoing but there was no expenditure as at February 29, 2016. It remained unclear whether the Internal Auditor monitored expenditure under IDF.

Additionally, while it was indicated that one of the systems for ensuring compliance with parliamentary approval, proper management of resources and adequate performance was the submission of Annual Administrative Reports in accordance with section 66D of the Constitution the Committee found that the last Administrative Report and Financial statement laid in Parliament for the National Entrepreneurship Development Company Limited (NEDCO) was for financial year 2014.

As it relates to Current Transfers and Subsidies on the question of how the Permanent Secretary assessed the effectiveness of the entities under the Ministry's purview, the response provided was not sufficient to allow the Committee to come to any conclusive finding.

MLSED Response

With respect to the expenditure under the Consolidated Fund, as at February 29, 2016, twenty-seven percent (27%) of the funds released at that time were spent by the Ministry. Only five (5) projects recorded expenditure as at February 29, 2016 given delays in implementation as a result of external constraints or decisions were taken to implement later on in the fiscal year.

Additionally, resulting from the fall in oil prices and consequent revision of the national budget, expenditure was limited and focus was restricted to the priority projects. At the end of fiscal year 2016, based on the revised allocation of \$15,816,100 under the Consolidated Fund, a total of \$14, 471,695 was spent, which reflects an expenditure of ninety-one percent (91%) with focus being placed on the priority areas which reflected seventeen (17) of the initial twenty-seven (27) projects.

The Audit Unit monitors the Infrastructure Development Fund (IDF) as well as the Consolidated Fund (CF). Expenditure under the IDF and CF is monitored on a monthly basis, with monthly meetings with project owners/heads of department, Permanent Secretary, Accounting Executive and Internal Auditor. Expenditure of each project is reviewed and progress of implementation together with constraints/reasons for delays are reported and subsequently forwarded to the Ministry of Planning and Development and Ministry of Finance. Internal Audit also conduct checks and balances to ensure proper financial regulations and procurement guidelines are adhered to at all times.

5. PAAC Report – pg 40

Recommendations Ministry of Labour and Small Enterprise Development

Ensures that the Internal Audit Unit is sufficiently staffed and receives the necessary training to build capacity. Additionally, the Ministry should widen the Internal Audit scope to include:

- *Analysis of strengths, weakness and threats*
- *Identification and assessment of risk*
- *Identification of conflicts of interest and*
- *Evaluation of the achievement of economy efficiency and effectiveness in service delivery*

MLSED Response

A training needs assessment is being undertaken with a view to strengthening the Internal Audit Unit of the MLSED. Efforts are being made to bring on board an Audit Assistant for the Recognition, Registration and Certification Board (RRCB). The consequential removal of these functions will allow the current staff of the Internal Audit Unit of the MLSED to increase capacity as per the abovementioned recommendation. Also, the filling of the Auditor II position is being pursued with the Director of Personnel Administration.

A review of the existing structure of the Internal Audit Unit is currently being undertaken with a view to expansion of the functions of the Unit, prior to restructuring. In this regard, the recommendations of the Public Administration and Appropriations Committee will be enforced.

The Internal Audit Unit is taking a more active role in the monitoring of the IDF and the CF. Presently, the Expenditure Statement for the IDF is verified at the end of the financial year. The examination of expenditure records of the Infrastructure Development Fund will now be included in the Audit Programme of Work. Monthly reports will be submitted identifying activities, problems, new projects and appropriate recommendations.

6. PAAC Report – pg 40

Recommendations Ministry of Labour and Small Enterprise Development

Takes immediate steps to ensure that entities falling under its purview such as NEDCO, becomes up to date with the submission of Annual Administrative Reports to the Parliament by December 2016

MLSED Response

All entities under the purview of the MLSED have been informed of the need to submit Annual Administrative Reports. Letters are sent at least three months prior to the deadline date, reminding the entities of their obligation to submit Annual Administrative Reports. The format for submission is also provided. Reminder letters and follow-up calls are made to emphasize timely submission and provide clarification if required. The MLSED is committed to timely and complete submission of Annual Administrative Reports.

7. **PAAC Report – pg 40**

Recommendations Ministry of Labour and Small Enterprise Development

Provides a more detailed account on the Accounting Officer's assessment of the effectiveness of entities falling under the Ministry's purview by December 2016

MLSED Response

The entities under the MLSED are the National Entrepreneurship Development Company Limited (NEDCO), the Cipriani College of Labour and Co-operative Studies (CCLCS) and the Occupational Safety and Health Agency (OSHA).

Some of the measures which have been put in place by the Accounting Officer (PS) to assess their effectiveness are:

- a. Setting criteria for becoming a recipient of transfers and subsidies. This criteria include (i) an official request for transfer or subsidy from the Head of the entity; and (ii) detailed documentation that shows how transfer or subsidy will be applied;
- b. Requesting the entity to submit up to date audited financial reports; and
- c. Monitoring of Auditor General's Reports on entities which are under Government's purview and are in receipt of transfers and subsidies e.g. the National Entrepreneurship Development Company Limited.

The systems in place for the Accounting Officer to ensure proper management of resources and adequate performance are as follows:

- a. Funds approved by Parliament must be accessed through an application by the Accounting Officer to the Budget Division for releases of funds with all the necessary supporting documentation;
- b. After funds have been released, the Accounting Officer applies to the Auditor General Department for a grant of credit on the Exchequer account, this application must be verified by Internal Audit;
- c. All Units/Divisions/Company under the purview of the MLSED are required to submit monthly Achievements Reports which are reviewed by the PS. Annual Administrative Reports in accordance with Section 66D of the Constitution (applies to NEDCO, CCLCS and MLSED) must be submitted; and
- d. Regular reporting by Boards to the Minister of Labour and Small Enterprise Development and submission of Minutes of Meetings to the Minister and PS. The Minutes are reviewed and issues discussed with the Board.

NEDCO

In the case of NEDCO, the Permanent Secretary (PS) utilizes the guidelines from the State Enterprises Performance Monitoring Manual (SEPMM). The SEPMM states:

“Line Ministries determine the day to day operations on policy mandates of State Enterprises. The Line Ministries’ role include technical supervision of planning, monitoring and evaluating project, plan and programme implementation and ensuring that State Enterprises adhere to the Sectoral policy guidelines of GORTT. Accordingly, allocations for developmental purposes detailed in the National Budget are assigned to respective Line Ministries”.

The PS oversees and accounts for the allocation of funds to these entities through the Statement of Actual Recurrent Expenditure. This is completed on a monthly basis and submitted to the PS. The PS also utilizes the Enterprise Development Division (EDD) of the MLSED, which undertakes to ensure that NEDCO’s operations are in compliance with the State Enterprise Performance Manual. The EDD does this via:

- review of NEDCO’s monthly Minutes of the Board;
- review of unaudited financial statements; and
- discussions with Executive Management.

Based on these, recommendations are made to the PS. The PS may then make recommendations to the Chief Executive Officer of NEDCO.

CCLCS

In accordance with the Cipriani College of Labour and Co-operative Studies Act, Ch. 39:51, Section 4, the PS is a member of the Board of Governors who has responsibility for overseeing the affairs of the College. Expenditure on all other transfers and subsidies are approved by the PS on submission of monthly expenditure and revenue statements.

OSHA

Processing of all payments is made by the MLSED’s Accounting Unit. As a result, the PS has oversight over all expenditure of the OSHA.