

**FIRST REPORT OF THE PUBLIC ADMINISTRATION AND APPROPRIATIONS
COMMITTEE ON EXAMINATION INTO CURRENT EXPENDITURE-
CONSOLIDATED FUND AND INFRASTRUCTURE DEVELOPMENT FUND
FINANCIAL YEAR 2016**

HEAD 42 – Ministry of Rural Development and Local Government

Based on the written submission, the Public Administration and Appropriations Committee (PAAC) noted that the Ministry received an allocation of \$204Mn under Development Programme – Consolidated Fund for the financial year 2016. Under the Infrastructure Development Fund the Ministry received an allocation of \$476Mn for the fiscal year 2016. However, the Ministry did not have provision or procedures in place for Monitoring and Evaluation. Furthermore, the Ministry appeared to lack any oversight mechanisms or systems to ensure compliance with and management of resources. It was also noted that there were no mechanisms in place to ensure value for money, accountability and transparency.

Recommendations of PAAC: Ministry of Rural Development and Local Government

- Must familiarize itself 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. Subsequently developing a Monitoring and Evaluation Unit to ensure this policy is carried out.
- Must develop and implement a policy for financial and administrative oversight for all projects to ensure transparency and accountability.

Response from the Ministry of Rural Development and Local Government

Based on the report and findings of the Committee, the Ministry submits that it does have monitoring procedures in place, but agrees that there is need for the strengthening of the

Monitoring and Evaluation function and for the establishment of a Monitoring and Evaluation Unit in the Ministry. This, given the quantum of the annual Budget allocation under the PSIP and the Infrastructure Development Fund, and the Ministry's oversight responsibilities for the fourteen (14) Municipal Corporations.

There have been attempts by the Ministry to establish a Monitoring and Evaluation Unit. In March 2013 a draft Note to Cabinet entitled "Request for staffing of a Monitoring and Evaluation Unit in the Ministry of Local Government" was prepared and submitted to the Public Management and Consulting Division (PMCD) of the Ministry of Public Administration and Communication. The PMCD subsequently replied to the Ministry in March 2015 requesting that additional information be provided to them to facilitate the analysis of the proposed Monitoring and Evaluation Unit. The Human Resources Unit of the Ministry subsequently submitted the additional information to the PMCD. The Ministry is awaiting PMCD's feedback in order to move forward with the process. The Ministry is committed to establishing the Monitoring and Evaluation Unit in the Ministry within the shortest possible time.

The Ministry accepts the recommendations of the PAAC and undertakes to better familiarize itself 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 also undertakes to develop and implement a policy for financial and administrative oversight for all projects to ensure transparency and accountability. The Ministry has already taken the initiative to circulate the National Monitoring & Evaluation Policy of Trinidad and Tobago to all Heads of Divisions for review and consideration, within the context of the recommendations made by the PAAC.

Current approach to Monitoring of Projects implemented under the PSIP

Municipal Corporation Projects

The Project Planning Unit in the Ministry comprising Project officers and Planning officers, acts as the "eyes and ears of the PS" in monitoring from Head Office level those projects being executed

by the Municipal Corporations. The Project and Planning Unit conducts the monitoring in line with the construction phases.

Pre-Construction

Project Officers conduct site visits to verify the feasibility of the projects and to check the Estimates and Memo submitted for financial and mathematical accuracy, to ensure that figures are not inflated, that all the required signatures are affixed, and that all the necessary information in relation to location, description, measurements and quantities of the projects are accurate.

The Project Officers are sometimes selected by the Central Tenders Board to sit on Evaluation Committees to evaluate Tenders initiated by the Municipal Corporations in accordance with Section 30 (1) (b) of the CTB Ordinance No. 22 of 1961.

During Construction

During the Construction Phase of the projects the Road Officers/Technical Officers/Engineers from the Corporations together with the Project Officers of the Ministry conduct site visits to monitor the projects, prepare reports accordingly, and inform the CEOs of the Corporations of any shortcomings. Detailed checks are carried out to ensure (a) the project location and scope are the same as what was originally recommended (b) the correct materials and methods are used (c) measurements are accurate and (d) implementation dates are met.

Project Officers and Planning officers of the Ministry conduct monthly visits to the Corporations to inspect their Vote Books and verify the names of projects, allocations, virements, releases, expenditure, commitments, project description, balance on allocations, balance on releases and achievement remarks for each project. A report is prepared showing the financial and physical status of each project and forwarded to the Ministry of Planning and Development.

Head Office PSIP Projects

The Engineering Unit in the Ministry is charged with the responsibility of carrying out PSIP projects related to infrastructural upgrade in municipal communities and upgrade of the Ministry's Head office.

Project Initiation

In respect of infrastructural upgrade projects, projects are identified by key stakeholders such as Members of Parliament, Local Councillors and Municipal Corporations. These projects undergo individual feasibility studies to investigate whether they can be completed within the funding and approval constraints. A priority listing of projects is created.

Project Planning and Design

For each project, a preliminary core team made up of the Technical Officer (Senior Engineer), an Engineering and Survey Officers (ESO) and an Engineering Assistant (EA) is set up. Site visits with stakeholders are made to collect the essential data needed to prepare design drawings and cost estimates. Upon approval by the Permanent Secretary, the documents for the tendering process are prepared.

Project Execution

Pre-Construction

The tendering process and evaluation process is carried out through the General Administration Unit. From a pre-approved list of contractors, selective tendering is used to determine the most suitable contractor for each project. Following the signing of an agreement between the Ministry and the awarded Contractor, the contractor meets the relevant stakeholders at a pre-construction meeting to discuss and finalize the schedule of activities.

Construction

During all phases of construction, the core team of the Engineering Unit monitors the project. The technical team of the Municipal Corporations are on site every day supervising the works. They report to the core team who makes frequent visits to the site. The core team ensures that the Contractor conducts works in accordance with the specifications and drawings by conducting regular inspections throughout the project. Any variations to the contract must be approved by the Permanent Secretary before initiation of additional works. The Engineering Unit prepares monthly status reports informing the Permanent Secretary about ongoing projects.

Post-Construction

A final inspection of works is done by the Engineering Unit. A completion certificate is issued by the core team. These documents along with invoices and contract agreements are sent for final approval by the Permanent Secretary for payment.

Project Performance and Control

During the execution phase of the project, the core team is responsible for closely monitoring the works carried out by the Contractor. The Contractor bids on a particular scope of works with attached specifications. In addition, an agreement is made highlighting project start and end dates. Inspections are done to make sure that the works carried out does not vary from the original scope and adheres to the specifications. If a variation is warranted and approved, it is addressed in terms of cost and additional time is factored into the agreement.

All of the information described above forms a part of a status (physical works and financial) report prepared by the Engineering Unit. This status report is updated over the duration of the project.

Project Close/Completion

Once the Engineering unit has issued the completion certificate stating that the works have been satisfactorily completed, payment is processed for the Contractor

Monitoring Projects under the Infrastructure Development Fund (IDF)

These projects are executed by the Ministry's Special Purpose State Enterprises on its behalf.

Pre-Construction Phase

Two officers of the Ministry are included in the procurement process (Planning Officer and Technical Officer of the Engineering Unit) forming part of the evaluation committee which is led by the SPSE. At the end of the procurement process a copy of the tender evaluation report is submitted to the Ministry recommending the most suitable bidder.

Once the Ministry has no objections to the process and selection of the successful bidder, SPSE is informed to issue the letter of award to the winning bidder. A preconstruction meeting is held which includes members of the Ministry before commencement of the project. At that meeting the Ministry emphasizes the standard requirements of a project in achieving value for money – budget, payment requirements and process, time and quality. Contractors are also informed of the Ministry’s approach to withholding payments when works are not carried out within standard.

Construction

Payments for IDF work are made in keeping with IDF Guidelines, and by percentage completion. Upon receipt of the application for payment, the Ministry’s monitoring team consisting of planning officer/s and an engineer, along with the SPSE team, and in many instances technical officers from the relevant Corporation, meet to verify that the work was completed within standard and that the amount requested is justifiable. Thereafter a report is submitted to the Permanent Secretary along with all relevant claims from the SPSE recommending/not recommending payment to the contractor and SPSE project management fees.

Any variation from the original scope has to be approved by the PS before works can be carried out. Variation beyond the Cabinet approved sum is not approved by the Ministry but forwarded for Cabinet’s approval.

Completion

At the completion stage, site visits are also made by the monitoring team to ensure that the project has been completed within standard and that no deviation from the original scope was made without authority. At that point the release of retention payment is made to the contractor.

At the completion stage, site visits are also made by the monitoring team to ensure that the project has been completed within standard and that no deviation from the original scope was made without authority. At that point the release of retention payment is made to the contractor.

Going Forward

The Ministry notes that while we do have a system in place as described above for monitoring projects under PSIP and IDF, with a view to ensuring effectiveness of spend, we agree that there is a need to develop a formal policy for Financial and Administrative oversight, which we shall proceed to do. This will include ensuring that the required agreement (MOUS) are executed, that the reporting relationships are strengthened to ensure adequacy of financial reporting by executing agencies and to establish clear policy guidelines relating to financial governance issues at the Corporations.

For fiscal 2017, the Ministry has now instituted strengthened processes to ensure close monitoring of project execution and reporting by the State Enterprises (SPSEs), which fall under the Ministry and which are executing major projects on its behalf. Memorandums of Understanding (MOUs) are being carefully constructed and executed between the SPSEs and the Ministry, and new focus is being placed on detailing reporting responsibilities of each party, to ensure completeness and strict accountability. The MOUs are setting clear guidelines on reporting, agreed parameters of engagement and holding the company accountable in ensuring that projects are carried out with optimum cost effectiveness and delivering on value for money.

Closer attention is also being paid to ensuring that the Planning officers and Engineering staff of the Ministry are included in the tender and procurement processes of the SPSEs, and that the Ministry is kept apprised fully of Board recommendations, project scheduling, project cost disbursements and other project developments. The imperative of getting work completed on time, within budget and at highest quality standards is being underscored.

Local Government Reform

It is important to note that in looking at the way forward, the Ministry is currently embarking on a reform and transition process. The Ministry is currently pursuing an agenda of Local Government Reform, which will see greater autonomy, power, authority and resources being given to the 14 Municipal Corporations. In the new arrangement, the proposal is for the Corporations to report

directly to the Ministry of Finance. The Ministry would then not have charge for the Corporations, but will assume a dedicated portfolio of Rural Development.

In the interim, attention is being paid to strengthening the Monitoring and Evaluation function of the Ministry to treat with its current mandate, and to be prepared for its new mandate when the Ministry is transitioned to the Ministry of Rural Development. Attention will also be paid to strengthening the Monitoring and Evaluation function of all the Corporations, in preparing them to transition to independent municipal authorities. The Ministry will be looking at developing Monitoring and Evaluation Units in each Municipal Corporation as part of the new Organization Structure of the reformed Municipal Corporations. The Ministry is also currently pursuing dialogue with the Comptroller of Accounts to strengthen the Accounts and Audit Units at the Corporations, so as to encourage better financial and fiscal prudence and accountability by these bodies.