

SECOND

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 Year 2020

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 |
| Mr. Liu Metivier | Parliamentary Intern |
| Ms. Natoya O'Neil | Clerk Typist I |
| Ms. Anesha James | Clerk Typist I |

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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Date Laid in HOR: November 10, 2021

Date Laid in Senate: November 16, 2021

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 issues outlined in the Report of the Auditor General and Audited Financial Statements of Ministries, Departments and Statutory Bodies referred to the Committee by the House of Representatives or as are authorised or required to be considered by the Committee under any other enactment. The PAC presents its Second Report of the Twelfth Parliament which details its examination of the *Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2020*.

This report highlights the issues, observations and recommendations made by the Committee in its review of the 2020 Auditor General's Report.

During this inquiry, the following issues arose:

- Reporting of COVID-19 Expenditure
- Information Systems – Processing of COVID-19 Grants
- Non-Compliance with Financial Directives
- Contract-related Issues
- Internal Audit
- Vote Books
- Losses of Cash
- Desktop Computers from Heritage Petroleum Company Ltd
- COVID-19 Relief Spending – Internal Controls and Monitoring
- Quarries – Revenue and Licensing
- Non-Submission of Statements of Receipts and Disbursements
- Revenue from Pandemic-related Fines

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

- Government relief funding to mitigate the effects of the unexpected onset of the pandemic and to meet the urgent need for relief measures stretch across the public sector. They therefore necessarily involve a wide range of stakeholders at various levels including Government Ministries and Departments as well as State Enterprises and Statutory Authorities. This pervasive issue emphasises the need for a clear and common understanding of objectives and communication of the importance of compliance with Cabinet decisions as well as the need to follow the various Financial Directives.
- The database difficulties which were largely brought about by a lack of inter-operability among government digital platforms. This issue was raised in the Committee's Thirty-Third (33rd)

Report, Eleventh Parliament. In the Thirty-Third (33rd) Report the Auditor General recommended the development of policies and guidelines for systems interface by the Ministry of Public Administration, which was also a stated priority in the National ICT Plan. The National Information and Communication Technology Company Limited (iGovTT), which now falls under the purview of the Ministry of Digital Transformation (MDT), managed an Enterprise Agreement between the Government of the Republic of Trinidad and Tobago and Microsoft Corporation. This Enterprise Agreement promoted the use of shared platforms which was due to expire in June 2020, some three (3) months after the onset of the pandemic in Trinidad and Tobago.

- In the Thirty-Fourth (34th) Report of the Committee, Eleventh Parliament on an examination of the Report of the Auditor General for the Financial Year 2019, the Committee similarly noted the widespread problem of non-compliance with financial directives. It was recommended in the 34th Report that the Treasury Division work with the Public Service Academy to ensure that the Accounting Units of MDAs were provided with training to enhance compliance with the financial directives. In its response, the MoF explained that the provision of such training was already an established practice. The most recent training sessions conducted by the Treasury Division took place in 2019. They were interrupted in 2020 by the onset of the COVID-19 pandemic.

The MoF also indicated that it would engage with the Public Service Academy towards the development of online government accounting training for MDAs.

- Contract-related issues are a perennial point of concern. In the absence of formal contracts and of relevant supporting information for transactions totalling approximately \$8 million in the examples cited here, the Auditor General is placed at a disadvantage in attempting to ascertain the legal parameters of the relationship between MDAs and their service providers and to assess legal compliance. This represents a basic lack of transparency.
- The pattern of inaccuracies indicates a clear need for greater thoroughness in the maintenance of Vote Books at the Judiciary.
- The Committee's recommendation of training on issue 1 – Non-Compliance with Financial Directives of this Report also applies to the persistent challenges noted with Vote Books at the Judiciary.
- The Committee recalls the persistent difficulties faced by the MEEI in verifying production information from quarrying companies. This, along with the licensing status of quarries were among the issues addressed in the Committee's Thirtieth Report of the Eleventh Parliament— 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 Years 2016, 2017 and 2018 with specific reference to the MEEI and follow-up on the implementation of the recommendations in the Fourth, Fourteenth and Twentieth Reports of the Public Accounts Committee. The Committee plans to conduct follow-up on these issues in the Second Session of the Twelfth Parliament.

Based on the Committee's examination, the following recommendations were proposed:

- The MDT should report to Parliament on possible initiatives to sync all government COVID-19 relief databases going forward by January 31, 2022;
- The MSDFS should provide a status report to Parliament on the following by January 31, 2022:
 - a. The improvement of checks to ensure that only one pandemic relief payment is received per household;
 - b. The initiatives taken to recover sums confirmed to have been overpaid; and
 - c. The lessons learned from these processes which would strengthen internal controls going forward.
- The 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;
- 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.
- The Ministry of Labour should report to Parliament on whether its Internal Audit was fully functional during FY 2020, as well as the challenges faced and solutions implemented, by January 31, 2022;
- 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;
- 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;
- 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 MOE should report to Parliament on the following by January 31, 2022:
 - a. The reason for not immediately reporting all instances of losses of moneys as required by the financial directives;
 - b. An indication of whether the Permanent Secretary had reasonable grounds to suspect any form of impropriety to be the cause of any or all of the losses;
 - c. The status / results of reports made to the Trinidad and Tobago Police Service (TTPS) if irregularities were suspected; and
 - d. The findings of internal investigations into all of the losses of funds detected during FY 2020.

- The MoE should report to Parliament on the following by January 31, 2022:
 - a. The Ministry's plans and timeline for the distribution of the desktops;
 - b. The estimated value of the devices; and
 - c. The reason for their non-inclusion in the Ministry's Inventory Register.
- 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 taken to strengthen internal controls for the Temporary Food Card initiative.
- 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;
- The MFCA should submit a status report to Parliament containing the following by January 31, 2022:
 - a. The reasons for the non-submission to the Auditor General of Statements of Receipts and Disbursements for FY 2019 and FY 2020;
 - b. A timeline for the submission of the two (2) outstanding Statements; and
 - c. A summary of the challenges possibly experienced at the Ministry with its accounting function and an indication of the measures and / or assistance that are needed in order to address these challenges.
- The TTPS should report to Parliament on the urgent creation of an item to record revenue received from tickets issued within the context of COVID-19 regulations by January 31, 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:

- a) send for persons, papers and records;
- b) have meetings whether or not the House is sitting;
- c) meet in various locations;
- d) report from time to time; and
- e) 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 First Session of the Twelfth Parliament during its second meeting held on Wednesday December 2, 2020 as follows:

1. National Lotteries Control Board (NLCB) – follow-up;
2. National Insurance Board of Trinidad and Tobago (NIB);
3. Telecommunication Authority of Trinidad and Tobago (TATT) – follow-up;
4. Trinidad and Tobago Fair Trading Commission (TFTC);
5. 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); and

6. Ministry of Energy and Energy Industries (MEEI) (Auditor General's Report - Revenue Collection) – follow-up.

Following the submission of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2020 to the Parliament, the Committee proceeded to consider the Report.

The Inquiry Process

The Inquiry Process comprises the steps taken by the Committee in its 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 Inquiry Process agreed to by the PAC included the following steps:

- I. Identified issues in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2020;
- II. Compared the issues to those raised in Auditor General's Reports and related Committee Reports for previous financial years in order to observe possible trends including pervasive issues, improvements, deteriorations or recurring issues;
- III. Reported the Committee's findings and recommendations to Parliament upon conclusion of the inquiry;
- IV. The Report will be forwarded to the Auditor General's Department as well as to the Ministries, Departments or Agencies referenced in the Report for response within sixty (60) days; and
- V. Subsequent follow-up will be carried out to monitor progress in the implementation of the Committee's recommendations.

Background: Auditor General's Department

History²

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 General³

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.

Mission⁴

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.

² Auditor General Department's website, *History*, accessed September 15, 2021: <http://www.auditorgeneral.gov.tt/content/history>

³ Constitution of The Republic of Trinidad and Tobago, accessed September 15, 2021: <http://laws.gov.tt/pdf/Constitution.pdf>.

⁴ Auditor General's Department website, *Mission and Vision*, <http://www.auditorgeneral.gov.tt/content/mission-and-vision> accessed September 15, 2021.

Vision⁵

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

Core Values⁶

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 General⁷

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).

Current Auditor General⁸

2019 - Present Ms. Lorelly Pujadas

Role and Function⁹

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

⁵ Ibid

⁶ Ibid

⁷ Auditor General's Department website, *Appointment, Role and Function*, <http://www.auditorgeneral.gov.tt/content/appointment-role-and-function> accessed September 15, 2021.

⁸ Auditor General's Department website, *Profile of the Auditor General*, <http://www.auditorgeneral.gov.tt/content/profile-auditor-general> accessed September 15, 2021.

⁹ Auditor General's Department, *Appointment, Role and Function*, <http://www.auditorgeneral.gov.tt/content/appointment-role-and-function> accessed September 15, 2021.

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 General¹⁰

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.
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;

¹⁰ Exchequer and Audit Act Chapter 69:01, http://rgd.legalaffairs.gov.tt/laws2/alphabetical_list/lawspdfs/69.01.pdf accessed September 15, 2021.

- (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 Process¹¹

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.

¹¹ Auditor General's Department website, *Over of the Audit Process*, <http://www.auditorgeneral.gov.tt/content/overview-audit-process> accessed on September 15, 2021.

Issues, Observations and Recommendations

During the examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year ended September 30, 2020, the Committee identified pervasive as well as individual issues and proposed recommendations as follows:

Pervasive Issues

1. Reporting of COVID-19 Expenditure

There were considerable discrepancies between reported and audited expenditure. With respect to expenditure related to COVID-19 by Ministries, Departments and Agencies (MDA) up to end of financial year 2020, the Auditor General noted the range of government social and business support measures as well as health care spending. Upon the Auditor General's examination of information submitted by MDAs about their FY 2020 pandemic-related expenditure, over half of the MDAs (nineteen (19) of thirty-five (35)), the expenditure reported by the MDA was different from the sum observed during the audit. The total audited sum of \$1,178,606,973.09 was \$368,960,385.17 or forty-six percent (46%) greater than the reported sums of \$809,646,587.92.

Observation:

- i. Government relief funding to mitigate the effects of the unexpected onset of the pandemic and to meet the urgent need for relief measures stretch across the public sector. They therefore necessarily involve a wide range of stakeholders at various levels including Government Ministries and Departments as well as State Enterprises and Statutory Authorities. This pervasive issue emphasises the need for a clear and common understanding of objectives and communication of the importance of compliance with Cabinet decisions as well as the need to follow the various Financial Directives.*

2. Information Systems – Processing of COVID-19 Grants

The need for ICT inter-operability is greater than ever before. Included among the suite of government COVID-19 relief measures were the Income Support Grant (ISG) and Food Support Grant (FSG), both administered by the Ministry of Social Development and Family Services (MSDFS), the Salary Relief Grant (SRG) administered by the Ministry of Finance (MoF) and Cultural Relief Grant (CRG) administered by the Ministry of Sport and Community Development (MSCD).

The Auditor General's data analysis revealed the following:

- ISG and FSG double payments totalling \$330,660.00;

- Lack of robust checks to ensure that only one (1) ISG or FSG payment was received per household. This appears to have resulted in \$3.2 million being paid into seven hundred and thirteen (713) bank accounts that were used for more than one (1) application;
- Six (6) ISG records and twenty (20) FSG records totalling \$48,600.00 where one (1) National ID card number was used by more than one (1) person;
- The joining of the SRG and ISG databases revealed that two thousand, six hundred and seventy-two (2,672) persons received both grants in FY 2020. This totalled \$8,115,000.00; and
- Forty-four (44) of the MSCD's CSG recipients may also have received the FSG and the ISG from the MSDFS, possibly resulting in an overpayment of \$220,000.00.

Observation:

- i. *The database difficulties which were largely brought about by a lack of interoperability among government digital platforms. This issue was raised in the Committee's Thirty-Third (33rd) Report, Eleventh Parliament¹². In the Thirty-Third (33rd) Report the Auditor General recommended the development of policies and guidelines for systems interface by the Ministry of Public Administration, which was also a stated priority in the National ICT Plan¹³. The National Information and Communication Technology Company Limited (iGovTT), which now falls under the purview of the Ministry of Digital Transformation (MDT)¹⁴, managed an Enterprise Agreement between the Government of the Republic of Trinidad and Tobago and Microsoft Corporation. This Enterprise Agreement promoted the use of shared platforms which was due to expire in June 2020, some three (3) months after the onset of the pandemic in Trinidad and Tobago.*

Recommendations:

- *The MDT should report to Parliament on possible initiatives to sync all government COVID-19 relief databases going forward by January 31, 2022;*
- *The MSDFS should provide a status report to Parliament on the following by January 31, 2022:*
 - a. *The improvement of checks to ensure that only one pandemic relief payment is received per household;*
 - b. *The initiatives taken to recover sums confirmed to have been overpaid; and*

¹² Parliament of the Republic of Trinidad and Tobago, *Thirty-Third Report of the Public Accounts Committee – Follow-up on the status of the implementation of the recommendations on Information and Communication Technology (ICT) governance and general controls as stated in the Reports of the Auditor General on the 2017, 2018 and 2019 Public Accounts*, accessed September 15, 2021: <http://www.ttparliament.org/reports/p11-s5-J-20200701-PAC-R33.pdf>

¹³ Ministry of Public Administration and Digital Transformation, Trinidad and Tobago's National ICT Plan Blueprint 2018-2022, accessed September 15, 2021: https://mpadt.gov.tt/sites/default/files/file_upload/publications/NICT%20Plan%202018-2022%20-%20August%202018.pdf

¹⁴ Trinidad and Tobago Gazette No. 111 dated July 19, 2021, accessed September 15, 2021: <http://news.gov.tt/sites/default/files/E-Gazette/Gazette%202021/Gazettes/Gazette%20No.%20111%20of%202021.pdf>

c. The lessons learned from these processes which would strengthen internal controls going forward.

- *The 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.*

3. Non-Compliance with Financial Directives

Non-compliance ranging from small omissions to outright non-submission of information continue to affect the audit of the public accounts. The Accounting Manual of the Comptroller of Accounts (COA)¹⁵ 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 2020 detailed numerous cases of MDAs non-compliance with many of these legislative requirements and/or financial directives. These included the following:

| NON-COMPLIANCE WITH FINANCIAL DIRECTIVES ACROSS MDAs | | |
|---|--|---|
| ISSUE | FINANCIAL DIRECTIVE | MDA |
| Preparation of Appropriation Accounts – typographical and other errors including inconsistencies between commitments in the Appropriation Accounts and the Vote Books | COA Circular No.10 dated August 13, 2020 | - Judiciary - Ministry of Education (MoE) - Ministry of Health (MoH) - Ministry of Tourism (MoT) - Ministry of Works and Transport - Office of the Prime Minister, Central Administrative Services Tobago (CAST) - Personnel Department |
| Late submission of Appropriation Accounts to the Auditor General | Section 24(1) of the Exchequer and Audit Act | - Ministry of Community Development, Culture and the Arts - Ministry of Foreign and CARICOM Affairs |

¹⁵ Comptroller of Accounts, *Accounting Manual*, accessed September 15, 2021: <https://www.auditorgeneral.gov.tt/sites/default/files/Accounting%20Manual%20Comptroller%20of%20Accounts.pdf>.

| | | |
|--|--|--|
| Absence of Revenue Registers, and inaccuracies or omissions when Revenue Registers were in fact produced | Section 55 of the Financial Regulations | - Elections and Boundaries Commission - Ministry of Agriculture, Land and Fisheries - MoE - MoH |
| Non-submission of Reconciliation Statements to the Auditor General | Comptroller of Accounts Circular No. 8 dated August 13, 2020 | - MoH - Ministry of Planning and Development (MPD) - MDRLG |
| Failure to transfer all deposits which have remained unclaimed for three (3) years to revenue | Paragraphs 213(1) and (2) of the Financial Instructions 1965 | - Ministry of Housing and Urban Development - MPD |
| Vote Book inaccuracies | Section 66(2) of the Financial Regulations | - MoF – Inland Revenue Division (IRD) - Ministry of Public Administration - MDRLG |

Observation:

- i. In the Thirty-Fourth (34th) Report of the Committee, Eleventh Parliament on an examination of the Report of the Auditor General for the Financial Year 2019¹⁶, the Committee similarly noted the widespread problem of non-compliance with financial directives. It was recommended in the 34th Report that the Treasury Division work with the Public Service Academy to ensure that the Accounting Units of MDAs were provided with training to enhance compliance with the financial directives. In its response¹⁷, the MoF explained that the provision of such training was already an established practice. The most recent training sessions conducted by the Treasury Division took place in 2019. They were interrupted in 2020 by the onset of the COVID-19 pandemic.*
- The MoF also indicated that it would engage with the Public Service Academy towards the development of online government accounting training for MDAs.*

Recommendation:

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

¹⁶ Parliament of the Republic of Trinidad and Tobago, *Thirty-Fourth Report of 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 Year 2019*, accessed September 15, 2021: <http://www.ttparliament.org/reports/p11-s5-J-20200701-PAC-R34.pdf>

¹⁷ Ibid, Ministerial Response of the Ministry of Finance to the Thirty-Fourth Report of the Public Accounts Committee, accessed September 15, 2021: <http://www.ttparliament.org/reports/p11-s5-J-20201215-PAC-r34-MOF.pdf>

- 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.*

4. Contracts

Despite their importance, contracts were a widespread point of weakness.

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.’

The Auditor General’s Report for financial year 2020 highlighted several cases in which the above-mentioned directive was followed either partially or not at all, as follows:

MOH

- At the MOH, though there were two (2) contracts already entered into but not yet completed featured in the Note to the Appropriation Account with a value of \$138,286.00, no Register of Contracts was made available to the Auditor General. In addition to this, there was lack of documentation, with regard to contract agreement for one of the contracts – valued at \$50,161.00.

MOT

- At the MOT, no Register of Contracts was made available to the Auditor General.
- No supporting information was produced regarding a facilities management services contract valued at \$3,198,375.00.

MSDFS

- No contract agreements were made available to the Auditor General with respect to six (6) service providers to whom payments totalling \$4,524,420.89 had been made as at June 30, 2020.

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

- The Meteorological Services Division of CAST did not maintain a register of contracts with respect to equipment used by the Division.

Ministry of Rural Development and Local Government

- While a register of contracts for the Local Roads and Street Signage Programme was made available to the Auditor General, it contained no actual information that would make it possible to clearly and easily identify each specific contract that was awarded.

MOE

- The value two (2) contracts already entered into but not yet completed as seen in the Note to the Appropriation Accounts did not match the corresponding values noted in the Register of Contracts. The difference between the value indicated in the Notes (\$913,123.77) and the value found in the Register (\$573,255.13) was \$339,868.64.

Observation:

- Contract-related issues are a perennial point of concern. In the absence of formal contracts and of relevant supporting information for transactions totalling approximately \$8 million in the examples cited here, the Auditor General is placed at a disadvantage in attempting to ascertain the legal parameters of the relationship between MDAs and their service providers and to assess legal compliance. This represents a basic lack of transparency.*

5. Internal Audit

Insufficient internal audit checks, which are important to ensure efficient operations, were noted at several MDAs. At the Ministry of Labour, the Auditor General saw no evidence of internal audit checks of the Vote Book, Schedule of Accounts, Abstract of Payments or Payment Vouchers for Development Programme initiatives.

At the Customs and Excise Division (CED) of the MoF, it was reported that the internal audit function did not cover as wide a range of areas as it could. Notably, procurement, examination of work done by technical officers, IT and Human Resource audits were not done. Additionally, among areas within the purview of internal audit, numerous key revenue records appear not to have been subjected to internal audit examination. These included Import Duty, Beer Duties, Rum and Spirits, Cigarettes, Spirit Retailers Elsewhere and Special Restaurant Elsewhere.

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.

Recommendations:

- *The Ministry of Labour should report to Parliament on whether its Internal Audit was fully functional during FY 2020, as well as the challenges faced and solutions implemented, by January 31, 2022;*
- *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;*
- *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; and*
- *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.*

Individual Areas of Concern

Judiciary

6. Vote Books

Vote Book issues have become a persistent problem at the Judiciary. In financial year 2020, there was a difference of \$2,199,541.17 between the sum of \$4,802,567.19 recorded in the Appropriation Account as at September 30, 2020 and the amounts recorded in the vote books of the Judiciary with regard to commitments.

The Committee recalls that in the previous Report of the Auditor General, for FY 2019, the following was noted about the issue of Vote Books at the Judiciary:

“The accounting for commitments by the Judiciary was not in keeping with the financial directives [...]. The main discrepancy was the failure to accurately bring forward in the 2018/2019 Vote Book (which is the primary record for expenditure and accounting for commitments), outstanding commitments at the end of the 2017/2018 financial year”.

The Auditor General acknowledged that issues such as Vote Book discrepancies often persist due to a lack of training as well as because of frequent accounting staff rotation.

Observations:

- i. The pattern of inaccuracies indicates a clear need for greater thoroughness in the maintenance of Vote Books at the Judiciary.*

- ii. *The Committee’s recommendation of training on issue 1 – Non-Compliance with Financial Directives of this Report also applies to the persistent challenges noted with Vote Books at the Judiciary.*

Ministry of Education (MoE)

7. Losses of Cash

The directives relevant to the reporting of losses of state moneys were not followed. The notes to the Appropriation Accounts revealed that there were thirty-five (35) instances of cash and stores being lost. This represented a total of \$21,924.00. These losses were not immediately reported to the Auditor General’s Department by the Permanent Secretary as prescribed by the Financial Regulations, section 131(2) of the Exchequer and Audit Act.

The Financial Regulations further require the following:

“131. (3) The accounting officer or receiver of revenue shall, if he has reasonable grounds for suspecting that the shortage in or loss of public moneys is the result of any irregularity, report the shortage or loss to the Police. [...]

132. (1) Accounting officers shall investigate every shortage in and loss of public moneys, and shall forward a report of the investigation with his recommendation to the Treasury as soon as possible after the investigation has been completed.”

Recommendation:

- i. *The MOE should report to Parliament on the following by January 31, 2022:*
- e. *The reason for not immediately reporting all instances of losses of moneys as required by the financial directives;*
 - f. *An indication of whether the Permanent Secretary had reasonable grounds to suspect any form of impropriety to be the cause of any or all of the losses;*
 - g. *The status / results of reports made to the Trinidad and Tobago Police Service (TTPS) if irregularities were suspected; and*
 - h. *The findings of internal investigations into all of the losses of funds detected during FY 2020.*

8. Desktop Computers from Heritage Petroleum Company Ltd

The desktop devices were not reflected as part of the Ministry’s inventory. Heritage Petroleum Company Ltd donated one hundred (100) used desktop computers to the MoE in July 2020. As at the time of the audit, the Auditor General noted that the devices had not yet been distributed and had not been recorded in the Ministry’s Inventory Register.

Recommendation:

- ***The MoE should report to Parliament on the following by January 31, 2022:***
 - a. ***The Ministry's plans and timeline for the distribution of the desktops;***
 - b. ***The estimated value of the devices; and***
 - c. ***The reason for their non-inclusion in the Ministry's Inventory Register.***

Ministry of Finance (MoF)

9. COVID-19 Relief Spending – Internal Controls and Monitoring

Stronger internal controls and monitoring were needed to ensure that relief facilities were not abused or manipulated. The MoF financed the Temporary Food Card Grant initiative that was administered by the MSDFS to provide food cards worth five hundred and ten dollars (\$510) to individuals with children registered for the National School Feeding Programme. The MoF's internal controls for this initiative took the form of a Declaration and Signature sheet to be completed by beneficiaries before they could receive the Temporary Food Card.

It was noted that, at the end of the financial year, one (1) of every six (6) Declaration and Signature sheets (3,431 of 20,497) had in fact not been duly filled out as required.

Further, there was no evidence available to the Auditor General that COVID-19 expenditure was monitored so as to ensure that funds were used for their stated purposes. This monitoring should be carried out by the Strategic Management and Executive Office (SMEO).

Recommendations:

- ***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 taken to strengthen internal controls for the Temporary Food Card initiative.***
- ***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.***

Ministry of Energy and Energy Industries (MEEI)

10. Quarries – Revenue and Licensing

The MEEI's quarrying-related difficulties are on ongoing concern. The Auditor General reported that the revenue collected from quarries, sand and gravel pits showed a 60.36 % shortfall

when compared to the initially estimated figure for financial year 2020. This represented a sum of \$3,923,590.85. The shortfall was explained by the MEEI as the result of the downturn in the construction and quarrying industries due to the COVID-19 pandemic.

The Auditor General also observed that, contrary to the Minerals (General) Regulations 2015, there were forty (40) unlicensed quarries compared to only seven (7) operating with requisite licences.

Observation:

- i. The Committee recalls the persistent difficulties faced by the MEEI in verifying production information from quarrying companies. This, along with the licensing status of quarries were among the issues addressed in the Committee's Thirtieth Report of the Eleventh Parliament– 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 Years 2016, 2017 and 2018 with specific reference to the MEEI and follow-up on the implementation of the recommendations in the Fourth, Fourteenth and Twentieth Reports of the Public Accounts Committee. The Committee plans to conduct follow-up on these issues in the Second Session of the Twelfth Parliament.*

Ministry of Foreign and CARICOM Affairs (MFCA)

11. Non-Submission of Statements of Receipts and Disbursements

There has been a trend of non-submission of requisite documentation since 2018. Receivers of revenue are required by the Exchequer and Audit Act (sec 24(1)(c)) to transmit Statements of Receipts and Disbursements to the Auditor General in accordance with directions from the Treasury. These directions came in the form of Comptroller of Accounts Circular No. 9 dated August 13, 2020, which set the date of January 29, 2021 for the submission of Statements of Receipts and Disbursements. The MFCA did not submit the requisite Statement for FY 2020. The Auditor General's Report highlighted that no Statement of Receipts and Disbursements has been submitted by the Ministry since financial year 2018.

Recommendation:

- *The MFCA should submit a status report to Parliament containing the following by January 31, 2022:*
 - a. The reasons for the non-submission to the Auditor General of Statements of Receipts and Disbursements for FY 2019 and FY 2020;*
 - b. A timeline for the submission of the two (2) outstanding Statements; and*
 - c. A summary of the challenges possibly experienced at the Ministry with its accounting function and an indication of the measures and / or assistance that are needed in order to address these challenges.*

Trinidad and Tobago Police Service (TTPS)

12. Revenue from Pandemic-related Fines

The revenue collected from fines was not observable. The TTPS did not establish an item in its Revenue Register to reflect the sum of \$842,000.00 collected as a result of \$1,000 tickets issued to 842 persons in breach of COVID-19 mask wearing regulations as at September 30, 2020.

Recommendation:

- i. The TTPS should report to Parliament on the urgent creation of an item to record revenue received from tickets issued within the context of COVID-19 regulations by January 31, 2022.*

Concluding Remarks

Compliance with the Financial Directives is a recurring issue throughout the length and breadth of the public service. As the Financial Directives – most notably the Exchequer and Audit Act Chap 69:01 – are the backbone of the Auditor General’s consideration of the country’s public accounts, the need to strengthen and constantly update both competences and compliance consciousness of accounting staff is clear.

The COVID-19 pandemic continued to have far reaching effects in Trinidad and Tobago that were made evident by the FY 2020 audit. Pandemic relief measures mobilise the entire public service. The discrepancies noted in recordkeeping and the apparent internal audit and monitoring shortcomings noted could have created conditions for irregular practices to develop and flourish against a backdrop of uncertainty. A uniform approach is needed in the interest of improving the transparency of these crucial measures.

Just as it noted in its Thirty-Third Report, the Committee reiterates that the sudden, unforeseen and wide reaching effects of the pandemic have served to highlight the importance of seamless ICT systems across the public service. This will help to ensure that relief funds effectively reach those who need them most.

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

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
Member