

SIXTH

REPORT
FROM

THE PUBLIC ACCOUNTS
COMMITTEE

EXAMINATION
OF

The Audited Financial Statements of the National
Insurance Board of Trinidad and Tobago (NIBTI)
for the Financial Years 2014 to 2020.

Office of the Parliament
Parliamentary Complex
Cabildo Building
St. Vincent Street Port of Spain
Republic of Trinidad and Tobago



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
Ms. Rebecca Rafeek	Procedural Officer Intern
Ms. Natoya O'Neil	Clerk Typist I
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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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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 Report of the Auditor General and Audited Accounts of Statutory Authorities and Bodies. The Committee presents its Sixth Report of the Twelfth Parliament which details its ***examination of the Audited Financial Statements of the National Insurance Board of Trinidad and Tobago (NIBTT) for the financial years 2014 to 2020*** highlighting its findings.

This report sets out the issues, observations and recommendations made by the Committee to improve the NIBTT's operations.

During this inquiry, the following issues arose:

1. Submission of Annual NIBTT Reports;
2. Financial Reporting Standards;
3. Internal Audit;
4. Internal Fraud Policy;
5. Payment of Benefits – Outstanding Claims;
6. Digitalisation;
7. Contributions Receivable and Employer Compliance;
8. Public Awareness; and
9. Incorporation of the Self-Employed into the National Insurance System.

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

- i. *The Committee notes that the MOF appears to have rectified the delays observed in the submission of the 2019 and 2020 NIBTT Annual Reports and that the Ministry was thus able to lay the 2021 NIBTT Annual Report, accompanied by the Special Purpose Financial Statement for the year ended June 30, 2021, in Parliament on February 11, 2022 after receiving them from the NIBTT one (1) month prior on January 3, 2022. It is hoped that this improvement will continue in the years to come;*
- ii. *The Committee notes that IFRS standards are meant to enhance transparency, accountability and economic efficiency. The NIBTT's willingness to move towards full IFRS alignment is therefore welcomed;*
- iii. *The Internal Audit function is key to making the types of evidence-based decisions that lead to internal control and governance improvements across an organisation. An example of the importance of recognising possible weaknesses of internal controls and*

- of continually improving those controls will be seen at Issue 4 of this Report – Internal Fraud Policy;*
- iv. The Committee acknowledges the detailed Fraud Policy implemented by the NIBTT in 2019. It is however important to note that this crucial item should have been formulated and implemented much earlier. This is especially true given that “a strong and effective Fraud Control Framework to govern and guide the management of fraud is a key feature of good governance” as affirmed by the NIBTT itself in the overview section of its 2019 Fraud Policy;*
 - v. One of the strategic objectives in the NIBTT’s 2020-2024 Strategic Plan is to “improve claims processing”, with reductions in turnaround times for claims as the corresponding key performance indicator. The Committee therefore hopes that the lengthy periods of the one hundred and twenty-six (126) outstanding claims referenced here are outliers and not indicative of a reversal of the progress made in this area since FY 2015;*
 - vi. The Committee notes that the directives issued to MDAs to address outstanding debts to the NIBTT appear not to have had a considerable impact on the issue;*
 - vii. The Committee notes that the sum of \$2.47 million recovered amounts to only 3.3% of the total sum of \$74.07 million owed to the NIBTT by private sector entities;*
 - viii. Given its importance to the strengthening of employer compliance, which in turn has great economic significance for the NIBTT, the Committee encourages the Board to continue to make every effort to have the End-to-End ICT solution implemented without delay; and*
 - ix. The Committee notes that the NIBTT appears to have been able to carry out an impactful and efficient public awareness campaign while reducing spending each year.*

Based on the Committee’s examination the following recommendations were proposed:

- i. The NIBTT should submit a progress report to Parliament including the following by January 31, 2023;*
 - a. Confirmation of the granting of the relevant regulatory approvals for the HMB-TTMFT merger; and*
 - b. An estimated timeline for the full adoption of IFRS.*
- ii. The NIBTT should submit a progress report to Parliament by January 31, 2023 on the successes realised by the implementation of the fraud policy and the strengthening of the internal controls for fraud prevention and detection;*
- iii. The NIBTT should indicate the average time taken for the determination of claims submitted in FY 2018, FY 2019 and FY 2020, by January 31, 2023;*
- iv. The NIBTT should submit a brief report to Parliament on the status of the one hundred and twenty-six (126) outstanding claims, including the following, by January 31, 2023;*

- a. Whether any of the delays were due to claims being found to be defective when initially submitted;*
 - b. The extent to which qualifying / eligibility issues are responsible for the delays;*
 - c. The most important challenges faced in determining these outstanding claims, other than (a) and / or (b) above;*
 - d. Whether any of the claims were, in fact, determined to be disallowed; and*
 - e. The estimated timeline for the determination of the outstanding claims.*
- v. The NIBTT should report to Parliament on the following by January 31, 2023;*
 - a. A brief progress report on initiatives to design, procure and implement an end-to-end ICT enterprise-wide solution, including the procurement of the services of a qualified vendor during FY 2022;*
 - b. The actual sum spent on the ICT initiatives described at (a) above as at November 30, 2022, given the estimated total cost of \$120 million;*
 - c. Confirmation of the completion of the record digitisation initiative in February 2022; and*
 - d. The date that the Board plans to set for employers to transition to online submissions.*
- vi. The NIBTT should indicate to Parliament whether any more robust measures could be implemented to strengthen the collection of outstanding contributions by January 31, 2023;*
- vii. The MOF should indicate to Parliament whether there is any further assistance that could be provided to the NIBTT regarding non-compliance by public sector entities, given the entrenched nature of the problem, by January 31, 2023;*
- viii. The NIBTT should provide Parliament with a brief description of how it intends to ensure the long term integration of the promotion of customer awareness into its future customer engagement beyond the compliance marketing campaign, by January 31, 2023; and*
- ix. The MOF should submit a brief report to Parliament on the feasibility of integrating the self-employed into the National Insurance System and progress made in this area by January 31, 2023.*

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:

1. Send for persons, papers and records;
2. Have meetings whether or not the House is sitting;
3. Meet in various locations;
4. Report from time to time; and
5. 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 Second Session of the Twelfth Parliament as follows:

1. Trinidad and Tobago Fair Trading Commission (TTFTC);
2. Office of Procurement Regulation (OPR);
3. National Insurance Board of Trinidad and Tobago (NIB);
4. Trinidad and Tobago Securities and Exchange Commission (TTSEC);

5. Ministry of Energy and Energy Industries (MEEI) – Follow-Up on Revenue Collection (as reported on in the Report of the Auditor General);
6. 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);
7. Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2021;
8. Caribbean Industrial Research Institute (CARIRI);
9. Children’s Authority; and
10. Heritage and Stabilisation Fund (HSF).

The Inquiry Process

The Inquiry Process outlines steps taken by the PAC in developing the findings and recommendations of its examination of the Audited Financial Statements of the National Insurance Board of Trinidad and Tobago (NIBTT) for the financial years 2014 to 2020.

The Inquiry Process included the following steps:

1. Identification of issues in the Audited Financial Statements of the NIBTT for the financial years 2014 to 2020;
2. Prepared an Inquiry Proposal on the selected issues. The Inquiry Proposal outlines:
 - Background;
 - Objectives of Inquiry; and
 - Proposed Questions.
3. Questions for written response based on the issues identified in the Audited Financial Statements were sent to the NIBTT and the Ministry of Finance (MOF) on January 13, 2021. The responses were received from the MOF on February 12, 2021 and from the NIBTT on February 15, 2021;
4. Questions for further written response were sent to the NIBTT and the MOF on November 11, 2021. The responses were received from the MOF on November 30, 2021 and from the NIBTT on January 7, 2022;
5. Preparation of an Issues Paper which identified and summarised matters of concern in the responses provided by the NIBTT and the MOF;
6. Based on the responses received and the issues identified, the Committee agreed to have a public hearing;
7. The public hearing was held on February 9, 2022. Representatives of the NIBTT and the MOF (see Appendix I) were invited to discuss the issues of concern and provide evidence;
8. Questions for additional information based on the issues discussed at the public hearing were sent to the NIBTT and the MOF on February 11, 2022. The responses were received on March 7, 2022 from the NIBTT;

9. Reported the Committee's findings and recommendations to Parliament upon conclusion of the inquiry;
10. The Report will be transmitted to the MOF as the Minister with oversight of the OPR for written response within sixty (60) days in accordance with Standing Order 110(6) of the House of Representatives and 100(6) of the Senate;
11. Subsequent follow-up will be carried out to monitor progress in the implementation of the Committee's recommendations.

Profile – National Insurance Board of Trinidad and Tobago (NIBTT)

Background²

The NIBTT was established by Act of Parliament No. 32:01 of 1971. The NIBTT is a body corporate led by a tripartite Board of Directors comprising representatives of Government, Business and Labour and an independent Chairman. The Board is charged with the statutory duty to operate and manage the National Insurance System (NIS).

Vision³

“To be an innovative provider of relevant National Insurance”.

Mission⁴

The Mission of the NIBTT is "the effective management of National Insurance through good governance, technological advancements & empowered employees, to ensure quality service delivery."

Executive Director

- Niala Persad-Poliah

Senior Management

- Feyaad Khan - Chief Operating Officer, Business Services
- Brendon Nelson - Chief Operating Officer, Corporate Services
- Navin Rajkumar - Executive Manager, Investments
- Greta Stephen - Executive Manager, Insurance Operations
- Andy Edwards - Executive Manager, Policy, Planning and Actuarial Services
- Adrian Clarke - Executive Manager, Risk
- Amanda Fulchan-Lakhan - Executive Manager, Technology
- Sarah Baboolal - Executive Manager, Legal Services
- Debra Thomas - Executive Manager, Human Resources

² NIBTT Report on Operations for the Financial Year ended June 30, 2019, page 1.

³ NIBTT website, Mission, Vision, Core Values, accessed on November 22, 2022:

<https://www.nibtt.net/NIBTT/aboutUs.html>

⁴ Ibid

Minister of Finance: Honourable Colm Imbert, MP⁵

Minister in the Ministry of Finance: Honourable Brian Manning, MP⁶

Permanent Secretary (Ag.): Jennifer Lutchman⁷

⁵ Trinidad and Tobago Gazette No. 158 of 2020 dated September 9, 2020: <http://news.gov.tt/sites/default/files/E-Gazette/Gazette%202020/Gazettes/Gazette%20No.%20158%20of%202020.pdf>

⁶ Ibid

⁷ Ministry of Finance website, Permanent Secretaries, accessed November 22, 2022: <https://www.finance.gov.tt/our-people/permanent-secretaries/>

Issues and Recommendations

During the examination of Audited Financial Statements of the NIBTT for the financial years 2014 to 2020, the following issues were identified, observations made and recommendations proposed:

1. Submission of Annual NIBTT Reports

Both the NIBTT and the MOF faced challenges in complying with the provisions of the National Insurance Act Chap. 32:01 (the NI Act) regarding the submission of Annual Reports.

Late Submissions by the MOF to Parliament

At the public hearing on February 9, 2022, the Committee noted that there were persistent delays by the MOF with regards to reporting to Parliament. For example, the Annual Reports of the NIBTT for 2019 and 2020 were laid in Parliament on June 2021 despite being submitted to the MOF by the NIBTT on September 30, 2019 and September 30, 2020 respectively.

Section 13 of the Act provides that:

“(1) The financial year of the Board shall be the twelve-month period ending on 30th June
(2) Subject to subsection (3), the Board shall within three months of the end of each financial year make a report of its proceedings and of the operation of this Act in respect of that financial year to the Minister who shall, within two months of the receipt of such report, lay it before Parliament. “

In submitting its Annual Reports on September 30 for years ending on June 30, the NIBTT therefore complied with the Act. The MOF, however, clearly missed the legally prescribed timeframe. The MOF explained that once annual reports were received from entities under its purview, the Ministry’s relevant divisions must analyse the reports before submission for approval by the Minister at which point the reports are presented to Parliament. These internal processes were reportedly delayed due to the restrictions implemented to curb the spread of COVID-19 in addition to certain resource constraints.

Late Submissions by the NIBTT to the MOF

The NIBTT submitted its 2021 Annual Report to the MOF on January 3, 2022. In accordance with section 13(2) of the Act, as discussed above, this should have been submitted to the MOF by September 30, 2022. At the public hearing, the NIBTT explained that this was due to the expiration of the Board in August 2021 at the precise time when the 2021 Annual Report should have been finalised for submission to the MOF. Once the Board was reconstituted in November

2021, meetings were held leading to the Annual Report as well as audited financial statements being submitted to the MOF in January 2022.

Observation:

- i. The Committee notes that the MOF appears to have rectified the delays observed in the submission of the 2019 and 2020 NIBTT Annual Reports and that the Ministry was thus able to lay the 2021 NIBTT Annual Report, accompanied by the Special Purpose Financial Statement for the year ended June 30, 2021, in Parliament on February 11, 2022 after receiving them from the NIBTT one (1) month prior on January 3, 2022. It is hoped that this improvement will continue in the years to come.***

2. Financial Reporting Standards

The NIBTT planned to adopt the International Financial Reporting Standards (IFRS) as its primary financial reporting framework. The IFRS are defined as “a single set of high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards”⁸, which set out how a company prepares its financial statements.

The External Auditor noted in successive Memoranda of Internal Controls from FY 2014 to FY 2017 that the NIBTT prepared its Special Purpose Financial Statements in accordance with the NI Act. In preparing these statements, reference was routinely made to IFRS. This mostly applied in cases where there were lacunae or a lack of clarity in the reporting provisions of NI Act. The Board was considering moving towards full IFRS alignment.

The External Auditor recommended that the NIBTT conduct a full assessment of the changes necessary and the challenges associated with adopting IFRS. In FY 2015, the NIBTT explained that due to the ongoing merger of two (2) of its subsidiaries, the matter was on hold. The subsidiaries were the Home Mortgage Bank (HMB) and the Trinidad & Tobago Mortgage Finance Company (TTMF). In FY 2017, the NIBTT further explained that progress could only be made upon completion of the merger. In its Annual Report for FY 2021, the NIBTT indicated that final regulatory approvals for the merger were expected in FY 2022.

Observation:

- i. The Committee notes that IFRS standards are meant to enhance transparency, accountability and economic efficiency. The NIBTT’s willingness to move towards full IFRS alignment is therefore welcomed.***

⁸ IFRS Foundation, Who We Are, accessed November 22, 2022: <https://www.ifrs.org/about-us/who-we-are/>

Recommendation:

- x. ***The NIBTT should submit a progress report to Parliament including the following by January 31, 2023:***
 - a. ***Confirmation of the granting of the relevant regulatory approvals for the HMB-TTMFT merger; and***
 - b. ***An estimated timeline for the full adoption of IFRS.***

3. Internal Audit

The NIBTT attempted to strengthen its Internal Audit function. The NIBTT had a fully staffed Internal Audit Department. The IAD reported inadequacies and financial impropriety through Internal Audit Reports and collaborated with management to formulate, implement and follow-up on solutions to the issues identified. While assessing the IAD as effective at fulfilling its role, the Board acknowledged in its written submission dated February 15, 2021 that the Internal Audit function could be strengthened by the implementation of relevant management software.

Subsequently, in its written submission dated February 12, 2022, the NIBTT confirmed that the TeamMate+ Audit software had been implemented. TeamMate+ Audit is described as “an end-to-end audit management and workflow solution”⁹. The software aims to facilitate integrated decision-making across departments, to improve organisational performance and to detect hidden risks through the use of data analytics. Particularly for the public sector, the software aims to enhance the fulfilment of legislative and regulatory requirements¹⁰. This is highly relevant as it could help to reduce compliance risks to which the NIBTT has been exposed. The Memorandum of Internal Controls for FY 2016 (page 24) highlighted issues of regulatory non-compliance to which NIBTT management replied that a compliance framework was being established.

The NIBTT anticipated that the software would be beneficial throughout all stages of the audit cycle, notably by facilitating the review of historical audit results at the planning phase, promoting consistency at the execution phase, automatically generating the Internal Audit Report at the reporting phase and the strengthening of monitoring at the follow-up phase.

Observation:

- i. ***The Internal Audit function is key to making the types of evidence-based decisions that lead to internal control and governance improvements across an organisation. An example of the importance of recognising possible weaknesses of internal controls and***

⁹ Wolters Kluwer, TeamMate+ Audit, accessed June 13, 2022:
<https://www.wolterskluwer.com/en/solutions/teammate/teammate-audit>

¹⁰ Ibid, TeamMate Audit Solutions, accessed June 13, 2022:
<https://www.wolterskluwer.com/en/solutions/teammate>

of continually improving those controls will be seen at Issue 4 of this Report – Internal Fraud Policy.

4. Internal Fraud Policy

Until recently, the NIBTT had no dedicated Fraud Policy. In the External Auditor’s Memorandum of Internal Controls for FY 2016 (page 13), it was noted that:

“Based on a risk assessment performed by the Risk Management department during the course of the financial year, it was concluded that there is a lack of a formal, comprehensive fraud management programme in place to identify fraud risks facing the organization along with mitigating factors to address such risks. Such a programme would typically include formal and documented anti-fraud programmes and controls implemented by the entity to prevent or detect fraud.”

In the annual report for the FY 2017, the Memorandum of Internal Controls (page 6), noted that although an NIBTT Fraud Policy was in fact created in FY 2017, staff had not been sensitised to it and the policy had not been formally implemented. The NIBTT’s Fraud Policy was eventually approved by the Board of Directors in November 2019.

The policy was implemented by the Investigations and Control Department (ICD) and featured a ‘zero tolerance’ approach to fraud by emphasising transparency and honesty as part of an anti-fraud culture¹¹. According to the NIBTT’s written submission dated February 15, 2021, the policy established internal controls for fraud prevention and detection, prioritised the fulfilment of the NIBTT’s reporting obligations under the Act, the review of suspected fraud cases, the treatment of cases found to constitute fraud and the recording of losses due to fraud.

Specific policy initiatives included staff sensitisation and training to raise fraud awareness, the strengthening of whistleblowing procedures for stakeholders to act upon their fraud awareness, the establishment of a fraud database and of watch lists of fraud warning signs to facilitate rapid action in suspected cases of fraud. Additionally, the ICD developed a working relationship with the Trinidad and Tobago Fraud Squad, which investigates suspected fraud cases. The NIBTT reported that its assessment of the organisation’s risk exposure to internal fraud reduced from *high likelihood with major impact* in FY 2018, before the 2019 implementation of the Fraud Policy, to *likely but with minor impact* by FY 2021¹².

¹¹ NIBTT written submission dated February 15, 2021, Appendix 8 - Fraud Policy page 4.

¹² NIBTT written submission dated March 22, 2021, page 6.

The Committee enquired about how fraudulent activities were detected, investigated and prevented before the November 2019 implementation of the entity's current Fraud Policy. In a written submission dated January 7, 2022, the NIBTT explained that, between 2014 and 2019, this role was shared by the Claims Investigation Unit (CIU) and the Internal Audit Department (IAD). The CIU's mandate included raising fraud risk awareness, providing information to management to inform decision-making and conducting claims investigations based on which recommendations were made by the Legal Department. The IAD also conducted investigations into certain suspected cases of fraud as reported. The IAD also worked to strengthen internal controls to prevent fraud.

Observation:

- i. The Committee acknowledges the detailed Fraud Policy implemented by the NIBTT in 2019. It is however important to note that this crucial item should have been formulated and implemented much earlier. This is especially true given that "a strong and effective Fraud Control Framework to govern and guide the management of fraud is a key feature of good governance" as affirmed by the NIBTT itself in the overview section of its 2019 Fraud Policy.*

Recommendation:

- i. The NIBTT should submit a progress report to Parliament by January 31, 2023 on the successes realised by the implementation of the fraud policy and the strengthening of the internal controls for fraud prevention and detection.*

5. Payment of Benefits – Outstanding Claims

Despite improvements made by the NIBTT in recent years, lengthy delays in the determination of benefit claims continued to be an issue of concern. The benefits administered by the NIBTT include the following:

- Sickness Benefit;
- Retirement Pension;
- Retirement Grant;
- Employment Injury Benefit; and
- Invalidity Benefit and Survivors' Benefit¹³.

¹³ NIBTT website, Benefits, accessed November 22, 2022: https://www.nibtt.net/benefits_09/benefits_09.html

During the period under review, the number of recipients of these benefits grew steadily each year, from 177,607 in FY 2015 to 204,613 in FY 2020¹⁴. At the public hearing on February 9, 2022 the NIBTT affirmed that its mandate as an organization “is to pay benefits to vulnerable persons” (see Appendix 3 - Verbatim Notes at page 60 of this Report).

In its Memorandum of Internal Controls for FY 2015 (page 20), the External Auditor identified the backlog of contribution records as a significant issue affecting the NIBTT. It was noted that “if contributions records are not up to date, there may be [...] a delay in the processing of benefits payments. The NIBTT highlighted a decrease in the time taken to determine claims observed since FY 2015. For example, there was a reduction from 106 days for Employment Injury Benefit in FY 2015 to 87 in FY 2016 and 41 in FY 2017¹⁵. Ongoing staff training and review of policies and procedures, digitalisation processes and public outreach were listed as measures to support further reductions in these timeframes.

Notwithstanding this reported trend, after the public hearing, the Committee received a copy of legal correspondence dated May 4, 2022 sent to the NIBTT regarding one hundred and twenty-six (126) outstanding benefit claims. Sixty-six (66) of these were retirement related. There were also thirty-one (31) claims for Invalidity Benefit, fourteen (14) for Employment Injury Benefit, seven (7) Survivors’ Benefit claims and eight (8) Sickness Benefit claims. The aforementioned correspondence referred to the NIBTT’s policy timeline of ninety (90) working days for the processing of claims. One hundred and eight (108) of the outstanding claims were filed in 2020 or 2021. Fourteen (14) of them were filed in 2019, while three (3) were filed in 2018 and two (2) in 2016.

Observation:

- i. One of the strategic objectives in the NIBTT’s 2020-2024 Strategic Plan is to “improve claims processing”, with reductions in turnaround times for claims as the corresponding key performance indicator. The Committee therefore hopes that the lengthy periods of the one hundred and twenty-six (126) outstanding claims referenced here are outliers and not indicative of a reversal of the progress made in this area since FY 2015.***

Recommendations:

- i. The NIBTT should indicate the average time taken for the determination of claims submitted in FY 2018, FY 2019 and FY 2020, by January 31, 2023; and***
- ii. The NIBTT should submit a brief report to Parliament on the status of the one hundred and twenty-six (126) outstanding claims, including the following, by January 31, 2023:***

¹⁴ NIBTT Reports on Operations for Financial Years 2017 (page 2) and 2020 (page 4).

¹⁵ NIBTT written submission dated February 15, 2021, page 32.

- a. Whether any of the delays were due to claims being found to be defective when initially submitted;*
- b. The extent to which qualifying / eligibility issues are responsible for the delays;*
- c. The most important challenges faced in determining these outstanding claims, other than (a) and / or (b) above;*
- d. Whether any of the claims were, in fact, determined to be disallowed; and*
- e. The estimated timeline for the determination of the outstanding claims.*

6. Digitalisation

The NIBTT's aim to be a sustainable, technology-driven and service-oriented organisation¹⁶ was not fully realised but progress was noted.

ICT Initiative

The NIBTT was taking steps to comprehensively upgrade the integration of ICTs into all of its processes. The Board's Report on Operations for FY 2017 stated that an ICT initiative would be conducted over three (3) years beginning in November 2016. This initiative entailed 'the designing, procuring and implementation of an end-to-end ICT enterprise-wide solution for the entire organisation' (page 13).

For the implementation of the ICT initiative, the NIBTT sought to engage the services of a qualified vendor to provide expert guidance in evaluating its business and technical needs as well as to assist with the selection and implementation of the relevant technology. The vendor was required to have a comprehensive knowledge of the ICT subject matter and a minimum of fifteen (15) years' experience in the planning and execution of related projects.

In its written submission dated February 15, 2021 (page 46), the NIBTT indicated that this initiative was at the procurement stage. In its further written submission dated January 7, 2021 (page 21), the Board indicated that this procurement would be finalised during FY 2022. Once the vendor is contracted, the ICT solutions would be implemented over an estimated two (2) - year period, according to the NIBTT's written responses dated March 4, 2022 to questions for additional information. The sum of one hundred and twenty million dollars (\$120 million) was earmarked for digitalisation initiatives, including the cost of engaging the vendor.

¹⁶ NIBTT written submission dated February 15, 2021,

Paper-based Processes

Paper-based processes were still prevalent. At the public hearing, the representatives of the NIBTT acknowledged that paper-based record keeping had been the norm since the establishment of the institution in 1971. A digitisation initiative involving over thirteen (13) million records was due for completion in February 2022. This involved both internal systems and the engagement of external service providers. Further, the Board planned to set a date at which employers would have to begin submitting records online via the NIBTT's ICT system (see Appendix 3 - Verbatim Notes at page 61 of this Report).

Recommendation:

- i. The NIBTT should report to Parliament on the following by January 31, 2023:***
 - a. A brief progress report on initiatives to design, procure and implement an end-to-end ICT enterprise-wide solution, including the procurement of the services of a qualified vendor during FY 2022;***
 - b. The actual sum spent on the ICT initiatives described at (a) above as at November 30, 2022, given the estimated total cost of \$120 million;***
 - c. Confirmation of the completion of the record digitisation initiative in February 2022; and***
 - d. The date set for employers to transition to online submissions.***

7. Contributions Receivable and Employer Compliance

Receivables

The NIBTT's collection efforts struggled to keep pace with the considerable levels of **outstanding contributions from both the public and private sectors.** As at January 31, 2022, the NIBTT received \$2.47 million from private sector employers owing a total of \$74.07 million in contributions leaving outstanding debts of \$71.6 million. On the public sector side, the NIBTT reported that one hundred and thirteen (113) Ministries, Department and Agencies (MDA) owed contributions worth over \$267 million. These include Government ministries, municipal authorities and other public bodies¹⁷. In some cases, contributions remained outstanding for periods of up to a decade.

The NIBTT conducted audits of employers, which enabled the determination of debts owed to the Board. Following the calculation of an employer's debt, the NIBTT engaged in procedures for increasing the number of entity to recover outstanding sums. These ranged from demand letters and the establishment of payment arrangements by the Major Debtors' Collections unit to referring bad debtor employers to the NIBTT's Legal Services Department. Efforts by the Major

¹⁷ Ibid, Appendix 1.

Debtors' Collections unit led to the recovery of \$638,681¹⁸, while other measures including the execution of \$919,170 in promissory notes¹⁹ facilitated the recovery of the remainder of the aforementioned \$2.47 million.

In its written submission dated February 12, 2022, the MOF explained that it had been informed of the ongoing problem of monies being owed to the NIBTT by MDAs. Directives were issued to the relevant MDAs for them to work with the Budgets Division of the MOF to address this issue.

Employer Compliance

The steps taken by the NIBTT to strengthen employer compliance were beginning to show results. Challenges hindering employer compliance were highlighted in quarterly performance reports prepared as part of the periodic reporting for the monitoring of the NIBTT's Strategic Plan. The Board implemented measures to addresses these challenges as follows²⁰:

- Compliance Policy and Procedures were reviewed;
- Auditing of employers with long outstanding pending audits;
- A risk-based assessment tool for prioritising employer audits;
- Authorized Officer's audit worksheets were implemented;
- A compliance public communication campaign was implemented aimed at building awareness of employer/employee obligations; and
- A project to acquire and implement an End-to-End ICT solution.

The NIBTT affirmed that the compliance marketing campaign was a contributing factor to the surpassing of the Board's FY 2021 corporate target of 6,000 employer audits, with a total of 6,932 actually conducted. The End-to-End ICT solution that the NIBTT was in the process of implementing was expected to strengthen employer contribution compliance by reducing turnaround times for processing contribution payments and improving the reconciliation of records.

Observations:

- i. The Committee notes that the directives issued to MDAs to address outstanding debts to the NIBTT appear not to have had a considerable impact on the issue;***
- ii. The Committee notes that the sum of \$2.47 million recovered amounts to only 3.3% of the total sum of \$74.07 million owed to the NIBTT by private sector entities; and***
- iii. Given its importance to the strengthening of employer compliance, which in turn has great economic significance for the NIBTT, the Committee encourages the Board to***

¹⁸ NIBTT responses dated January 7, 2022 to questions for further information, page 13.

¹⁹ Ibid, page 14.

²⁰ NIBTT responses dated March 4, 2022, page 1.

continue to make every effort to have the End-to-End ICT solution implemented without delay.

Recommendations:

- i. The NIBTT should indicate to Parliament whether any more robust measures could be implemented to strengthen the collection of outstanding contributions by January 31, 2023; and***
- ii. The MOF should indicate to Parliament whether there is any further assistance that could be provided to the NIBTT regarding non-compliance by public sector entities, given the entrenched nature of the problem, by January 31, 2023.***

8. Public Awareness

The NIBTT's public awareness campaign helped to strengthen the effectiveness of the Board's employer audit function. As discussed at issue 7 above, the NIBTT implemented measures to strengthen employer compliance through a compliance marketing campaign - to raise awareness of employers' obligations under the Act. The aim of this was to overcome employer compliance challenges. The campaign entailed the use of traditional media including newspapers, radio and electronic billboards as well as social media platforms and the NIBTT's own website. After the launch of the campaign, spending campaign amounted to \$1.25 million in 2019, \$0.65 million in 2020 and \$0.54 million in 2021²¹.

The NIBTT affirmed that the compliance marketing campaign was a contributing factor to the surpassing of the Board's FY 2021 corporate target of 6,000 employer audits, with a total of 6,932 actually conducted.

Observation:

- i. The Committee notes that the NIBTT appears to have been able to carry out an impactful and efficient public awareness campaign while reducing spending each year.***

Recommendation:

- i. The NIBTT should provide Parliament with a brief description of how it intends to ensure the long term integration of the promotion of customer awareness into its future customer engagement beyond the compliance marketing campaign, by January 31, 2023.***

²¹ NIBTT responses dated March 4, 2022 to questions for additional information, page 2.

9. Incorporation of the Self-Employed into the National Insurance System

The Ministry of Finance was considering proposals for bringing the self-employed into the National Insurance System (NIS). In the 4th Report (Eleventh Parliament) of the Joint Select Committee on Finance and Legal Affairs (JSCFLA) on an inquiry into certain aspects of the National Insurance System in October 2018²², it was noted that a High Level Working Committee (HLWC) comprising representatives of the NIBTT and the MOF had been mandated to develop proposals for the incorporation of the self-employed into the NIS. The HLWC developed a comprehensive proposal in January 2015. The JSCFLA recommended that the meetings of the HLWC be reconvened as there had been no definitive action based on the 2015 proposal. The HLWC subsequently reconvened.

In September 2020, the NIBTT submitted to the MOF the updated HLWC report of the High Level Working Committee²³. In its written submission dated June 15, 2022 the MOF indicated that the incorporation of the self-employed into the NIS would greatly impact the system with a cost of up to \$270 million. The MOF's full review of the HLWC report was still ongoing at the time of writing.

Recommendation:

- i. The MOF should submit a brief report to Parliament on the feasibility of integrating the self-employed into the National Insurance System and progress made in this area by January 31, 2023.*

²² Parliament website: <https://www.ttparliament.org/wp-content/uploads/2021/11/p11-s3-J-20180921-FLA-r4.pdf>

²³ Written Submission from the NIBTT dated January 7, 2022, page 28.

Concluding Remarks

The NIBTT experienced certain difficulties with its internal controls regarding fraud. This was part of the overall reputational and financial risk mitigation challenges faced by the NIBTT. Despite reports of improved claims processing turnaround times, the instances of individuals waiting for inordinately long periods of time for the determination of their claims shows that there is still room for improvement in this area.

At the same time, management also showed initiative and / or responsiveness to evolving circumstances in a number of areas. These included the ongoing gradual transition to IFRS standards, the strengthening of the organisation's Internal Audit function, the comprehensive digitalisation drive, and the implementation of a cost effective public information strategy. The Committee also notes the extent to which the NIBTT was able to restrain its administrative expenditure, particularly in FY 2017 and FY 2018.

The Committee is concerned about the level of outstanding contributions owed to the NIBTT by public agencies. Ministries, Department and Agencies are expected to set a good example for other sectors of the national economy to follow.

Finally, the Ministry of Finance must step up its efforts to help create an environment conducive to Fund sustainability for the NIBTT. This is crucial as, without decisive action, the Fund will be exhausted by 2036.

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

Sgd.
Mr. Davendranath Tancoo
Chairman

Sgd.
Ms. Jearlean John
Vice - Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr. Adrian Leonce
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Mrs. Charisse Seepersad
Member

Sgd.
Mr. Roger Monroe
Member

Sgd.
Dr. Amery Browne
Member

At the public hearing held on February 9, 2022, the witnesses attending on behalf of the National Insurance Board of Trinidad and Tobago and the Ministry of Finance were:

National Insurance Board of Trinidad and Tobago (NIBTT)

- Mrs. Niala Persad-Poliah - Executive Director
- Mr. Brendon Nelson - Chief Operating Officer – Corporate Services
- Mr. Feyaad Khan - Chief Operating Officer – Business Services

Ministry of Finance (MOF)

- Mrs. Jennifer Lutchman - Permanent Secretary (Ag.)
- Ms. Chintamani Sookoo - Director, Social and Economic Transformation (Ag.)
- Mr. Suresh Dan - Senior Business Analyst (Ag.)
- Ms. Shiann Phill - Associate Professional

**THE PUBLIC ACCOUNTS COMMITTEE –
SECOND SESSION, TWELFH PARLIAMENT
MINUTES OF THE EIGHTH MEETING HELD VIRTUALLY ON
WEDNESDAY FEBRUARY 9, 2022 AT 10:05 A.M.**

Present were:

Mr. Davendranath Tancoo	-	Member
Ms. Jearlean John	-	Member
Mr. Adrian Leonce	-	Member
Ms. Charrise Seepersad	-	Member
Dr. Amery Browne	-	Member
Mr. Roger Monroe	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Khisha Peterkin	-	Assistant Secretary
Mr. Justin Jarrette	-	Graduate Research Assistant
Ms. Rebecca Rafeek	-	Procedural Officer Intern

COMMENCEMENT

- 1.1 At 10:05 a.m., the Chairman called the meeting to order and welcomed those present. The Chairman informed Members that Mrs. Webster-Roy and Mrs. Gopee-Scoon asked to be excused from the Meeting

EXAMINATION OF THE MINUTES OF THE SEVENTH MEETING

- 2.1 The Committee examined the Minutes of the Seventh (7th) Meeting held on Wednesday January 12, 2022.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Ms. Jearlean John and seconded by Ms. Charrise Seepersad.

MATTERS ARISING FROM THE MINUTES OF THE SEVENTH MEETING

- 3.1 With reference to item 9.3, the Chairman informed Members that responses from the Office of Procurement Regulation (OPR) to the questions for additional information were received by the Secretariat on February 8, 2022 and used to draft the Committee's Fifth Report. The responses were uploaded to the Rotunda (e-repository).
- 3.2 With reference to item 10.2:
- i. The Chairman reminded Members that the updated Draft Work Programme for the Second Session, Twelfth Parliament was circulated via email and uploaded to the Rotunda (e-repository) for their consideration.
 - ii. The Chairman informed Members that suggestions for the Committee's Work Programme for the Second Session, Twelfth Parliament were received from Member Seepersad and uploaded to the Rotunda (e-repository).

PRE-HEARING DISCUSSIONS RE: NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO (NIBTT)

- 4.1 The Chairman reminded Members that the purpose of the virtual public hearing was to examine the Audited Financial Statements of the National Insurance Board of Trinidad and Tobago (NIBTT) for the financial years 2014 to 2020.
- 4.2 The Chairman outlined the remit of the inquiry.
- 4.3 The Chairman invited Members to review the Issues Paper based on the written submission received from the NIBTT and the Ministry of Finance.
- 4.4 The Chairman invited Members to raise any issues or questions on the examination into the Audited Financial Statements of the NIBTT for the financial years 2014 to 2020. Members discussed the issues of concern and the general approach for the public hearing.

SUSPENSION

- 5.1 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:22 a.m.

AN EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO (NIBTT) FOR THE FINANCIAL YEARS 2014 TO 2020

- 6.1 The Chairman called the public meeting to order at 10:33 a.m.
- 6.2 The following officials joined the meeting:

National Insurance Board of Trinidad and Tobago (NIBTT)

- Mrs. Niala Persad-Poliah - Executive Director
- Mr. Brendon Nelson - Chief Operating Officer – Corporate Services
- Mr. Feyaad Khan - Chief Operating Officer – Business Services

Ministry of Finance (MOF)

- Mrs. Jennifer Lutchman - Permanent Secretary (Ag.)
- Ms. Chintamani Sookoo - Director, Social and Economic Transformation (Ag.)
- Mr. Suresh Dan - Senior Business Analyst (Ag.)
- Ms. Shiann Phill - Associate Professional

6.3 Key Topics Discussed:

1. The size of the NIBTT's customer base;
2. The late submission of annual reports;
3. The timeline for the submission of Annual Reports of the NIBTT to Parliament in accordance with the National Insurance Act Chap 32:01;
4. The NIBTT's administrative expenditure;
5. The oversight role of the Ministry of Finance;
6. The deficit with respect to the benefits paid compared to the contributions collected by the NIBTT as at June 2020;
7. The use of investment income as well as cash and cash equivalents to ensure the payment of benefits;
8. The total value of the NIBTT's assets as at June 2020;
9. The status of the repayment of the loans within the established timelines
10. The status of the initiatives to reduce the debt outstanding;
11. The decline in contributors and the measures implemented to bridge the deficit gap;
12. The actuarial valuations of the National Insurance System (NIS) conducted every three (3) years;
13. The recommendations for reforms made in the actuarial valuations to strengthen the sustainability of the NIS and the corresponding action taken thus far;
14. The NIBTT's engagement with government, business and labour stakeholders with respect to these reforms;

15. The NIBTT's review of its policy and procedures with respect to employer compliance;
16. The NIBTT's public information initiatives to raise awareness of employers' responsibilities under the Act;
17. The staff loans provided by the NIBTT under the existing collective agreement and the possible risks associated with these loans;
18. The non-compliant employers across the public and private sectors;
19. The audits conducted to assess employers' non-compliance;
20. The NIBTT's efforts to collect outstanding employer contributions;
21. The increase in employer contribution income from 2019 to 2020;
22. The risk management system implemented by the NIBTT in 2015;
23. The status of issues listed in the NIBTT's risk register in FY 2018;
24. The NIBTT's 30% limit on foreign investment and the scope for increasing these investments;
25. The continued reliance on paper based processes at the NIBTT;
26. The status of the NIBTT's ongoing entity-wide digitalisation initiatives;
27. The NIBTT's collaboration to date with the National Information and Communication Technology Company Limited (iGovTT); and
28. The MOF's consideration of the updated report of the High Level Working Committee (HLWC) mandated to develop proposals for the incorporation of the self-employed into the NIS.

Please see the verbatim notes for the detailed oral submission by the witnesses.

7.1 The Chairman thanked the representatives from the NIBTT and the MOF for attending the virtual meeting and they were excused.

SUSPENSION

8.1 At 12:34 p.m., the Chairman suspended the public meeting to resume for a post- mortem discussion with Members only.

POST-MORTEM DISCUSSION

9.1 At 12:35 p.m. the Chairman resumed the meeting.

9.2 The Chairman sought Members' views on the public hearing. A discussion ensued.

9.3 The Committee agreed that additional questions would be sent to the NIBTT and the MOF.
[Please see Appendix]

DETERMINATION OF WORK PROGRAMME

- 10.1 The Chairman invited Members to review the proposed work programme for the Second Session, Twelfth Parliament that was uploaded to the Rotunda (e-repository) for consideration. A discussion ensued.
- 10.2 The Committee agreed that Members would be given a further week to review the proposed work programme and list of entities under the purview of the Committee and indicate their preferences / suggestions for inquiry topics to the Secretariat.

ADJOURNMENT

- 11.1 There being no other business, the Chairman thanked the Members for their attendance and the meeting was adjourned to February 9, 2022 at 10:00 a.m. The committee will conduct an inquiry into the Audited Financial Statements of the National Insurance Board of Trinidad and Tobago for the financial years 2014 to 2020.
- 11.2 The adjournment was taken at 12:51 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

February 9, 2022

Request for Additional Information – Questions to the NIBTT

Issue: Strategic Plan

The implementation of the NIBTT's Strategic Plan was monitored via periodic reporting by all Business Units / Departments and the preparation of quarterly performance reports.

Among the major challenges highlighted in the quarterly performance reports were employer compliance and internal processes such as claims turn-around-time and the elimination of manual processes.

The following measures were implemented to overcome the employer compliance challenges:

- Compliance Policy and Procedures were reviewed.
- Auditing of employers with long outstanding pending audits.
- A risk-based assessment tool for prioritising employer audits.
- Authorized Officer's audit worksheets were implemented.
- A compliance public communication campaign was implemented aimed at building awareness of employer/employee obligations.
- A project to acquire and implement an End-to-End ICT solution.

Questions:

1. How many employers were classified as having long outstanding audits?
 - a. How did the NIBTT define a "long outstanding audit"?
 - b. How did the risk-based assessment tool for prioritizing employer audits facilitate these outstanding audits?
2. What was the cost of the compliance public communication campaign?
3. With respect to the project to acquire and implement an End-to-End ICT solution, what did this solution entail?
 - a. How did this project improve employer compliance?

The success of these measures was gauged by conducting quarterly and annual performance reviews comparing actual results against targets.

4. Did the actual results of each measure closely reflect the targets?

Issue: Risk Management

Two of the principal material risks faced by the NIBTT are:

- Reputational risk – risk that the NIBTT has not proactively managed the stakeholder view of the NIBTT or the risk of occurrence of other risks; and
- Fraud risk – risk of financial and reputational loss to the NIBTT due to internal or external fraud.

The NIBTT's risk maturity matrix 2017/18 rated initiatives on a scale of 1 to 5 as follows:

1 = poor; 2 = fair; 3 = good; 4 = very good; 5 = excellent.

The following initiatives were rated 1 (poor) and 2 (fair) in 2017/18²⁴:

JUNE 30, 2017/2018								
Level of Maturity	Framework	Commitment	Ownership	Processes	Communication and Training	Measurement	HR Support	Oversight
Ad hoc Poor-1	No structural approach	Risk Management seen as unnecessary expense	No interest in using risk management	No tracking of risk management	No formal risk management training	No risk assessment performed	No HR support	No standard reporting
Initial Fair	Policy/process defined	Understanding of the Role of ERM Manager but no full commitment to ERM	Partially defined roles and partial ownership	Risk management champion drives implementation (note that a few managers do as well)	Risk management material circulated	Some Risk assessments completed	Risk management integrated into some training	Monitored by exception

Question:

1. What specific improvements were made in each of these areas since 2017/18?

Issue: Internal Controls

The external auditor (EA) raised the following concern²⁵:

EA Finding	EA Recommendation	NIBTT Response
There is a lack of segregation of duties within the HR Plus system with all persons (preparer/approval) having access to the system and having the ability to create new employee profiles. As a result of this breakdown of control, we obtained a listing of all new employees and reviewed a sample through to the employee contracts to ensure no fictitious employees were created.	Management should take steps to upgrade the access controls to the HR Plus system such that only authorised profiles will be able to access the screen where new employee profiles are created. Any unauthorised profiles attempting to access the screen should be met with an error message stating a lack of permission to access the screen.	Steps are being taken to upgrade the HR Plus system which will facilitate the implementation of these controls. In the interim, manual controls have been improved.

Questions:

1. Were the access controls to the HR Plus system upgraded as recommended in order to restrict access to authorised profiles only?
 - a. If yes, when was this upgrade conducted?
 - b. If no, what was the reason?

²⁴ Written submission dated April 6, 2021, Appendix 16.

²⁵ 2018 Management Letter, page 9.

Issue: Properties being developed for sale

As at January 2021, the project's total projected expenditure was \$230 million and projected income was \$126 million²⁶. This represented a project shortfall of around \$104 million.

The NIBTT reported²⁷ that there were four (4) vacant parcels of land that were originally carded for the construction of townhouse units. The Board of Directors planned to sell these plots, valued at approximately \$13.6 million. The proceeds from the sale would be offset against the project shortfall.

Question:

1. What measure, if any, are at the NIBTT's disposal in order to further reduce the projected shortfall?

Issue: Other Assets – Sundry Debtors

Questions:

1. What was the policy/ guidelines regarding loans that were not fully repaid?
2. List the initiatives to reduce the percentage of debt outstanding.
3. Provide details of measures to be implemented to strengthen the process for assessing staff loan applications.

Issue: Other Assets – Contributions Receivable

As at December 31, 2021 (FY 2022), 1,029 files with debts totaling \$73.34M, have been forwarded to major debtors' collections. From this figure, 144 debts valued at \$638,681, have been fully liquidated. A further \$1.67M have been collected and represents partial payments in respect of the remaining debt.

Questions:

1. What percentage of contributions receivable was collected as at January 31, 2022?
2. Regarding the public entities with overdue contributions to the NIBTT, provide:
 - a. A list of these entities;
 - b. The sums owed by each entity; and
 - c. The length of time for which these sums have been outstanding.
3. The measures implemented to collect outstanding sums from customers included litigation. As of December 31, 2021, notices of intended legal action were sent to 381 employers, in respect of \$43.61M in indebtedness, while 240 matters valued at \$26.61M, have been submitted for referral to the Legal Services Department.
 - a. Have any of these legal matters been settled to date?

²⁶ Written Submission from the NIBTT dated February 15, 2021, page 18.

²⁷ Written Submission from the NIBTT dated January 7, 2022, page 12.

Issue: Administrative Expenses

According to the Report on Operations for FY 2020 (page 5), “administrative expenses as a percentage of Contribution Income increased from 4.66% in FY 2019 to 5.36% in FY 2020”. This increase was explained by:

- Salaries, Allowances and Benefits increased by \$11.35 Mn moving from \$140.25 Mn in 2019 to \$151.6 Mn in 2020.
- Depreciation-right-of-use assets increased from \$0 in 2019 to \$5.83 Mn in 2020.
- Expected credit loss increased by \$22.5 Mn moving from \$643,000 in 2019 to \$23.16 Mn in 2020.

Question:

1. What was the cause of each of these increases?

Issue: Benefit Expenditure – Incorrect Calculation

The external auditor (EA) raised the following concern:

EA Finding	EA Recommendation	NIBTT Response
Disablement benefit overpayment due to the benefit being calculated using the incorrect class. The total overpayment for the period August 2016 to June 2018 amounted to \$17,360.	Management needs to revisit the process for review and approval of benefit files, ensuring that suitable internal controls are implemented to detect, prevent and correct errors in a timely manner.	An amendment of the claim form for injury benefit will be effected to provide further clarity for employers when completing same. System errors were identified and will be addressed. Further training in the processing of manual claims will assist in addressing the issues highlighted.

Questions:

1. What amendment was made to the claim form for injury benefit and when was this amendment made?
2. What were the system errors identified and what action was taken to address them?
3. How did these system errors affect claims?
4. How many officers were provided with further training in the processing of manual claims?

Issue: Income

Questions:

1. Provide the number of insured contributors for each year from 2014 to 2020.
2. What are the factors contributing to the decrease in contributors?
3. What is the NIBTT’s view on the trend in these numbers?

As at January 7, 2022, one (1) of the four (4) positions of Authorized Officer within the Recoveries Department was vacant. The NIBTT expected this vacancy to be filled by January 30, 2022²⁸.

4. Was this vacancy filled by January 30, 2022?
 - a. If no, what was the reason?

One of the outcomes of the implementation of solutions to the challenges encountered in collecting contributions was the establishment of standards for the conduct of audits. This is reported to have reduced the turnaround time for the review of audits.

5. What was the specific improvement made in turnaround times for the review of audits?

Backlog of application of contributions to employee accounts²⁹

EA Finding	EA Recommendation	NIBTT Response
<p>There was a backlog of applying contribution income received to employees' accounts on the Insurance Administration (IA) system. This resulted in additional testing of benefits paid, since one of the eligibility criteria of benefits is the number of contributions. In instances where the IA system was not updated with this information, alternative procedures were performed to ensure that there was sufficient evidence from the claimants as proof of contributions made.</p>	<ul style="list-style-type: none"> • Contributions paid by employers/employees should be applied to employees' accounts in a timely manner to prevent miscalculation of benefits. • Contributions applied to employees' accounts for the period should also be reconciled to receipts to ensure accuracy. 	<p>The recently concluded contribution project along with the implementation of the Kofax system and the requirement for employers to submit contribution data in the prescribed format effective 1st October 2018 will be critical to the support of the corporate target regarding the availability of contribution data for claims processing. Further, the restructuring of the records department is critical to ensure desired levels of efficiency are obtained and maintained.</p>

Questions:

6. What was the NIBTT's corporate target regarding the availability of contribution data for claims processing?
7. To what extent did the measures implemented lead to this target being achieved?
8. Was the records department restructured?
 - a. If yes, when was the restructuring process completed?
 - b. If no, what was the reason?

²⁸ Written submission dated January 7, 2022, page 15.

²⁹ 2018 Management Letter, page 8.

Issue: Cash and Cash Equivalents

The NIBTT engaged a new foreign Fund Manager in 2016. One of the reasons for this was that it was cost effective. The NIBTT reported that the annual advisory fees of total assets under management for the foreign fund managers at the time were either just as, or more expensive than each of the four recommended new external investment managers. The NIBTT believed shifting to these new, cheaper external investment managers would have been to the overall benefit of the portfolio.

Question:

1. What were the savings realised as a result of the shift to more cost effective external investment managers?

Issue: Technology and Digitalisation

The Report on Operations for FY 2017 stated that an ICT initiative would be conducted over three (3) years beginning in November 2016. This initiative entailed 'the designing procuring and implementation of an end-to-end ICT enterprise-wide solution for the entire organisation' (page 13).

For the implementation of the ICT initiative, the NIBTT sought to engage the services of a qualified vendor to provide expert guidance in evaluating its business and technical needs as well as the selection and implementation of enabling technology towards an end-to-end ICT solution. The vendor was required to have a comprehensive knowledge of the ICT subject matter with a minimum of 15 years' experience in the planning and execution of related projects.

In its written submission dated February 15, 2021 (page 46), the NIBTT indicated that this initiative was at the procurement stage. In its written submission dated January 7, 2021 (page 21), the NIBTT indicated that this procurement would be finalised during the current FY 2022.

Question:

1. What is the NIBTT's budget for its digitalisation initiatives, including the cost of engaging the vendor?

Issue: Internal Fraud Policy

The NIBTT indicated that since 2019, fraudulent activities have been detected, investigated and prevented via the Investigations and Control Department (ICD).

Prior to the formation of the Investigations and Control Department (ICD), the Claims Investigation Unit (CIU) was formed in 2014. The CIU was responsible for investigating claims fraud.

The specific mandate of that Unit was to:

- Protect the fund of the National Insurance Board against haemorrhage through mistake, misrepresentation, or fraud in the Claims Administration Process;

- Provide management with accurate and timely information for making 'risk intelligent' decision; and
- Create an awareness of fraud risk management through policies and procedures throughout the organization.

Questions:

1. What was the NIBTT's assessment of the effectiveness of the CIU?
2. What, if any, were the issues regarding the CIU system that raised the need for the formation of the ICD?

One of the principal material risks faced by the NIBTT is fraud risk. This is the risk of financial and reputational loss to the NIBTT due to internal or external fraud.

Questions:

3. Has the NIBTT's internal fraud policy been successful in reducing fraud risk?
4. How can this impact be measured?

Issue: Whistleblowing Policy

Since October 2020, the NIBTT has used the Ethics Point anonymous reporting system, which is an integrated risk and compliance management software and service provider³⁰. Before this reporting system was implemented, the system in use did not facilitate anonymity and follow-up action. Thirteen (13) anonymous reports were submitted via the Ethics Point system for investigation by the Internal Auditor between November 2020 and October 2021.

The Internal Auditor reported the findings of their investigations to the Audit Risk and Compliance Committee.

Questions:

1. Of the thirteen anonymous reports submitted between November 2020 and October 2021, how many were found to involve impropriety?
2. If impropriety was found, what action was taken by the Audit Risk and Compliance Committee when the relevant reports were submitted by the Internal Auditor?

³⁰ Written Submission from the NIBTT dated February 15, 2021, page 51.

Request for Additional Information – Questions to the MOF

Issue: Incorporation of self-employed persons into the national insurance system

In the 4th Report of the JSC on Finance and Legal Affairs (FLA) on an inquiry into certain aspects of the National Insurance System in October 2018³¹, the JSC FLA recommended that the meetings of the HLWC be reconvened. The meetings were duly reconvened.

In September 2020, the NIBTT submitted to the MOF the updated report of the High Level Working Committee (HLWC), which was mandated to develop proposals for the incorporation of self-employed persons into the NIS³².

In its written submission dated November 30, 2021 the MOF indicated that it was still in the process of reviewing the HLWC report.

Questions:

The Ministry explained that the incorporation of the self-employed into the National Insurance System would represent a burden on the contributor.

1. Provide a general estimate of the burden that would be incurred on the contributor.
2. To what extent could the contributions of the self-employed help to increase fund sustainability?

³¹ Parliament website: <http://www.ttparliament.org/reports/p11-s3-J-20180921-FLA-r4.pdf>

³² Written Submission from the NIBTT dated January 7, 2022, page 28.

VERBATIM NOTES OF THE EIGHTH VIRTUAL MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD (IN PUBLIC) ON WEDNESDAY, FEBRUARY 09, 2022, AT 10.33 A.M.

PRESENT

Mr. Davendranath Tancoo	Chairman
Ms. Jearlean John	Vice-Chairman
Dr. Amery Browne	Member
Ms. Charrise Seepersad	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Ayanna Webster-Roy	Member
Mr. Adrian Leonce	Member
Mr. Roger Monroe	Member
Ms. Keiba Jacob Mottley	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Khisha Peterkin	Procedural Clerk Assistant
Mr. Justin Jarrette	Graduate Research Assistant
Ms. Rebecca Rafeek	Procedural Officer Intern

NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Mrs. Niala Persad-Poliah	Executive Director
Mr. Brendon Nelson	Chief Operating Officer–Corporate Services
Mr. Feyaad Khan	Chief Operating Officer–Business Services

MINISTRY OF FINANCE

Mrs. Jennifer Lutchman	Permanent Secretary
Ms. Chintamani Sookoo	Director, Social and Economic Transformation (Ag.)
Mr. Suresh Dan	Senior Business Analyst (Ag.)
Ms. Shiann Phill	Associate Professional

Mr. Chairman: Pleasant good morning all, and welcome to the officials from the Ministry of Finance and the National Insurance Board of Trinidad and Tobago, the NIBTT. My name Davendranath Tancoo and I am the Chairman of the Public Accounts Committee.

The Public Accounts Committee, the PAC, has a mandate to consider and report to the House 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;
- (c) The report of the Auditor General on any such accounts; and
- (d) Whether policy is carried out efficiently, effectively and economically and whether

expenditure conforms to the Authority which governs it.

The purpose of this meeting today is for the Public Accounts Committee to conduct an investigation and an examination of the audited financial statements of the National Insurance Board of Trinidad and Tobago for the financial years 2014 to 2020; to assess whether the expenditure conforms to the authority which governs it; to hear the challenges being faced by the key stakeholders in an attempt to determine some of the possible solutions to these challenges, and to assist the National Insurance Board of Trinidad and Tobago in achieving the efficient delivery of services while fulfilling its mandate in an efficient, effective and economic manner.

Based on the issues identified, the following key stakeholders were invited by this Committee, the Ministry of Finance and the National Insurance Board of Trinidad and Tobago. I also wish to advise that this virtual meeting is being broadcast live on the Parliament's Channel 11, on Radio 105.5 FM and on the Parliament's YouTube channel, *ParlView*. Viewers and listeners are welcome to send their comments related to today's topics via email, Parl101@tpparliament.org, via Facebook/[tpparliament](https://www.facebook.com/tpparliament) or via Twitter [@tpparliament](https://twitter.com/tpparliament). Participants in today's session are also advised that your microphones should remain muted until recognized by the Chair to contribute.

I now welcome members of the Public Accounts Committee to introduce themselves to our viewing audience and to our attendees today. Members.

[Introductions made]

Mr. Chairman: Thank you, Committee members. I will now ask members of the Ministry of Finance, representatives of the Ministry of Finance and representatives from the National Insurance Board to introduce yourselves. May I begin with the representatives from the Ministry of Finance.

[Introductions made]

Mr. Chairman: Thank you very much. May I now request that the representatives from the National Insurance Board of Trinidad and Tobago introduce themselves.

Mrs. Persad-Poliah: Good morning, Chairman. My name is Niala Persad-Poliah. I am the Executive Director of the NIB. And with me this morning, we have our Chief Operating Officer - Corporate Services, Mr. Brendon Nelson and our Chief Operating Officer - Business Services, Mr. Feyaad Khan. I would like to take the opportunity, Chair, to apologize for the absence of our chairman, Mr. Patrick Ferreira, who regrettably had a family emergency and is unable to be with us today. And I also want to apologize for the absence of our deputy chairman who is out of the jurisdiction.

Mr. Nelson: Good morning, everybody.

Mr. Chairman: Thank you very much. I am sorry? All right. Good morning again. Thank you all very, very much. I now invite the Permanent Secretary of the Ministry of Finance to make your brief opening statement.

Mrs. Lutchman: Thank you, Chairman. Thank you for inviting us, the representatives from the Ministry of Finance to this meeting to review the financial statements and operations of the National Insurance Board for the years 2014 to 2020. The role and responsibilities of the Minister of Finance as they relate to the NIB as stated in the National Insurance Act, Chap. 32:01. The Ministry of Finance provides the necessary support in assisting the Minister in performing his role and responsibilities. In our role as the line Ministry we have oversight of the National Insurance

Board. This morning we welcome the opportunity to assist the Committee in its deliberations today. Thank you, Chairman.

Mr. Chairman: Thank you very much, Madam Acting Permanent Secretary. I now invite the Executive Director of the National Insurance Board to make a brief opening statement.

Mrs. Persad-Poliah: Chairman and members, thank you very much for the opportunity to present and to share with you our results for the years 2014 to 2020. I just want to briefly give you an overview of some key facts as at 2020. I know the period under review is from 2014 to 2020 but as at 2020 our customer base was just shy of 600,000 persons; our benefit recipients are approximately 204,000 persons. In terms of benefit expenditure, Chairman, and to give the—to put it in context in terms of the magnitude and the giants that we are, we paid over \$5.3 billion in benefits as at June, 2020.

Our contribution income collection stood just at 4.6 billion. Our administrative expenditure of course is in keeping with range at 5.36 of contribution income. And, Chair, we are proud to report that our total assets as at June 2020, stood at 28.9 billion. Just to give you a context, Chairman. Thank you.

Mr. Chairman: Thank you very much, Ma'am. The way we will proceed is that I will lead the initial enquiry. I will ask questions initially and then I would open the floor to other members of the Committee to ask questions to both the Ministry of Finance and representatives from the National Insurance Board.

Members, if I may, I want to initiate today's enquiry by referring to the Ministry of Finance first off. So this query is to acting Permanent Secretary, Mrs. Lutchman. Ma'am, the Committee is extremely concerned about the tardiness in reporting by the Ministry of Finance to the Parliament. We have had instances previously where based on your—Ministry of Finance's letter to the Committee on February 12, 2021, you provided some information as to the procedure by which the reports— So those would be the annual reports and the audited financial statements are supposed to have been provided to the Parliament.

I know that I may be putting you on the spot, but that is intentional, Ma'am. Section 13 of the Act that governs the National Insurance Board, that is, the National Insurance Act, makes specific provision for the National Insurance Board's report to be submitted to the Minister and therefore for the Minister to submit to the Parliament, but I note that that has been very—well, it has not been kept to the law. So that means that somewhere along the line we are having a breach of the law in the submission of the annual reports and the audited financial statements to the Parliament.

I note in your letter—in fact, I note in the letter from the NIB that the 2019 report was submitted by the NIB on September 30, 2019, but it was only laid in the Parliament on 25th of June, 2021. The 2020 submission which the executive director just referred to as well was submitted to Parliament on September 30, 2020, but was only—sorry, it was submitted to the Ministry of Finance on September 30, 2020, but only laid in Parliament on June 25, 2021; again there is a breach there. By all accounts it appears that the Ministry—sorry—that the National Insurance Board has, up to that point, 2019 and 2020, has met its mandate in that it kept to the timely submission of its report but there seems to be a stumbling block somehow within the Ministry of Finance in terms of getting these reports to the Parliament on time.

Madam PS, I do not know if you could advise me as to what the reason is for these late submissions coming from the Ministry of Finance to the Parliament's floor. Would you be able to

advise why we have these late submissions, Ma'am?

Mrs. Lutchman: First of all, Chairman, we do acknowledge that there were late submissions, however when we are in receipt of the annual report, the report has to go to the specific division that deals with analyzing the report. When the report is analyzed it goes for approval and then the Minister of Finance does a covering report and submits it to Parliament.

Now, Chairman, we recognize that it had been late but we have tried to rectify that in this financial year. We received the 2021 annual reports by letter dated 03 January, 2022, and within two weeks we submitted it for review and at this point it is being processed to go to Parliament.

Mr. Chairman: All right. So, Ma'am, what you have just described to me is the procedure that is usually followed. So I want to treat with 2019 and 2020 first because that is immediately before us and then I will treat with 2021. In both 2019 and 2020 the NIB kept to its mandate. It submitted on time. The same procedure that would have been followed then, I assume, is what is being followed in 2020—for the 2021 report but we had a delay. Now, that delay effectively means there was a breach in the reporting as required by law, as required by section 13 of the Act, and I have not heard any reference to that breach as to why in fact we had that breach. What you told me was just the procedure. This is a process that has been taking place for what?—49 years. It has been 49 years that the NIB report—the annual report and audited financial statements have been brought to Parliament, 49 years, and yet we still have a delay.

Ma'am, I do not know about you, but I want to pronounce that that is an unacceptable state of affairs. If you are saying though that that mechanism that failed in 2020 and 2021 has now been fixed so that we have the last report submitted by the NIB and is now in preparation stage to be submitted to the Parliament—if you are saying that that problem that existed before has been resolved and been fixed so that we would not have late submissions then I think the Committee would be very interested in hearing that.

Mrs. Lutchman: Thank you, Chairman. First of all, you know, not to blame the COVID-19 pandemic, but everyone would recognize the logistics of having persons within the Ministry of Finance's building. There were restrictions, in addition to which the division that deals with the analysis and review and onward submission was severely constrained in terms of resources, capped resources. That has since been rectified and continues to be rectified.

Mr. Chairman: Ma'am, I hear you, however I know that the NIB would have been similarly constrained but they seem to have been able to meet their mandate in 2019 and 2021—sorry, 2019 and 2020 reports, regardless of the fact that they also were exposed to COVID. So I note that you gave me two explanations so I am picking one which was the absence of sufficient resources because the other one, the NIB would have had the same issues with regard to the presents of COVID-19 and difficulties in working conditions but they managed to keep to their obligation. Can you specify what sort of resources were short during the review of the 2019 and 2020 annual reports, Ma'am?

Mrs. Lutchman: Chairman, the specifics I do not have right now but I can definitely provide that in writing for you if you will allow me, please.

Mr. Chairman: Yes. Thank you. Now on to the 2021 financial report, the annual report that you indicated previously has been submitted by the NIB on January, 2021, is that correct, Ma'am?

Mrs. Lutchman: 2022, Chairman.

Mr. Chairman: Sorry, January 2022. Can you give me the date again on which that was submitted?

Mrs. Lutchman: It was submitted by letter dated January 03, 2022.

Mr. Chairman: Thank you. So can I then turn to the Executive Director of the NIB. Ma'am, you commendably were able to fulfill your obligations to the Act for the 2019 and 2020 submissions but there seems to have been a serious hiccup in keeping to the requirements of the Act for 2021 submission. Can you advise what was the reason for that hiccup? What was the hiccup and why and how it has been resolved?

Mrs. Persad-Poliah: Yes. Chairman, our board of directors expired in August—on or about August of 2021 and it was not reconstituted until sometime in the middle of November of 2021. At the time of reconstitution meetings were held and the matter—the financials was considered by the audit committee in December and the board in December and approved. And our earliest date that we could have submitted to the Ministry of Finance was on the 3rd of January. So the delay, Chair, was occasioned as a result of the expiry of our board and we were required to await the reconstitution of a board which came in November and meetings were held in December.

Mr. Chairman: Thank you very much, Ma'am. Is it because the chairman of the NIB is also the chairman of the audit committee? Is that correct?

Mrs. Persad-Poliah: No, Chair, the chairman of the board is not the chairman of the audit committee, but once one member's term expires our legal advice is that all the—the entire board comes to an end and it must be reconstituted again. So on that occasion in August only three members' terms would have expired but the board itself had expired.

Mr. Chairman: So, Ma'am, can you advise—just to confirm for the record that the terms of directors that—the term of the board that came to an end came to an end because they had served the life of their tenure as per their appointment correspondences, their appointment letters. So the term ended when it should have ended when it should have been predicted to have ended, is that correct, Ma'am?

Mrs. Persad-Poliah: That is correct, Chairman. The business and labour reps— So our board is comprised of government, business and labour reps and the Executive Director. The business and labour reps would have expired in August of 2021 having served the two years and they were then reappointed in November of 2021.

Mr. Chairman: If I may turn to the Ministry of Finance, can the Ministry of Finance advise why is it that we had this lapse in the appointment of directors, especially given the critical nature of the reporting requirements for the NIB? Is it that you did not receive submissions from the various organizations which are supposed to submit? If so, then advise us what measures would have been taken by the Ministry of Finance to ensure that we have a functional board, a fully established and functional board of the NIB. It seems a little bit concerning that we did not have a functioning board for a period of time which has negatively impacted upon the board's ability to deliver on its mandate by law.

Mrs. Lutchman: Okay. Thank you, Chairman. I would pass it on to Mr. Dan.

Mr. Dan: Good morning, Chair, and good morning Committee members. The Ministry of Finance had a bit of an issue in terms of sourcing the nominees from the representatives of business and labour. We conducted an exercise whereby we requested the nominees however this took some time simply because of the fact that during the time a lot of businesses—the associations I should say—sorry—because of the COVID situation and not being working from the offices and stuff, we did telephone calls, we did emails which took a while for responses from the different agencies. And as a result of that, by the time we did get the nominees—well, you would appreciate that

time would have passed on somewhat, and however we did prepare up the—we got the nominees, we prepared up the notes and stuff and we submitted it for Cabinet approval.

Mr. Chairman: Thank you very much, Mr. Dan. Just to put you on the spot further, can you advise when these nominations were submitted to Cabinet for their consideration?

Mr. Dan: The exact time at this point in time I cannot say, Sir, but we are willing to provide it in writing for you.

Mr. Chairman: Thank you. A further follow-up question, given that the expiry would have been predicted, can you advise, Mr. Dan or Acting Permanent Secretary, what time frame—during what time frame did we attempt to initiate the replacement or the appointment of replacements or the continuation of these directors? Can you tell me when we started the process given that we knew when it was going to become desperately needed?

Mr. Dan: At this point I really cannot say for sure so therefore I will have to check our records and provide you with it.

Mr. Chairman: Thank you. Back to the Ministry of Finance, Ma'am, given that we now have two breaches of the law—I am not too sure what the mechanism is but we have had for the annual report 2019 and annual report 2021, what is in effect the breach of the law, that is a breach of section 13 of the Act, 32:01, can the Ministry of Finance advise what, if any, action is the Ministry now liable to as a result of breaching of this Act? Is there no penalty for breaching the Act, the National Insurance Act, especially with regard to section 13 of the Act?

Mrs. Lutchman: Chairman, I believe that there are no provision or sanctions within the National Insurance Act but I would have to review. But based on my previous review I believe there are no sanctions.

Mr. Chairman: All right. I came to the same conclusion based on my own review, but it is not—well, let me ask it differently, do you not think that if the Act mandates, because it says “the board shall” and “the Minister shall”—if the Act mandates a specific time frame for submission of the annual reports and the annual audited financial statements should there not be some level of accounting for why?

Mrs. Lutchman: Yes, Chairman, and hence the reason why we would have had to review our internal processes.

Mr. Chairman: Can you confirm whether or not you have made any recommendations to the Minister, having liaised with the board of the NIB, for any amendments to the legislation with regard to this particular clause or is it that we are going to have to be forced to accept that even though it is written in the Act it is not really going to be adhered to because there is no penalty?

Mrs. Lutchman: Chairman, we take the provisions of the Act very seriously and we would be not set out to breach any aspects of the legislation. However, to answer your question as to whether recommendations were made to the Minister of Finance, in relation to this aspect I would say, no recommendations had been made thus far.

11.00 a.m.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. I am enthused by your reference to the Ministry of Finance's deliberations and intent to abide by the National Insurance Act, that is Act Chap. 32:01, because that leads me into the following segue. Ma'am, section 3 of the Act, section 3 of the National Insurance Board Act, makes specific provisions for the appointment of a chairman. Are you familiar with the Act, Ma'am?

Mrs. Lutchman: Yes, Chairman.

Mr. Chairman: I know that we did not have a chairman of the NIB for a short period of time, and one was recently appointed. That appointment would have been done by the Ministry of Finance in accordance with section 3 of the National Insurance Act, which reads in part, that is section 3(2)(d):

“The Board shall consist of eleven members designated Directors, who shall be appointed by the Minister, as follows:”

And there is (a), (b), (c), but item (d) is the one I am most interested in pursuing at this point. Item (d) says:

“a person, who in the opinion of the Minister, is independent of the Government, Business and Labour, who shall be the Chairman;”

Ma’am, can you advise who the Chairman of the NIB is at this point in time?

Mrs. Lutchman: Yes, Chairman. It is Mr. Patrick Ferreira.

Mr. Chairman: In your view, Ma’am—in fact no, I should not be so unkind. Just to repeat, that:

“a person, who in the opinion of the Minister, is independent of the Government, Business and Labour, who shall be the Chairman.”

Can you advise if the current Chairman served on the Board of NIB in a previous capacity, and if so what that capacity was?

Mrs. Lutchman: The Chairman served in the capacity of a Director representing Government.

Mr. Chairman: So then as the Acting Permanent Secretary who is anxious to be in full compliance with the legislation, since the Chairman—who unfortunately is not with us today—since the Chairman of the NIBTT served previously as a government representative, would it not be a breach of section 3 of this Act which says that that person should be “independent of the Government, Business and Labour”? Do you not think that it is a breach?

Mrs. Lutchman: Okay. Chairman, subsection (2)(d) says:

“a person, who in the opinion of the Minister, is independent of the Government, Business and Labour, who shall be the Chairman.”

Therefore, as you would recognize Chairman, that is a policy decision that is out of the remit of the Permanent Secretary or any public servant.

Mr. Chairman: While I accept that, Ma’am, you are responsible for ensuring the full compliance with the legislation as the Permanent Secretary Acting in the Ministry; that is your role. Your role is to ensure that the law is rigidly adhered to. Can you advise whether you sought legal opinion with regard to this appointment?

Mrs. Lutchman: Chairman, I would have to say the Minister would be addressing that. In my capacity, I will not be addressing it, because the Act clearly states, “in the opinion of the Minister”. I may have my opinion, of which you are asking today, but it is in the opinion of the Minister, I would say. It is a policy decision that we are dealing with.

Mr. Chairman: I turn that question over now to the Executive Director. In fact, I would want to stick with the Ministry just for one second just to belabour the point a little bit, that the Ministry is responsible for overseeing the operations of the National Insurance Board of Trinidad and Tobago, and for ensuring that they are in full compliance with the legislation that governs it.

We have already established that there have been substantial—well, not substantial, but several breaches of section 13. I am now extremely concerned that there is a significant breach with regard to section 3, which is the appointment of a chairman. Who is, I accept that it is in the opinion of the Minister, but it is the role and function of the Ministry of Finance, headed by the

Permanent Secretary, in this case yourself, to ensure that the law is followed to the rule, to ensure that there is no vagueness with regard to this specific clause.

So just to make that point, that you are responsible directly for ensuring that the NIB acts in full accordance with the law, because you are the Ministry of Finance's representative for overseeing the operations of the NIB.

I accept that a question can probably best be posed to the Minister, however, we now have a situation where the Ministry of Finance has, in my opinion, appointed a member to the Board as Chairman. He also sits as Chair of other subcommittees, as Chairman who may not realistically and legally be qualified to sit in the position that he is in. That may run the risk of bringing the Board of the National Insurance Board into disrepute, and some level of legal query. I am just putting that on record that I am very, very concerned about that issue. I am sure other colleagues will raise their issues thereafter, whether or not they feel similarly.

Madam Executive Director, Mrs. Niala Persad-Poliah, would I be putting you too much on the spot for you to give, having been there before, during and after, and having worked within the legal confines of the Act itself which governs the NIBTT, whether you have an opinion or whether you have sought legal guidance? In fact, that is the question I want you to respond to— I would not want to put you in such a difficult situation to answer the other one.

Would you advise whether or not legal guidance has been provided, which would clear the appointment of any query, concerns, issues, regarding the appointment of this Chairman?

Mrs. Persad-Poliah: Chairman, no legal advice has been sought or provided on this matter.

Mr. Chairman: Thank you. Moving forward, I would like—

Dr. Browne: Mr. Chairman, if I may, just on a point of clarification. I noted an exchange that just occurred, and is it the reality that you have posed a question to officers appearing before the Committee, and then indicated that they are not the individuals who should respond to this question? I just want to be clear on the exchange that I just witnessed.

Mr. Chairman: Certainly. I asked whether legal opinion—sorry, go ahead.

Dr. Browne: Chairman, it did appear to me—and you did take the opportunity to share your personal views and perspectives—but it did appear to me, in my perspective, that some of the content of that exchange, initiated by your very good self, might be better placed in a Motion before Parliament, or some other opportunity to probe your concern, as opposed to being asked as a question to those who are currently before the Committee. But again, this is my perspective, and I just wanted to make clear whether you would have posed a particular question, raised a challenge and then indicated that you did not expect a response from those currently appearing before the Committee.

Mr. Chairman: Thank you, member. Just for clarification, my query specifically was with regard to whether any legal action or legal guidance has been sought with regard to this appointment, and I think both members from the Ministry of Finance and from the National Insurance Board have answered appropriately.

Dr. Browne: Thank you very much.

Mr. Chairman: I now turn over the ground, the floor, to other members of the Committee, who will pursue other issues. I know member Munroe wanted to wade in at this point.

Mr. Munroe: Thank you very much, Chairman, and good morning again to all attendees. Chairman, my question is directed to the team at NIBTT. I would like to know, based on the measures that were implemented to overcome the employer compliance challenges, which were

presented in a document to this Committee such as—compliance policy and procedure were reviewed, auditing of employers with long outstanding pending audits, and the others that were listed. I would like to know, could you tell this Committee please, when was the review of the compliance and policy and procedure completed?— one. And two, what were the conclusions of the review and what concrete action was taken based on those conclusions? Thank you.

Mrs. Persad-Poliah: Chair, this being more of an operational question, I will direct this question to Mr. Feyaad Khan.

Mr. Khan: Good morning, Chairman, Committee members, listening public. With respect to the compliance and the specific question, as it relates to the policy development, the policy that guides the audit of employers was developed in 2015. It really focuses our compliance efforts towards a more risk-based approach to auditing. So whereas pre 2015, the NIB would have been focusing on numbers of audits conducted, this policy that was developed in 2015 really focuses the attention of our authorized officers towards industries, employers, any employers with trends of non-compliance. So it is more data driven, and it focuses the attention of the authorized officers.

With respect to your other question, the other initiatives, the risk-based approach I spoke about, we have also implemented recently a tele-compliance mechanism. So it was in existence previously, but with the COVID pandemic and the measures that we had to adopt very quickly, we expanded our tele-compliance initiative whereby we would contact employers and get information via electronic means as well. So that is currently active, and it also lends itself to efficiencies as well.

In terms of the indirect methods of ensuring compliance member, this is done through a robust marketing campaign. We have been engaging with the public with respect to employees' rights, and the rights and responsibilities of employers. I mean, if you were to pick up any newspaper, any media within the last two years, you would likely see an NIB ad reminding employers of their obligations under the National Insurance Act.

Then, Chair, on top of all of that, we have—just to share some numbers as well, because, I mean, I am a numbers person—we have maintained in terms of the number of employers surveyed over the years, an average of about 5,000 or so. In the last FY, we have actually crossed 6,000 employers. So we had a record year in terms of the number of audits conducted last year, despite the COVID pandemic. So just to share that information.

Mr. Munroe: Thank you. Chair, may I proceed with my other question?

Mr. Chairman: Yes please.

Mr. Munroe: Thank you. To the NIB again. I would like to ask a question, based on information before me—based on information before me about loans with respect to—the NIB would have identified staff loans and other loans to members of staff, such as motor vehicle loans, motor vehicle insurance loans, during the financial period between 2014 to 2020, in the sum of some \$1.4 million. I would like to know, were all the loans repaid within the established timelines?— one. And two, if no, what was the average percentage of unpaid loans for each of the financial years from 2014 to 2020?

Mrs. Persad-Poliah: Just to put this in some form of context, member. Under our collective agreement—we have a collective agreement for our members of staff and a bargaining units A and B, and in that agreement arrangements are made for loans, several loans. So they are entitled to discretionary loans, computer loans, car repair loans, educational facility loans, et cetera, and

there is a policy that guides in terms of the eligibility criteria, the payback time, et cetera, and the process that guides.

I would want to just ask Mr. Brendon Nelson who is our head of finance, to confirm that question in terms of the repayment.

Mr. Nelson: Good morning Chair, good morning other members and the listening public. Our arrangement is that the loans are also insured to an extent, so motor vehicle loans are also insured. So if there is an issue in terms of the death of the staff member, the insurance company does reimburse us for that.

In other instances, there is also coverage as well in terms of protecting the organization from default. I can say to you that over that period we have not had any defaults. Employees have salary deductions that are used to repay the loans, so that there is no issue with regard to collection of the loans over the period.

Mr. Munroe: Thank you very much.

Mr. Chairman: Other members.

Ms. Seepersad: Chairman, can I go ahead?

Mr. Chairman: Yes member, thank you.

Ms. Seepersad: Good morning everybody again. My questions are directed to the NIB, and it concerns the receivables for contributions that are outstanding. Based on the information we have, \$73.34 million of loans were forwarded to collectors. Could you give a status of the initiatives to collect these moneys, and what measures have been put in place to settle debts of this nature?

Mrs. Persad-Poliah: Member, there are employers who we recognized are errant employers and delinquent employers, and from time to time you would find that there are persons who are indebted to the NIB, whether it is through no fault of their own or through some form of deliberate concealment of moneys coming into the NIB.

In terms of our process, we have a legal department and that legal department, along with our compliance department, are charged with the responsibility for debt recovery. So what triggers it is an audit. Employers are audited, and as Mr. Khan would have said, for the last financial year we would have audited approximately 6,000 employers, and by an audit a debt is calculated. Once the debt is calculated, we would then first try simple measures. More conciliatory in nature in terms of a demand letter, meeting with the person, trying to have some form of arrangement going in terms of a promissory note, or a simpler arrangement. When that fails, the matter is escalated to our legal department, and our legal department will then take conduct of the matter in terms of debt recovery.

Mr. Nelson can perhaps provide any further information in terms of the measures that have been adopted. As I said, conciliatory in nature first, demand letters second, then of course we move to litigation. Even at the litigation stage we also have an opportunity for customers to come in and settle with us, and have any form of prepayment and installment payment, before we actually move to judgment and recovery on the judgment.

Is there anything you would want to add, Mr. Nelson?

Mr. Nelson: No, I think you covered it well. Additionally, I would just like to say to the member that the receivable is really for contribution collections, where errant employers were unable to pay their contributions for some reasons, or as the ED would have said before, they did it because they did not really want to pay. But other than that, as ED said there is a very robust monitoring

and collection system that goes along for this.

Ms. Seepersad: Would you be able to tell me what percentage of the debts have been having collected?

Mrs. Persad-Poliah: Member, I do not have that information before me, but I would be happy to provide that to you in writing.

Ms. Seepersad: Okay. Just on a general note in terms of the fund. You indicated that the benefit expenditure is \$5.3 billion, but the collections are \$4.63 billion at the beginning of the session. So there is a deficit that is ensuing and it is growing. Can you give the Committee some indication of what measures are being put in place, because we also have a declining population of contributors, given the age profile of the Trinidad and Tobago population, in terms of what are you going to do, or what is being done to bridge the gap of the deficit?

Mrs. Persad-Poliah: Thank you, member. So every three years actuarial reviews are conducted at the NIB. That really is used to determine the level of expenditure versus benefit payment. In the 9th and 10th actuarial review, it was projected back then that for the period from 2013, that contribution income would no longer be sufficient to support benefit payments. So what you have happening from 2013 is that our benefits—expenditure of course has been growing, and that is really because of the ageing population and, of course, people are living longer healthier lifestyles, so you find that our benefit expenditure for the period, let us just say, over the period 2017 to 2020, that has grown from \$4.7 billion to \$5.3 billion.

When you compare that to our contribution income, which has been \$4.6 billion coming—and barely basically 4.6, 4.7 and landing again at 4.6. So in terms of our last financial year, we would have collected in contribution income \$4.6 billion. We paid out in benefit expenditure, \$5.3 billion, and over the period 2013 to 2019, we would have been using, of course our realized investment income to support the benefit payments.

However, over the last two years—and I know that this period is not before the Committee so I would speak very cautiously about it, because I know the period is up to 2020, but even as of 2020, our contribution income and investment income combined was insufficient to support benefit expenditure and administrative expenditure. As a result, we have had to use, not only investment income, but we have had to use some of our cash and cash equivalents to support the deficit. Member, it is projected of course to continue into the future.

What the NIB has proposed via the 10th actuarial review, and even the actuarial reviews prior to that, is that the fund is sustainable but reform is urgently required, and we have laid out the steps in the actuarial review for reform. We have recommended and the actuarial review—the actuaries have recommended, one, a gradual increase of the retirement age from age 60 to age 65, over a period of time. Two, the adjustment of the contribution rate, which right now stands at 13.2 per cent. The recommendation was that it move gradually from 13.2 to 14.4, 15.6 and then at 16 per cent, over time, of course, Member, and the third thing was, of course to freeze the minimum pension which right now stands at 3,000. To freeze the minimum pension until it becomes relevant.

So in furtherance of those recommendations, we have been meeting with the Ministry of Finance. We have been positively engaging with them in terms of sharing what the recommendations are, and we have also gone out, Minister, to lobby with our key stakeholders. We have met with the Government and business and labour stakeholders, and I will hand over to Mr. Feyaad Khan for him to just share a little bit of the data in terms of those engagements

that we would have had to advance the actuarial review recommendations.

Mr. Khan: Thank you, Madam Executive Director. Thank you, member, for the question. I think that question really is the crux of the trends that we are seeing in the contribution income versus the benefit expenditure over time. So the ageing population which we referred to, really is a reality faced by countries around the world. It is not unique to Trinidad, and we do have an ageing population here.

The last actuarial review indicates that as of now we have 3.2 contributors supporting each pensioner. That number is projected to decline to one to one over the next 50 years. So one contributor supporting one pensioner. That is, of course, in the absence of the reform which our Executive Director referred to, that is urgently needed. One of which being the change in the retirement age. By changing the retirement age, two things happen. One, you have persons contributing for longer, so you would see an uptick in the contribution income and, two, benefits would be paid for a shorter period of time, so you would see that number over time declining. So that is why as an actuary it is a recommendation that we put forward, time and time again, as the most impactful step in ensuring the sustainability of the system.

In terms of the specifics with the engagements, we have after each actuarial review, so both the 9th, the 10th and the two most recent ones, we have met with the stakeholder groups of government, business and labour. In excess of 80 per cent of all invitees showed up to the session, so it was a good turnout. I think also the public is more aware now of the issues facing sustainability and what is required to ensure that this important system remains robust and strong into the future. *[Interruption]*

Member. I think you are muted, member.

Ms. Seepersad: My apologies. The follow-up question is: Where are you in terms of the negotiation cycle? Because I know you have had lots of discussions, et cetera, but while this is happening the deficit is growing, and you are eating into your investments, and that is not sustainable in the long-term. In terms of implementation of the recommendations and changes that you are advocating, could you give an indication of where you are in that cycle?

Mr. Khan: So what I can share member, is that subsequent to the 9th actuarial review, there was a subsequent rate increase. So the National Insurance Board, through changes and legislation, was able to get the contribution rate moving from 12 per cent to 13.2 per cent. I believe it would have been back in 2015 thereabouts. That change did buffer the liquidity constraints of the system. So these changes are happening, but they are happening gradually, and we are cognizant of the fact that the economy is facing its other challenges, the macro economy, and care must be taken and a gradual consultative approach must be taken in implementing any reform measures.

So in terms of where we are in the cycle, we have consulted with the key stakeholder groups and we continue to conduct actuarial reviews over time to provide more current information and projections to all the public, as well as the policymakers.

Mrs. Persad-Poliah: Just to support what Feyaad is saying, because I think I may have interpreted your question in terms of where we are at. As Feyaad would have said, all the recommendations from the 9th and 10th actuarial review we have carefully analyzed, and have engaged on stakeholder engagement and processes, seminars, et cetera, with the key stakeholders, and we are meeting with the Ministry of Finance. We have been providing them with several scenarios and options for their consideration, and I am aware that it is receiving positive consideration, member. I just felt that we should share that.

Ms. Seepersad: Would the Ministry of Finance be able to give the Committee a synopsis of where they are in their review?

11.30 a.m.

Mrs. Lutchman: Thank you, member. At this point, what is engaging our attention is moving the retirement age from 60 to 65. And as Feyaad indicated, the approach must be gradual and consultative so we are looking into that.

We are also looking at the incorporation of the self-employed into the National Insurance System which would have been another recommendation which is including the Ministry of Finance as well. So we are currently engaging in, as the ED said, the different scenarios, the current economic situation, the situation with contributors and with employees and looking to determine what kind of solution that would be palatable.

Ms. Seepersad: So you do not have a time frame or a date for implementation? Because really, I mean, it is all well and good to have stakeholder meetings and whatever, but what is the timeline to implement the various changes?

Mrs. Lutchman: We—at this point, we do not have a specific timeline because analyses are being done. The Minister would have, you know, had some analyses—would have reviewed some and asked questions. So I cannot say exactly if it is two months or three months or six months at this point.

Ms. Seepersad: Okay. Thank you. Chairman, thank you.

Mr. Chairman: You are most welcome. Any other questions from any of my other colleagues on the Committee?

Ms. John: Yes, Chairman, Jearlean John here.

Mr. Chairman: I recognize Ms. John.

Ms. John: Thank you, Chairman. Chairman, I want to just reiterate something you said earlier where you started. And I just want to ask, Madam Executive Director, with respect to the management of the NIB, I assume you will be guided by Act No. 35 of 1971, your tender rules, documents like a delegation of financial authority, policies approved by the board, et cetera. Am I correct? These are what will guide you to ensure you are not ultra vires.

Mrs. Persad-Poliah: Yes, member. Correct. Yes.

Ms. John: Thank you. Therefore, I want to just go back to where the Chairman started and really, I was not briefed on it so it is something I will have to just go back to when he asked and he admitted that you were the wrong person, if indeed he had posed that question to you to ask in terms of the appointment of your chairman. Now, if it is that this appointment is ultra vires the law, do the decisions of the board—because in looking at your Act—I mean, I have been looking through your Act. What runs through your Act is the duty of the board. And I have never really seen—

Dr. Browne: Chairman—

Ms. John: [*Inaudible*]—sorry, Dr, Browne, just allow me. You can speak after I—

Dr. Browne: With all respect, sure, I shall.

Ms. John: Thank you very much. And what I am saying is—because this is very important. These are executives. The decisions—meaning the organization is bounded by the decision of the board. I am not here to argue whether the appointment was right or wrong. I am simply saying, that the decision—any decision of the board is led by the chairman who leads the board. The organization is bounded by that. And I think it is something that one will have to pay attention to because the

NIB is not above the law, you know. And any of these decisions of the board—because when you look at it—when you look:

“The Seal of the Board shall be kept in the custody of the Executive Director of the Secretary, as the Board may determine, and may be affixed to instruments pursuant to the Standing Orders or to a resolution of the Board and in the presence of the Chairman...”

This is at the very beginning. You have:

“All documents, other than those required by law to be under seal made by, and all decisions of, the Board may be signified under the hand of the Chairman...”

So throughout, you have all of these documents. So I am just raising a question here as to the relationship of the chairman to the board to the decisions because this is a company where you have a—

Dr. Browne: Chairman, on a point of order, please? And I really—

Ms. John: What is your point of order, hon. Minister?

Dr. Browne: I am referring to the Chairman, member. And, as you know, I have great respect for you and your views. But it ties into a point that was attempted by the Chairman earlier and it is my position that the current thread of enquiry is completely outside of the mandate of this Committee. And therefore, I am not contesting the veracity of whatever political statements might be made. But it is my view as a member of this Committee that this particular point of enquiry is completely outside of the mandate of the Committee on which I am a member.

So honestly, I did not want to interrupt you, member, because you were taking, as you have acknowledged, your note or your signal from an intervention made by the Chairman earlier. And that is why I had intervened very delicately when the Chairman was enquiring because it is my observation that our mandate is to examine the audited financial statements and this goes beyond that. So this is—as I had suggested, this might be in the realm of a motion before Parliament, a question, other lines of enquiry as public officials but certainly outside of the mandate of this Committee.

So that is my view and I do not believe it is fair to the officers that have presented themselves before us to continue this ultra vires exploration of matters that are clearly heavily resting on the shoulders of the Chairman and other hon. members of the Committee. So that is my respectful view and I would wish to discourage any further exploration of points that fall outside of the mandate of this Committee.

Mr. Chairman: Members, if I may? I think this matter has received the attention already that we wanted to place on it in the context in which we were pursuing and I want to pursue other matters if it is in keeping with the Committee’s request. I know Mrs. Webster-Roy and Mr. Leonce had their hands raised, so I would turn over to both Mrs. Webster-Roy and Mr. Leonce in sequence and then return to Ms. John for some additional questions.

Mrs. Webster-Roy: Thank you, Mr. Chairman. Through you to the NIB, since 2020, your company has utilized the Ethics Point software to facilitate anonymous reporting. Please detail the procurement procedure that was followed in order to choose the specific software and the associated service provider. That is my first question.

Mrs. Persad-Poliah: Member, just give me one second. I am not sure if the other two deputies have this information available to them. Just give me one second. Perhaps Feyaad or Brendon can support but—

Mrs. Webster-Roy: While you are looking for that information, do you want me to ask the other

two questions?

Mrs. Persad-Poliah: Yes, please, member. Thank you.

Mrs. Webster-Roy: According to the information presented, the NIBTT would have saved US \$1,042.10 on the annual subscription fee for the software in 2021. Now, I want to know what made this possible when the subscription was renewed? And my other question, between November 2020 and October 2021, 13 reports were submitted using the Ethics Point reporting system. How many of these reports have been investigated and resolved? So my first question is the procurement process. The second question is what would have accounted for the savings in the prescription. And my third question, in terms of the reports received, how many were investigated and resolved? Thank you.

Mrs. Persad-Poliah: Member, if you may allow me to respond to that in writing. I do not have the information available—readily available to me. I know that the system that we use is Ethics Point. I am aware that there are—of course, there would have been savings which I trust would have been as a result of negotiations with the vendor, the supplier. And with respect to the 13 reports, those reports are investigated and reported directly to the Audit, Risk and Compliance Committee. And as the Executive Director, I am not privy to those. But I will be happy to get the information and provide it to you, please.

Mrs. Webster-Roy: Okay. Thank you. I will accept it in writing. Thank you, Mr. Chairman.

Mr. Chairman: Mr. Leonce.

Mr. Leonce: Thanks, Mr. Chairman. I just wanted to pose a question to NIB. What is the current limit for foreign investment? And have you considered increasing foreign investment to offset the shortage in benefit income?

Mrs. Persad-Poliah: So before I hand over to Mr. Khan, in accordance with the National Insurance Act, there is a 70/30 allocation. So we are required by law to invest 70 per cent locally and we have an opportunity to invest up to 30 per cent internationally. From my—from recollection, I think we are just about 20 per cent being invested internationally at this time. So I will ask Feyaad to just confirm if those numbers are correct, 70/30 and our international allocation at just about 20 per cent.

Mr. Khan: That is correct, Executive Director. We currently hold close to 22 per cent in foreign equity. In terms of the plans and whether it would offset the gap, the answer to that is simply, no. The foreign equity is one—is but one asset class that we invest in and the investment income in isolation would never be sufficient to maintain or—maintain that gap by itself. Right? So changes or increasing the yield on the portfolio is simply not the solution to the sustainability concerns. And in fact, the Actuarial Reviews, the ninth and tenth which are public documents available on our website, they both highlight the fact that improving the yields would not solve the sustainability issues.

But with respect to your pointed question in terms of increasing the foreign allocation, member, that is not something that we are targeting actively right now. We do reinvest our US dividends on maturities and so on that come in. So that cash that comes in is, in fact, reinvested and they have been generating handsome returns.

Mr. Leonce: Thank you very much. I know you have a large portfolio of investment types where you all have done some real estate, I think it was in Arima. What are your best performing investment portfolio items? And are you planning to expand on any of those?

Mr. Khan: So, member, with respect to real estate, real estate really accounts for just about 1

per cent of the entire portfolio so it really makes a small impact on the total returns. It is negligible. We do hold 57 per cent in equity, about 28 per cent in bonds and fixed instruments and just about 10 to 12 per cent in cash and cash equivalents which we do hold to meet the ongoing liquidity needs of the organization to pay benefits and operationally. Right?

Just to add, that these—this portfolio mix and the associated returns are all in keeping with the organization's investment policy statement. So in terms of the governance of our investments, we do comply with the National Insurance Act and the limits therein. But on top of that, we do have significant controls and strong governance within the organization to ensure that we maximize our returns for the acceptable levels of risk. So we have an investment policy statement within the organization that is really developed by management and in consultation with the Investment Committee and the board of directors. They would set the policy which dictates the limits and target yields by asset class.

In terms your question with respect to the best performing asset classes, within the recent financial years, the last two financial years our local and international equities have been performing exceedingly well.

Mr. Leonce: Okay. And just the last question. Based on what you said in terms the policies guiding your investment portfolio, how often are these policies reviewed? And are there any recommendations for modification of any of them?

Mr. Khan: These policies are reviewed between—every three to five years or sooner depending on changing economic circumstances. We would have just within the last year reviewed the investment policy statement. So our current statement takes into account the current economic realities as well as current liquidity needs of the organization. So it is actively monitored and reviewed actually.

Mr. Leonce: Okay. Thanks a lot.

Mr. Chairman: Any other colleagues have questions?

Mrs. Gopee-Scoon: Chairman?

Mr. Chairman: Yes, member Gopee-Scoon.

Mrs. Gopee-Scoon: Yes. Thank you. I am staying on the same course of discussion of investments and, of course, staying within our remit which is an enquiry into the accounts in the financial years 2014 to 2020. You were talking about investments. You mentioned most recently that the local investments were doing exceedingly well. Could you give us a sense of the rate of return on your local as against your foreign investments? What I am leading to is whether or not we have to look towards to shift. Which portfolios are performing better?

Mr. Khan: So, member, with respect to the local equities, we have seen returns of just on average about 10 per cent over the last three years. That is the period FY 2019 to financial year 2021; 13 per cent, 6.7 per cent and 12 per cent roughly over the three-year period.

In terms of the international equities, we do—we have seen returns highly volatile but on average I can tell you the number, 7 per cent in FY 2019; just about flat in 2020; and close to 40 per cent in 2021, when the international markets really skyrocketed so they have been performing well.

But with respect to actively redeploying or shifting around those asset classes, it is not something that we do simply because, one, the volatility and, two, the shift between local to international equity. You have the foreign exchange issues, you have the large—the impact on the financial markets locally were we to engage in actively selling and buying equities. Right?

So just as a reminder, the NIB currently holds 57 per cent of our portfolio in equities and this accounts for a large portion of the local stock market. We hold investments in almost every company and were we to actively start selling and buying and trading in these securities you will induce a lot of volatility in the local markets which we do not want.

Mrs. Gopee-Scoon: Thank you. So that puts some light. But you talked about the volatility with the foreign funds in particular. And my question is—you would be in contractual arrangements with these fund managers—your foreign fund managers. What is your review policy? I mean, are you tied into, let us say, a three-year and five-year contract or based on the activity, are you allowed to go in and change your fund managers?

Mr. Khan: We are allowed, member. So the terms of these fund managers vary between three to five years and they each have target strategies and target performance indicators that they need to meet with based on the strategies. This is something else that we actively monitor and report to our IC committee and board with respect to performance and we are allowed to terminate due to non-performance and it has been done in the distant past. I mean, these things happen.

Mrs. Gopee-Scoon: Good. And that is good to know. But it leads me into this whole question of risk management in view of your huge financial responsibility and, of course, we all know that risk is inseparable from return. So in looking at your reports, I note a risk maturity matrix for 2017/'18, with a rating of fair and poor. Of course, this is, as I said, quite a little bit historic, 2017/2018. Where are we now in terms of your risk management rating? And where are you in terms your framework and your policy?

Mr. Khan: So, member, in terms of the maturity level, I believe, it would have been one of our submissions to the Committee where we were asked to rate and I believe we rated it as good. So that would be—

Mrs. Gopee-Scoon: For which years? Sorry to intervene.

Mr. Khan: That would have been as at 2020, the last year in the period under review. So we would have put a number of things in place since 2017. We have a risk management framework in place that is developed by our board and audit committee. That framework actually includes—it is in keeping with the COSO framework and the ISO standards with respect to risk management. We do have an executive manager risk in place now as well as, you know, just the inculcation of the risk culture throughout organization which is one of the key components in the framework. So we take risk into account—from the inception of any initiative, any project, any investment, we take risk into account during the process and then we do a review at the end. So this is all in keeping with our framework.

Mrs. Gopee-Scoon: Well, I am pleased to know that since 2017, that you have put in place a proper framework. So I am assuming that you would be—there is ongoing risk assessment and there is risk management training and there is tracking of risk management and so on. That is the kind of assurances that we would want to give the public today.

Mr. Khan: Yes. That is absolutely correct, member. We do have ongoing training, ongoing reporting, ongoing risk assessments and these reports are submitted to our Audit, Risk and Compliance Committee and the board of directors.

Mrs. Gopee-Scoon: Right.

Mrs. Persad-Poliah: I was just going to add something.

Mrs. Gopee-Scoon: Please.

Mrs. Persad-Poliah: Actually it was not 2017. Our framework was first established in 2015. So our risk management framework was established in 2015. And, of course, there are all the supporting policies that guide that in terms of oversight, management, a separate department reporting directly up to the Audit, Risk and Compliance Committee. And the roles and responsibilities of all the members from the board of directors, all the way down to each member of staff, are clearly defined in terms of how we report risks and how urgently we treat with risks at the NIB.

Mrs. Gopee-Scoon: I thank you for your intervention and that is pleasing to know. But I had been referring to the 2017, so there is significant progress and this is, as I said, in the interest of the public and I am pleased to know this. So I am going to leave my question there to allow my other colleagues to join us. And if they are not—

Mr. Chairman: If may—

Mrs. Gopee-Scoon: I do—Chairman, let me just say that if you intervene on this matter, at some point, I just want to come in on digital transformation.

Mr. Chairman: Sure. If I may just ask the—just to follow up on a question that was just on the issue of the corporate register, sorry. The one that we have in front of us is June—dated June 30, 2017, in which there were 15 items listed as read indicating severity. Am I to understand that we have a current corporate risk register with substantially less issues raised as extremely severe in terms of risks—in terms of risk severity? We have 15 listed in 2017, they are extremely—they were highlighted—they were so bad they were highlighted as red. Is it that our procedures and protocols and structures that have been put in place have now treated with most of these so we have less such critical issues affecting the operations of the NIB?

Mrs. Persad-Poliah: So, Chairman, correct. In terms of the risk register, we have on any given quarter just about 10 key risks of which three—there are several—three or so are high. And those high risks are usually reputational risks that the NIB would face from time to time, the fraud risks and, of course, political risks. But actually what has now made the number one risk, in terms of the risk register, would have been the sustainability of the fund and the need for urgent reform. So most of the matters, Chair, that you would have seen on the earlier risk register would have by now been closed and we are now monitoring sustainability of the fund, reputational risks, fraud risks and other risks but those are the ones that have been deemed high risks.

Mr. Chairman: You mentioned political risks and I know it defined in several sections, one of which I am assuming is the delay or inaction in implementing the actuarial review recommendations. But are there other types—so, for example, in a correspondence dated April 06, 2021, which I know is a bit dated now given the current circumstances, but political risks were identified as related to structural changes, over generous promises, political influence in management or investment decision-making, et cetera. And it was identified then as new risk. Would that still hold today?

Mrs. Persad-Poliah: Yes, Chairman. Political risk remains on our risk register and it is really falls in terms of lack of reform because we have been lobbying for reform. So in terms of those structural parametric changes that are required, that is a policy decision so it will remain as a risk on our register.

Mr. Chairman: Thank you. I know that Dr. Browne had his hand up. Dr. Browne.

Dr. Browne: Thank you. Thank you very much for recognising me, Chairman. So I just have a couple general questions that I would like to pose to those appearing before the Committee

today. Now, I took a look at the latest financial statements and they all include a section on compliance and recovery. And my question is around this issue. Of course, there is a view that we live and work in a society that—in which there is a significant degree of institutionalized corruption and we have members of society testing all of our systems continuously. Are you able to measure and quantify the attempts that may have been made in the past to defraud the National Insurance Board? I am seeking some measure or incidence rate of those attempts to defraud the system. And can you outline additional members that may have been taken to help the NIB to effectively treat with such attempts to defraud the system?

And then I have a supplemental question which is related. What is the degree of employer non-compliance with NIS payments for their employees both in the public and private sector? And how widespread is this problem currently of non-compliance?

And then my final question for enquiry—and I am sorry I have to go back to a matter raised by a member earlier and that is seeking some further illumination on this practice of the NIB issuing special loans to its own staff. I would like a little more illumination in terms of the policy guidelines behind the consideration of such loan requests and decisions. Is there a risk of this being abused? Specifically, what is a salary loan? I saw salary loans listed. What exactly is a salary loan that is being and has been offered to staff members of the NIB? So those are my questions and I would hope—I would appreciate any responses from the officers appearing before the Committee. Thank you.

Ms. Persad-Poliah: So, member, just for ease of reference, I will take the last question first which is in terms of the loans. And before I ask Mr. Nelson who is in charge of our HR division to speak to that, all the benefits that we currently provide to our bargaining unit staff are enshrined in our collective agreements. So those would have been negotiated benefits between the union and the NIB. And yes, they are in receipt of several loans, as we said, discretionary loans, salary loans, et cetera. A salary loan is basically a loan to a staff member, based on identified criteria, to cover certain emergency expenses. And there is a policy that treats with that, member, in terms of the criteria and who can and cannot qualify. Mr. Nelson, I know you have a little bit more information on the loans that you can share.

12.00 noon

Mr. Nelson: All right, so as the Executive Director would have said member, these loans are really based on the collective agreement for bargaining unit staff, and it treats with, for example, if you are hiring an employee that is required to be on the road or to be a travelling officer, that employee can apply for a loan. And that loan is actually—the approval for that loan would have actually come to the Ministry in terms of the level of the loans that we can give to the employee for a vehicle loan. And as the Executive Director explained, the salary loan is really a loan for 12 months, and allows the employee to cover certain kinds of expenses that the employee may have over the period of time. And as I previously said, these loans are monitored monthly. There are salary deductions that are taken from the person's salary in order to cover these loans. And in other instances the loan is also insured due to the nature of the facility.

Dr. Browne: What is the difference between a salary loan and a discretionary loan?

Mr. Nelson: Yes. So I was going to say in terms of the risk attached to these loans, the risk is very low, because there are steps the organization can take as well to recover funds if there is an issue. With regard to your current question, a discretionary loan is really a loan that allows the Executive Director and the HR department to look at particular criteria that this loan covers and

allows for us to approve that loan to assist the employee. So, for example, an employee may have a child that has to go away to do exam, or a child is going away to do an exam and is looking for help for that, that can fall within this category of that facility, discretionary loan. You may have an instance when an employee has a tragedy or something happens, maybe there is a flood, their roof gets blown off, something like that, that is also a discretionary; that could also fall under the discretionary loan in terms of the criteria that we use. But again, all of these loans are part of the collective agreement and that has been negotiated for the union. And we are firming up in terms of putting in place, you know, actively upgrading the policies that manage these facilities to make sure that we tighten where there is need for tightening to make sure the policy that governs it is very robust.

Dr. Browne: Thank you very much, and on that note I would request that you share with the Committee some additional detail, maybe in writing, in terms of what currently obtains. I appreciate your indication that there is some strengthening, the processes are to be made more robust. But in terms of what currently obtains and what HR and the relevant officers would refer to in considering applications from staff currently, I would appreciate some written details on that framework.

Mr. Nelson: Sure.

Dr. Browne: Thank you.

Mr. Chairman: Member Seepersad, I know you had your hand up.

Dr. Browne: Madam Executive Director may have wished to respond to the initial question. So your take on the last one first, Mr. Chairman.

Mr. Chairman: Sure. Madam Executive Director.

Mrs. Persad-Poliah: Yes Member, and I am going off memory in terms of—I hope I can remember correctly the question, but I know it was in relation to compliance and recovery efforts, et cetera. So just to share with the Committee that in terms of the measures that we have implemented for collections, and of course I am going to call on Mr. Khan to support with a little bit more detail. But there are policies that guide the auditing of employers, for example, our policy is more of a risk-based policy where employers are now audited based on their level of compliance and the actual debt that is involved. So once a debt is established via an audit we, of course, will now look into how we can recover that.

Some of the other measures, of course, would include things like tele-compliance, where we reach out to the persons to have them settle the debt. As we would have mentioned earlier on a periodic blitz exercise in terms of our publicity and ensuring that persons not only comply with the law, but they are aware of the obligations under the law and what they are required to do. Coupled with that, from a human and physical point of view, we have relooked our manpower plan in terms of debt recovery, so we now have a debt recovery plan which was approved by our board last year, which details the tele-compliance, the blitz, the recovery process and the escalations for that. We also have a major debtors collection section in our recoveries department, which is part of our compliance structure that focuses on certain employers.

So of course we know that the majority of—a big part of our employers, of course, is the Government, so we have been working closely with the Government and all the arms of the Government to ensure that if any debts have arisen that that is reduced overtime. And we also have a department that deals with the private sector in terms of working with those private and other institutions to ensure that those debts, once established, that arrangements are made to

liquidate. Feyaad, you want to share in terms of additional measures?

Mr. Khan: So Madam Executive Director in terms of the measures, I think you summarized it nicely. The policy, the approach to how we go about doing auditing, the campaign, the public awareness initiatives which I spoke to earlier, as well as the different channels of ensuring compliance, the tele-compliance mechanisms. These measures have been put in place, and just to share some numbers coming in from employers in arrears, so that 319 million versus income coming in in 2020 of 547 million, from employers in arrears. So, it really emphasizes the value or the dollar value of the impact of our compliance initiatives. But I just want to address one point raised by the member as well with respect to fraud. Just to say that in our assessment of compliance or noncompliance, yes we would go out and audit, and conduct an audit and determine that an employer is in arrears of X dollars, let us say, that does not necessarily imply fraud. So we do go out there to ensure compliance, but noncompliance does not imply fraud. That is important to note.

Dr. Browne: Thank you very much.

Mr. Chairman: Just for the record and for clarity based on a comment made by the Executive Director prior, can you advise, Ma'am, if there are any Government bodies or Government agencies currently owing the NIB, and if so how much and for how long?

Mrs. Persad-Poliah: Chairman, the Government is an employer under the system, and we have many employers that are indebted to the NIB. So the Government is one such employer that at least our records reflect is indebted to the NIB. But I would want an opportunity to provide that information to you in writing since I do not have the data in terms of the actual amounts and the actual arms of indebtedness.

Mr. Chairman: Thank you. So I look forward to receiving that, I am assuming that this would be based on the entity itself and the value outstanding and for each of the years under review up to 2021?

Mrs. Persad-Poliah: Yes, Chair.

Mr. Chairman: Thank you. I know that member Seepersad had indicated an intention to ask some more questions. Member.

Ms. Seepersad: Yes. Chairman I think you just asked one of the questions which was, I wanted a profile of the debtors and I assume that Mrs. Persad-Poliah when she sends the information it will give us a profile of public versus private sector, et cetera. I just wanted to follow up on Mrs. Gopee-Scoon's enquiry into your investment portfolio and ask you why is it that you are not increasing your exposure in foreign investments to the limit of 30 per cent? Because really, what you do you have a heavily weighted portfolio in Trinidad and Tobago, and that says something about your risk profile, and it also limits your diversity and liquidity as well. Could you give an indication as to why you would not increase your overseas investments?

Mrs. Persad-Poliah: Feyaad, I will ask for you to address this one.

Mr. Khan: So member, in terms of the investments, we currently stand at in excess of 22 per cent of our holdings in overseas investments, vis-a-vis a 30 per cent limit.

Ms. Seepersad: Hmm mm.

Mr. Khan: What we anticipate happening over the medium term is that as the portfolio continues to support benefit payouts and our cash and mutual fines and other lines start to decrease the percentage holdings in foreign equities would naturally increase due to the shrinking of the fund. So, as you move along you will see that percentage in foreign equities increasing simply due to

the draws from the fund to support the operational needs of the organization. And the focus of the organization right now is really to maximize use in the medium term to meet these benefit payouts, and that is in keeping with our investment policy statement and strategy.

Ms. Seepersad: But I would assume that given the negotiations that are currently being undertaken to reform or revisited the pension age limit and the contributions, et cetera, that at some point the contributions are going to increase based on the measures being worked on right now. So, I would expect that the fund would grow as opposed to being reduced. So it does not really answer the question as to why you would not have the 30/70 structure?

Mr. Khan: So member, our investment decisions would be based on what is currently enforced. You know matters of policy and the impact on the contributions and benefits, we would not want to make assumptions of that nature and run into some position where we have liquidity problems. We do not want that. Our mandate as an organization is to pay benefits to vulnerable persons. And, yes, maximizing investment returns are at the forefront considerations but we certainly want to ensure that we have adequate liquidity to meet our obligations.

Ms. Seepersad: Okay, thank you. Thank you, Chairman.

Mr. Chairman: Member Scoon.

Mrs. Gopee-Scoon: Thank you very much, Chair. I am on the issue of technology and digitalization, and in your report and operations for the year ending 2017 it is stated that an ICT initiative would be conducted over three years beginning in November 2016. Fast forwarding, and it spoke about this design and procurement and implementation of an interim ICT enterprise wide solution for the entire organization. But, again, fast forward into February 15th, this initiative was at the procurement stage, and then in a written submission dated January 7th, NIB indicated that the procurement would be finalized during the current year 2022. Now, this is not a good reflection on advancement of technology and digitalization and so on. And my direct question to you is, where are you with your digital transformation agenda? Are your records digitized? Are your processes digitized? What is your plan of action with regard to digital transformation? Thank you.

Mrs. Persad-Poliah: So member, with respect—and I am happy that we are there, because with respect to our ICT system, correct, we are unfortunately still at the procurement stage. But there is a reason for that in that, of course we would have had some periods where we were without a board which, of course, would have impacted our ability to move forward. In addition to that, with COVID most of the due diligence and site visits with our preferred vendor we would have had to have conducted that virtually. And conducting the site visits on our ICT platform virtually is quite different from actually doing it in person, and that actually also took some time.

But I am pleased, member, to report that the site visits have been completed virtually, the due diligence has been completed, and we do have a recommendation that we are ready to advance to our ICT committee and to the board with respect to the engagement of a vendor which will really leverage on the technology and be able to, what we would like to say, revolutionize and transform the operations of the NIB from submissions of a claim to actual payment of the funds into your account. So we are at the procurement stage member, and we did say in our report that we expect to be able to complete that and to actually award the contract on or before June 2022.

Mrs. Gopee-Scoon: So then just allow me, with regard to your records and so on, do you work with paper records you are saying?

Mrs. Persad-Poliah: Yes. So as the Chair would have said, we are a 49-year-old organization and we are highly paper-based, but our transformation is going to treat with that. So right now we have many digitization exercises ongoing. While we do have a system on—internal systems that will allow for the digitization and capture of records as they come in, we have also engaged external providers to support us on that, and that project is ongoing with an end date at the end of February, where we expect to have approximately 13 million plus records will be updated and uploaded to our system alongside the internal division that continues to update records.

And, member, in terms of a context we have to remember that we serve over 600,000 persons, and unfortunately data, NI194s and NI197s, which is the actual forms that come in, it comes in in paper form at this time. So our transformation move is to actually have a date where we are going to what we call, “Call the Date”, where we are going to have employers move towards online submission of records, which will support in terms of the faster turnaround time of claims and the faster turnaround time of actually importing those records. And our empower system, well our ICT system which is now called empower is going to facilitate that. It is going to have online portals so you can check your contribution statement, online submission of payment, online submission of claims, et cetera.

And with COVID we have actually been pushed a little bit in that we have made certain of those facilities available already with our existing system. So, for example at this point we have our—payments can be made online, contribution payments can be made online. We have appointment systems for claims can be done online. We also have in terms of compliance, our employers can also get their compliance certificate online. So we have made some online steps/measures, but our new entering ICT system will give us much more in order to transform the operations of the NIB. We expect to be able to award this contract in 2022, and our implementation phase is just about 24 months for the entire organization and all operations.

Mrs. Gopee-Scoon: Can I ask what is your budget for this exercise and have you set up the internal structures as well to support this fast paced transformation that now needs to be done to catch up?

Mrs. Persad-Poliah: Right. So we have been working with consultants. We have two consultants on board right now with the NIB supporting with those operations. And, member, I would like to respond in terms of the budget for this activity, I would like to respond to you in writing on that matter.

Mrs. Gopee-Scoon: Okay, that is fine. But the internal structures as well, you have set that up? I mean, you have seen enough people dealing with this digital transformation matter, yes?

Mrs. Persad-Poliah: Yes. From a human resources point of view to—maybe Brendon can come in. Brendon is also in charge of our HR to support in terms of how we have augmented the human resources internally and our plans to do that to support the operations. Brendon?

Mr. Nelson: Thank you, Executive Director. Members, so as you were saying this is a big project and obviously the organization is going to have to bring on people in terms of temporary people in order to move this forward, so that a lot of our staff will be at the forefront of the exercise and we will have to back fill to make sure the operations do not get affected, while we implement the new system. So we are working, as the ED would have said, the Executive Director would have said, we are working with the consultants at that are on board right now to come up with that plan, to make sure that plan is robust and to liaise with the provider to make sure we have all our T's crossed and our I's dotted.

Mrs. Gopee-Scoon: Okay. Good. Well, we will look forward, the public looks forward to the further—and the entire digital transformation of the NIB. Thank you.

Mrs. Webster-Roy: Mr. Chairman, if I may, I have a follow up question please?

Mr. Chairman: Sure Ma'am. Member Roy.

Mrs. Webster-Roy: Thank you. Through you, Mr. Chairman, to the NIBTT, the Ministry of Digital Transformation has been guiding Ministries, agencies, departments on their digitalization efforts to ensure that in the future we have seamless, that integrated system across the board where information could be shared and accessed through different agencies, has NIB sought any guidance from the Ministry of Digital Transformation or even iGov to help them to ensure they build the best possible system to facilitate future integration, of course, as a platform?

Mrs. Persad-Poliah: Member, on this particular transformation exercise, no. We would have considered our options in terms of our business requirements and what was required for the unique—the NIB's actual requirements, and we felt it was important to engage the services of a qualified vendor to provide expert guidance in terms of establishing our requirements, our business requirements, our operational requirements. So to answer your question, no, we did not liaise with the iGov on this matter.

Mrs. Webster-Roy: Okay. May I suggest, Mr. Chairman, through you, because we now have this Ministry of Digital Transformation that is the overall body looking at, you know, how things are implemented that you engage them in some way to maybe review what is being done and to offer guidance as well.

Mr. Nelson: Chairman, if I may be permitted, Brendon Nelson? ED if I could support you on this as well, we do continue to align with Government policy and we do have a cloud computing policy that we would have liaised with iGovTT on in terms of making sure that the policy is more or less in line with what we feel is going to be Government policy with regard to this. So we do at some point engage with iGovTT. But as the ED says specifically, with regard to requirements that NIBTT needs in order to properly affect this change that it wants to effect. I mean, it is going to be specific to NIBTT in terms of who we do. So as we were saying claims will be processed a particular way, we are going to be able to track how claims are done, how long it stays on somebody's desk, that type of thing. So, at this stage we can have conversations with have transformation Ministry, but I think it is still going to be very specific to what NIBTT needs to do, you know, to that get the robust system that it needs in order to provide the kind of support to the public in terms of how we interact with them. But it does not mean that the solution that we get would not be able to interact with an iGovTT interface or something that allows iGovTT or people using iGovTT to come through maybe our website and have information available a particular way. I do not know if that helps.

Mrs. Webster-Roy: Thank you. Thank you, Mr. Chairman.

Mr. Chairman: And following up along the same lines, Madam Executive Director, I am assuming that you basically just said that this computerization and digitization would be in fact in effect within the next three years or so. I am one of those persons as a sitting MP, and several of my colleagues here are sitting MPs, would have received multiple complaints from members of the public about extensive delays in accessing their applications, in having their applications fulfilled, to get their applications sorted out for various types of benefits. I note in one of your submissions dated February 15, 2021, you provided an average number of days to determine some of these claims being made by members of the public which shows very positively, it shows a reducing

number of days which implies that with the existing system you have been able to reduce days for settlement of claims. I am hoping given that the procurement stage has now taken four years, four plus years, that the implementation and roll out would not take a substantial amount of time so that persons would no longer have to complain about the extensive delay in actually accessing resources.

Mrs. Persad-Poliah: Chairman, that vision is shared by the board and management of the NIB. So we have targets internally for the long-term and short-term determination of claims. And yes they vary, but it is really dependent on the records. The records coming in to the NIB. So once our transformation and our digitization, which is ongoing, ongoing exercises are completed we will be better placed to have a faster turnaround time of those claims and to settle in a faster way. But the ICT system, of course, is also going to support that, because we are going to be moving from paper to electronic. So just in terms of moving it from desk to desk it is just going to actually speed up the process. So Chair, yes, we would be pushing very hard to ensure that the implementation takes no more than two years, and we too are waiting to ensure that the public can benefit from this service because they deserve this transformation of the NIB.

Mr. Chairman: I just have a couple more questions. If my other colleagues do, I will proceed and await their engagement if so required. Can the Ministry of Finance advise what is the current status of the high-level working committee report with regard to the incorporation of self-employed persons in the NIB register? Madam PS.

Mrs. Lutchman: Thank you, Chairman, just give me one half a minute please? Okay. The report was received by the Ministry of Finance and there are certain recommendations that made, and these recommendations are being analysed at this point. Now, given that the report was done in 2020 and we now have, you know—well, COVID has impacted our economy and there would have been assumptions made to put forward the recommendations, we would now have to look at, not we will now have to but we are looking at all the factors and they are currently being assessed.

Mr. Chairman: Thank you, Madam PS. Along the same lines I noted in the reports, the annual reports that we had a drop in the number of contributors, in contributions from 516,926 contributors in 2015 to about 404,197. That is a drop of over 172,000 contributors listed under the NIB. That also has specific impact on the revenue stream of the NIB. So, I am looking at it from the other side where if we found ways of increasing the number of contributors, hopefully by the Government's involvement in employment generation or by the incorporation of the self-employed persons, that we may have an impact in terms of increasing revenue generation directly from existing sources. But the question I want to ask is, whether the Executive Director can give us an opinion as to what she thinks would have resulted in this significant fall of a 172,000 contributors over the last six years?

Mrs. Persad-Poliah: Chair, the information that I have before me with respect to contributors, actually says that we have around 400,000 for the last couple of years. So, when you look at 2017 in terms of the contributors, we have been 479,000; 2018, 452,000; 2019, 420,000 and 2020, 404,000. If you can direct me to where you are referring to—but just in that context, Chair, we have had some falling out of the system in terms of insured persons and that again was anticipated as a result of COVID and persons losing their jobs. Our system estimated approximately 50,000 or thereabouts would have an initial fall and then it would slowly climb back up. Is that the number you are referring to Chair?

Mr. Chairman: No, no, I am actually talking about contributors themselves, is one of these documents here. Let us move forward and I could come back to it once I locate it.

Mrs. Persad-Poliah: All right, and I will just ask Feyaad to confirm again, in terms of the insured population that would have fallen by approximately by 40 to 50,000 over the last two years, Feyaad, as a result of COVID and related incidents?

12.30 p.m.

Mr. Khan: So in terms of the last two years we would have seen a decline of 16,000 from 2019 to 2020. Recent data indicates that it is picking up. So it would have dropped as a result of the COVID measures implemented in the financial year 2020. But recent data indicates that this is slowly improving in terms of the numbers of contributors into the system.

Mr. Chairman: Okay, but I am not speaking just from the last two years, I am speaking—because I understand COVID would have had some impact. I am actually speaking from a period from before. And the figures I had looked at compared 2015 to 2020 which would have included the 16,000 that you referenced before.

So based on just what the figures you have, you referenced 2019 and 2020 for the last two years I am assuming. So can you then go backwards to check for me from 2015 to current, whether my figures are in error. So I am looking for the number of contributors who would have—what is the number of contributors and the difference between 2015 and current.

Mrs. Persad-Poliah: So Chair, I have before me the data for 2017 to 2020. I do not actually have the data with respect to '14 and '15. If Feyaad has it, he can support on those two years. Feyaad, do you have that?

Mr. Khan: No, ED, it is not available. I have from 2017 as well.

Mrs. Persad-Poliah: So, Chair, perhaps we can submit that to you in writing. I would detail for you the insured contributors from 2014 to 2020 and we would also submit in writing our thoughts in terms of the fluctuations of that data as to why it would have occurred. Would that be okay, Mr. Chairman?

Mr. Chairman: Thank you.

Mrs. Persad-Poliah: Would that be okay, Mr. Chairman?

Mr. Chairman: Yes, it will be. So you would give it to me by year, right?—disaggregated by year.

Mrs. Persad-Poliah: Yes, Chair, yes.

Mr. Chairman: Thank you. One further question. I note that you have, I think this is the Riverwoods project, where we have a net project shortfall between revenue and expenditure of 104million. I am assuming that is to date that there is lost in that project of \$104 million attributed to the NIB. And there is an intention to sell off the plots, based on a correspondence that you gave to us, for a value of, in the region of 13.6 based on market value, et cetera. My question then is that we have this loss, this loss in an investment undertaken by the NIB, which is a substantial loss, and you are now proceeding to sell assets to help in settling that loss. Is it the intention of the NIB to dispose of any other properties or assets that they may have to treat with either individual project loss like this or the difference between expenditure and revenue in the operating expenses, in terms of the annual operations? So my straight question is whether or not the NIB sees in the near future any or whether it has been happening now any sale of assets including land and other assets over the short term for the purpose of meeting its current expenditure requirements.

Mrs. Persad-Poliah: Chairman, for the purpose of meeting our current expenditure there is no

immediate plans to dispose of land to meet those, to meet that. Of course, the Investment Committee will continue to look in accordance with its investment policy statement, to look at opportunities in terms of acquisitions and disposals, but specifically in terms of selling to pay benefits we have no intention of disposing of our current assets at this time to pay benefits.

Mr. Chairman: Thank you. Colleagues, any other questions colleagues for the members present? If there are no other questions from my colleagues then it falls to me to sincerely thank the representatives from the Ministry of Finance and the Ministry of—sorry, the Ministry of Finance and the National Insurance Board of Trinidad and Tobago for their attendance here today and for your participation in responding to questions made by the Committee of provision and information. And to also thank members of the viewing audience for tuning in and for submitting questions as they have done.

Thank you all. Have a safe day. God Bless.

Hon. Member: Thank you, Chairman.

Mrs. Persad-Poliah: Thank you, Chairman, and members.

12.35 p.m.: *Meeting adjourned.*