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## **Summary of Proceedings Public Hearing**

Held on Wednesday April 24<sup>th</sup>, 2019 from 10:42 a.m. to 12:32 p.m.

**Subject Matter:** An Inquiry into Financial Oversight and Financial Management Systems at Municipal Corporations

### **Objectives of the Inquiry**

The objectives of the inquiry are as follows:

- To examine the role of the line Ministry and Executive Management of Municipal Corporations in promoting and facilitating accountability and transparency in the operations of Municipal Corporations
- To assess the internal control systems within Municipal Corporations; and
- To examine the proposed local government reform initiatives associated with the management of finances with MCs.

**Venue:** J. Hamilton Maurice Meeting Room, Mezzanine Floor, Office of the Parliament, Tower D, the Port of Spain International Waterfront Centre, 1A Wrightson Road, Port-of-Spain.

### **Committee Members**

The following Members were present:

- i. Dr. Varma Deyalsingh - Chairman
- ii. Ms. Ramona Ramdial, MP - Vice-Chairman
- iii. Mr. Nigel De Freitas
- iv. Ms. Khadijah Ameen

**Witnesses Who Appeared**

The following officials of the appeared before the Committee:

**Ministry of Rural Development and Local Government**

- Mrs. Jennifer Daniel Permanent Secretary
- Mr. Raymond Seepaul Deputy Permanent Secretary (Ag.)
- Mrs. Esther Pilgrim-Soanes Director, Finance and Accounts

**Mayaro/ Rio Claro Regional Corporation**

- Mr. Glen Ram Chairman
- Mr. Ashmead Mohammed Chief Executive Officer
- Mrs. Rajendra Sawh Financial Officer

**Princes Town Regional Corporation**

- Mr. Gowrie Roopnarine Chairman
- Ms. Sheriffa Heru Chief Executive Officer (Ag.)
- Mr. Mahabir Gheesan Financial Officer

**Key Issues Discussed**

The following are the main issues highlighted during discussions with the **Ministry of Rural Development and Local Government (MoRDLG)**:

1. Permanent positions for Chief Financial Officers (CFOs) were never established in any MC. Instead, a legal notice allowed for the creation of the contracted Financial Officer (FO) position.
2. The Ministry is satisfied with the arrangement in which FOs are hired in lieu of CFOs.
3. There is one vacant Financial Officer (FO) position at a Municipal Corporation. This position is expected to be filled within a month.
4. The ability of MCs to attract FOs depends partly on the prospective candidates' location preferences.
5. The Chief Personnel Office (CPO) recently approved a salary increase for FOs. However, the Ministry intends to request a further increase as it is not satisfied with the approved figure.
6. The Ministry considers the performance appraisals of FOs when deciding to renew their contracts.
7. The Princes Town Regional Corporation was praised for its timely commencement and completion of projects within recent financial years.
8. Some contractors may choose to seek legal redress to recover outstanding payments owed to them by Municipal Corporations (MCs).
9. The Ministry has a clear policy on the protocol and disciplinary action to treat with public officers under police investigation. However, the policy does not specifically treat with daily paid officers under investigation.
10. The most recent Auditor General Report for the Princes Town Regional Corporation was produced for the financial year 2016.
11. The most recent Auditor General Report for the Mayaro/Rio Claro Regional Corporation was produced for the financial year 2008.
12. The 2017 financial statements for Princes Town and Mayaro/Regional Corporation were submitted to the Auditor General.
13. MCs are legally permitted to establish a Mayor's Fund for the purpose of receiving monetary donations. This Fund is audited by the Auditor General.

14. An amendment to the Municipal Corporations Act in 2018 allows for the Councils of MCs to withdraw and deposit fees, charges and money collected into the Mayor's Fund, as authorized by the Ministry of Finance (MoF).
15. The MoRDLG has made three requests since January 2019 to the MoF for guidelines on the changes in use of the Mayor's Fund and Consolidated Fund as stated in the aforementioned amendment.
16. The Procurement Regulator recently met with the MoRDLG, Chief Executive Officers (CEOs) and Chairmen of the MC Councils to provide guidance on the practices required under the impending procurement legislation.
17. Communication from the Central Tenders Board (CTB) in March 2019 suggested that the MoF did not approve new contractors for MCs since 2015 due to that expectation of the impending procurement legislation.
18. The CTB indicated that MCs can utilize open tendering until the procurement legislation is implemented.
19. The MoRDLG will submit a request to the MoF for funding for critical areas identified at the Municipal Corporations.

The following are the main issues highlighted during discussions with the **Mayaro/ Rio Claro Regional Corporation**:

1. The Corporation has not issued advanced payments to any contractors during the past two years.
2. There are three projects for which works were completed in 2018, but payment to contractors remains outstanding due to a delay in the release of funds from the MoF.
3. In financial year 2018 the allocation for the truck-borne water supply service was \$1 million. However, in fiscal year 2019 the allocation was reduced to \$400,000.
4. No funds have been released from the MoF for the truck-borne water supply service for 2019. This has prevented delivery of the service to 13 areas under the Corporation's remit which is serviced by one water tender.
5. Following one instance of a counterfeit bill received by the Corporation, a device to detect counterfeit cash will be purchased at an estimated cost of \$1,000.

6. The most recent financial statement audited by the Auditor General was for financial year ending September 30<sup>th</sup>, 2008. However, statements have been submitted by the Corporation up to 2017-2018.
7. A donation register was created to record donations received from the public in response to the major floods in 2018.
8. The Corporation does not accept monetary donations from private individuals.
9. Approximately one year ago it was suspected that a driver employed at the Corporation misappropriated donated toilet paper. However, delays in the investigation by the Municipal Police resulted in the expiration of the statutory period for prosecution.
10. The driver is still employed at the Corporation and is currently under disciplinary action for an unrelated matter regarding reckless driving.
11. The current Financial Officer has been employed since May 2018, prior to which the position was vacant for approximately six months.
12. In preparation for the impending procurement legislation, Tenders Clerks received training in February and March 2019 on procurement practices.
13. The Corporation produced an Annual Procurement Listing required by the procurement legislation.
14. The Corporation intends to treat with tenders by convening a committee whose membership will be determined by the department which is seeking the contracted goods/services.
15. Funding and other limitations present a challenge to compliance with Occupational Safety and Health standards when undertaking infrastructural projects.
16. Since 2015 no new contractors have been approved by the MoF. The Corporation relies on the listing of contractors approved prior to 2015. The Open Tendering Process is not used.<sup>1</sup>
17. The Corporation uses both manual and digital record keeping. Only goods and services payment vouchers from 2012-2018 have been digitized.
18. The Corporation is working with the Information Technology staff of the Ministry in order to extend digitization to all financial and legal documents.
19. Financial documents are stored in a vault in the Corporation's premises.
20. The cost of litigation at the High Court over the last three years amounted to \$95,000.

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<sup>1</sup> This also applied to the Princes Town Regional Corporation.

21. The High Court matters involved two instances in which scavenging contractors failed to fulfil the terms of their contracts. The Court awarded the Corporation a sum of approximately \$1 million.
22. In a third High Court matter, the Corporation was sued by a woman who claimed to have been injured by falling into an uncovered manhole.
23. There have been instances of stolen metal manhole covers, given that the material is valuable. As a result, the Corporation has used wooden covers and this has deterred removal.
24. Due to the ongoing build-up of Sargassum seaweed on the beaches, the Corporation permitted overtime payment to workers to remove the seaweed.
25. No technical or financial support has been provided by the Ministry of Tourism (MoT) to treat with the seaweed problem, despite the MoT's responsibility for maintaining beaches.
26. Funding was requested through annual expenditure estimates to address the ongoing build-up of seaweed on the beaches. To date no funding has been received for this purpose.

The following are the main issues highlighted during discussions with the **Princes Town Regional Corporation**:

1. The Corporation has been fortunate to have the same person employed as the Financial Officer for the last ten years.
2. Following a directive from the Minister of Finance, funds from the promenade were redirected to the Consolidated Fund from January 2019.
3. The Council is seeking approval from the MoF to resume deposits from the promenade to the Chairman's fund.
4. The Corporation does not accept monetary donations from private individuals.
5. No major issues hindered the completion of projects under the Development Programme or release of payments to contractors.
6. There have been no instances of counterfeit cash received by the Corporation. Earnings from the Princes Town promenade were initially deposited into the Chairman's Fund, which was established in 2016.
7. The Corporation has not issued advanced payments to contractors.

8. Although the allocation for the truck-borne water supply service was \$400,000 during the previous financial year, no releases were received. Contractors were paid using the releases received for 2019.
9. Following the late payments to contractors for services rendered in 2018, the funding for water truck services for 2019 was reduced to approximately \$100,000. Consequently, contracts were awarded for only a two week period during 2019.
10. The Corporation's three water tenders are further strained by an increased geographical area required to be serviced by the Corporation. This is primarily due to underperformance by the Water and Sewage Authority (WASA).
11. In January 2019 an application to the MoF was made for supplementary releases for the water trucking service. However, no releases were received to date.
12. The performance of water truck contractors is monitored by Public Health Officers who submit a report every fortnight to the Corporation's Council.
13. The tendering process for water truck services involves inspections of water trucks to evaluate their suitability before contracts are awarded.
14. To ensure that the FO position was continuously filled, the Council approved monthly contracts until longer-term contracts were approved.
15. To deter future instances of fraud perpetrated by external parties, the Corporation decided to only accept cash payments and certified cheques.
16. There have been no cases of missing financial documents at the Corporation.
17. A contractor who submitted a "bounced" or invalid cheque was subsequently prohibited from submitting tenders for projects.
18. A committee was established to treat with the requirements of the impending procurement legislation. The committee is comprised of the CEO, FO, Chief Technical Officer and County Superintendent.
19. The Corporation is seeking assistance from the MoRDLG to provide procurement training to the relevant officers.
20. The Corporation currently uses a manual recording system due to financial constraints there are no immediate plans for adopting an electronic record system.
21. Financial documents are stored in a fireproof vault in the Corporation's premises.
22. The Corporation's void cheques file that was previously not submitted to the Internal Auditors of the MoRDLG has been prepared and will be forwarded to the Ministry.

*Joint Select Committee on Local Authorities, Service Commissions and Statutory Authorities  
(including the THA)*

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23. A list of unpresented cheques for 2018 that was previously not submitted to the Internal Auditors of the MoRDLG has been completed.
24. No funding 2019 has been received for the payment of rents for Councillors' offices for fiscal 2018/2019, and for the provision of stipends to Councillors for the management of their offices.

The hearing can be viewed on our YouTube channel via the following link:  
<https://youtu.be/9o17NJj-WjI>

**Contact the Committee's Secretary**

You may contact the Committee's Secretary at [jsclasasc@tparliament.org](mailto:jsclasasc@tparliament.org) or 624-7275 Ext. [2277/2627/2282](tel:227726272282)

*Committees Unit  
May 06, 2019*