



Summary of Proceedings Public Hearing

held on Wednesday March 27th, 2019 from 10:18 a.m. to 12:25 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: ANR Robinson Room (East), 9th 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. Mrs. Jennifer Baptiste-Primus
- iv. Mr. Nigel De Freitas
- v. Mr. Esmond Forde, MP
- vi. Ms. Khadijah Ameen

Witnesses Who Appeared

The following officials of the appeared before the Committee:

Ministry of Rural Development and Local Government

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

Couva/Tabaquite/Talparo Regional Corporation

- Mr. Henry Awong Chairman
- Ms. Satragie Maharaj Chief Executive Officer
- Ms. Farzana Girwar Corporate Secretary

Tunapuna/Piarco Regional Corporation

- Ms. Onika Myers Haynes Vice Chairman
- Mrs. Betty Ramdass-Ali Chief Executive Officer
- Mr. Clayton Burnette Financial Officer

Sangre Grande Regional Corporation

- Mr. Martin Terry Rondon Chairman
- Mrs. Ann Hosein Chief Executive Officer (Ag.)
- Ms. Vedawatie Sookoo 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. The Ministry interviewed candidates for the position of Financial Officer (FO) at the Municipal Corporations (MC) in Chaguanas, Penal/Debe and San Juan/Laventille. The FOs are expected to assume duties between April and May 2019.
2. The Ministry established a forum for FOs which convenes meetings on the second Monday of each month. The meetings allow for discussions on inefficiencies at the Corporations and to standardized approaches in accounting procedures.
3. The Ministry intends to provide training to FOs during the forum meetings. A request was sent to the Comptroller to provide said training.
4. Accountants II attend the forums meetings on behalf of MCs which currently do not have FOs.
5. The MoRDLG is engaging the Service Commissions Department (SCD), Chief Personnel Officer (CPO) and the Public Management Consulting Division (PMCD) in order to fill vacancies for monthly paid Accounting Officers in MCs. Until these vacancies are filled, daily rated Accounting Officers (Checkers) will be utilised.
6. The MoRDLG has approached the CPO about the uncompetitive remuneration package offered to FOs.
7. Efforts are being made to establish Internal Audit Units at each MC, a Cabinet Note addressing this issue was produced. In the interim, the MoRDLG intends to assign Audit teams to each MC for a period of one month to assess their operations.
8. The Ministry acknowledged that a lack of appropriate staffing is one factor influencing the untimely submission of financial statements at some MCs.
9. The MoRDLG has sourced some of the misplaced documentation required by the Couva/Tabaquite/Talparo Regional Corporation to prepare outstanding financial statements for the years 2010, 2012 and 2013.
10. The Ministry is continuing its search to retrieve outstanding documentation for financial years 2006-2009 and 2014 for the Couva/Tabaquite/Talparo Regional Corporation. The Ministry may have to source the relevant records at Trade Zone.
11. The MoRDLG has a limited role in the hiring and monitoring of contractors employed at MCs. The Ministry of Finance (MoF) is responsible for registering contractors.

12. The Central Tenders Board would be involved in taking action against errant contractors employed by MCs.
13. The Ministry intends to introduce a Digital Recording System that, when operational, will be available to the MCs.

The following are the main issues highlighted during discussions with the **Couva/Tabaquite/Talparo Regional Corporation:**

1. A Financial Officer is employed in the Corporation.
2. During the one year tenure of the current CEO, no reports were received of missing cheques at the Corporation.
3. The Corporation has not prepared its Annual Financial Statements for 13 years (2006-2018), the reasons for the delay include:
 - i. High turn-over rate in the position of Financial Officers;
 - ii. shortage of accounting staff; and
 - iii. inadequate training of accounting staff.
4. To expedite the preparation of the outstanding financial statements, two officers were assigned to assist the FO. Additionally, the Council is considering hiring an additional officer to assist in this regard.
5. Although consideration was given to outsourcing the preparation of financial statements, financial constraints hindered this endeavour.
6. The Corporation has not been able to access unspent balances due to its failure to prepare outstanding financial statements.
7. The Fraud Squad is currently investigating a case of alleged fraudulent activity which involved the preparation of two cheques valued at a total of \$150,000 in 2015 for works on Development Projects that were not completed.
8. Two public officers, a contract worker and a daily paid employee are involved in the matter referred to the Fraud Squad.
9. Over the past six weeks, six Clerk Is were employed at the Corporation through the MoRDLG. Four of these Clerks were assigned to the Accounts Department, one each was assigned to the Payroll Unit, the Vote Books and Cheque Staff. These officers are engaged in ongoing training by the Financial Officer.

10. An Audit team from the MoRDLG was assigned to the Corporation for one month, in January 2019, to conduct auditing activities under the direction of the Chief Executive Officer (CEO).
11. Currently, no action is being taken to establish a Procurement Unit. However, the Corporation is seeking training for officers with procurement duties.
12. There is concern regarding the adequacy of contracts for scavenging contractors since the terms and conditions have not been updated since 2013.
13. There is concern that the current penalty to prorate payments for unsatisfactory work done.
14. The daily allocation for scavenging services is \$81,624.
15. No new contractors for projects were approved by the MoRDLG since 2015.
16. There is need to review the tasks schedules and classification of tasks to allow for increased supervision of workers. This endeavour will require collaboration with labour Unions.
17. Currently, the Corporation relies mainly on a manual record and filing system. The Corporation intends to introduce a system to digitize its records.¹
18. The CEO could not definitively state that performance appraisals have been completed for the current FO.
19. Following a 2019 Internal Audit Report which highlighted poor transparency and accountability in the vote book procedures, the Corporation intends to provide training to its accounting staff.

The following are the main issues highlighted during discussions with the **Tunapuna/Piarco Regional Corporation**:

1. Annual performance appraisals of the FO are conducted.²
2. A committee was formed to review the impending procurement legislation. The committee members include the FO, Administrative Officer II, Tenders Clerk, the Engineering and Survey Officer and the CEO.
3. Staff members were recommended to attend training on the impending procurement legislation at the Public Service Academy. To date, no staff members have participated in this training.

² This also applied to the Sangre Grande Regional Corporation.

4. The Corporation's allocation in 2019 for scavenging service is \$53 million. However, there are serious concerns regarding the efficiency of the bulk waste Open Tray services in certain regions. The Corporation has prorated payment to contractors based on inefficient service.
5. Concern was expressed about the low productivity of employees compared to the salaries provided.
6. The last annual financial statement prepared by the Corporation was prepared for 2015. A draft of the financial statements for the fiscal year 2016 was prepared.
7. In 2016 there were instances where persons not employed with the Corporation attempted to cash cheques with forged signatures and the Corporation's cheque numbers. To date four persons connected to these incidences were arrested.
8. The Corporation has not determined whether an employee was involved in the aforementioned fraudulent activities.
9. Following the incidence of fraud, protocols related to record-keeping were reviewed, and segregation of duties and staff rotations were introduced.
10. The Financial Officer was aware that one employee was implicated in a fraudulent matter but resumed duties at the Corporation. This person currently does not work in the Accounts Department.
11. To date, the contractors involved in three projects which were voided for non-performance in 2019 have not been removed from the Corporation's list of contractors. The Corporation intends to review its process of selecting contractors.
12. Under the Development Programme of a previous financial year, the Corporation requested funding to introduce a system of digital filing. Since this request was not being granted, the Corporation intends to re-apply for the relevant funding in this fiscal year.³
13. The Corporation has started to convert physical files and records to soft copy files.

³ This also applied to the Sangre Grande Regional Corporation.

The following are the main issues highlighted during discussions with the **Sangre Grande Regional Corporation**:

1. The last annual Financial Statements prepared by the Corporation was prepared for 2013.
2. The Corporation does not outsource the preparation of financial statements.
3. A special committee was established to review the Public Procurement and Disposal of Property Act 2016. The committee intends to produce draft guidelines within the next three months for the creation of a procurement unit.
4. Concern was expressed about the low productivity of some employees compared to the salaries provided.
5. The Council intends to meet with the relevant Trade Union to discuss the concerns regarding work ethic and productivity.
6. The Corporation's allocation in 2019 for scavenging services is \$15 million.

The hearing can be viewed on our YouTube channel via the following link:
https://youtu.be/0nMcuWCQW_o

Contact the Committee's Secretary

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

*Committees Unit
April 08, 2019*