7th REPORT OF THE

JOINT SELECT COMMITTEE ON

STATE ENTERPRISES

on


March, 2018
An electronic copy of this report can be found on the Parliament website: www.ttparliament.org

The Joint Select Committee on State Enterprises

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Joint Select Committee on State Enterprises


Report, together with Minutes

Ordered to be printed

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Senate:

Published on ________ 201__
The Joint Select Committee on State Enterprises

Establishment

1. The Joint Select Committee on State Enterprises was appointed pursuant to the directive encapsulated at section 66A of the Constitution of the Republic of Trinidad and Tobago. The House of Representatives and the Senate on Friday November 13, 2015 and Tuesday November 17, 2015, respectively agreed to a motion, which among other things, established this Committee to inquire into and report to Parliament on State Enterprises falling under its purview with regard to:
   • their administration;
   • the manner of exercise of their powers;
   • their methods of functioning; and
   • any criteria adopted by them in the exercise of their powers and functions.

Current Membership

2. The following Members were appointed to serve on the Committee:

   Mr. David Small
   Dr. Lester Henry
   Mrs. Cherrie-Ann Crichlow-Cockburn
   Mr. Wade Mark
   Mr. Fazal Karim
   Brig. Gen. (Ret.) Ancil Antoine
   Mr. Adrian Leonce
   Mr. Ronald Huggins
**Powers**

3. The Committee is one of the Departmental Select Committees, the powers of which are set out principally in Senate Standing Orders 91 and 101, and HOR Standing Orders 101 and 111. These are available on the Internet via [www.ttparliament.org](http://www.ttparliament.org).

**Secretarial Support**

4. Secretarial support was provided by Mr. Brian Caesar, Clerk of the Senate, who served as Secretary to the Committee, Ms. Sheranne Samuel, Assistant Secretary and Mrs. Krystle Gittens, Graduate Research Assistant.

**Contacts**

5. All correspondence should be addressed to the Secretary to the Joint Select Committee on State Enterprises, Level 3, Tower D, Port of Spain International Waterfront Centre, 1A Wrightson Road, Port of Spain. The telephone number for general enquiries is 624-7275; the Committee’s email address is jscse@ttparliament.org.
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**General Findings**

1. The Committee noted with deep concern that based on the written and oral evidence placed before it, that there were instances where the officers of the company deviated from the process for the award of works to contractors.

2. The Committee also noted that there were several instances where there were allegations of “bid-rigging”.

3. Issues of potentially improper actions by those officials responsible for corporate governance at EFCL was reported by the General Manager.

4. The company could not demonstrate that it had a rigorous system in place to ensure that it received value-for-money in respect of works carried out by contractors.

5. The Committee noted that EFCL is negatively impacted by high staff turnover.

6. There is evidence of the absence/breaches of proper policies and procedures (i.e. fraud policy, whistle-blowing policy, conflict of interest policy, human resource policy, etc.).

7. The Committee noted with particular concern that the Corporate Secretary has the authority to authorise the procurement of goods and services up to $100,000.00.

8. EFCL is in the process of investigating and resolving several issues, in particular:
   - the payment of monies owed to contractors amounting to $676,733,289.05 as at November 20, 2017;
   - litigation matters due to monies claimed by contractors to be owed for work completed, but yet to be verified by EFCL; and
• contracts suspended and/or terminated by contractors due to non-payment.

9. There is evidence of a general inability to fulfill the core Project Management function, primarily evidenced by the protracted process for verification of claims of work done by contractors.

10. The major challenges affecting the operations of the Company were listed as follows:

• cash flow challenge due to inordinate delays in receipt of funds from the Ministry of Education to pay contractors and consultants;

• inordinate delays in receipt of EFCL Project Management fees from the Ministry of Education to meet operational expenses;

• drastic reduction in the volume of work as no new project management contracts were being issued;

• construction projects were suspended and or terminated by contractors mainly due to non-payment, leaving them in a state of partial completion;

• EFCL have been impacted allegations of poor management and operational practices, which have resulted in negative publicity;

• the numerous instances of contractors resorting to litigation for settlement of payment with the resultant additional legal costs; and
due to financial constraints, the Ministry of Education was not able to carry out its initial programme to continue construction of one hundred and eighteen (118) (Primary and Secondary) Schools.

11. As at the close of 2016, the following table of Actual vs Projected deliverables of EFCL were provided to the Committee:

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12. At the time of this report, the Committee was still awaiting outstanding submissions of Audited Financials for 2016 and 2017, and Administrative Reports, which have never been submitted according to Parliament records.

**Summary of Recommendations**

The following is a summary of the recommendations proposed by the Committee:

1. In light of the significant restructuring that has taken place, EFCL should focus on filling vacant positions, with priority being given to the following:
   - Chief Executive Officer;
   - Senior Internal Auditor;
• Corporate Secretary;
• Chief Financial Officer; and
• Senior Legal Officer.

2. The company should urgently conduct a review of its HR policies and practices, performance management systems, and recruitment and selection process in order to minimize the levels of employee turnover;

3. The company must revamp its process for the selection of contractors for the award of works and ensure that any deviations from this procedure are approved by the Board inclusive of detailed reasons for so doing;

4. The company should follow all of the required processes in respect of adjusting the pay and other conditions of work of its staff complement;

5. In light of the evidence of an absence/breaches of policies and procedures (i.e. fraud policy, whistle-blowing policy, conflict of interest policy, human resource policy, etc.), and allegations of bid-rigging, the EFCL management team should strengthen its oversight function and ensure that the recommendations from the PricewaterhouseCoopers audit reports are fully implemented;

6. The Committee strongly recommends that EFCL:
   • ensure that its rules and procedures for tendering and procurement conform to the new procurement legislation and meet the standards of best-practice; and
   • commit to adhering to established policies and procedures.

7. The Committee strongly recommends that EFCL commit to improving its project management function, to ensure that there are no instances when:
• progress on work done is not being properly monitored;
• adherence to timelines is not being enforced; and
• contracts are being awarded in the absence of adequate funding.

8. EFCL should commit to improving its timelines in relation to the submission of Audited Financials for 2016 and 2017, and Administrative Reports, which have never been submitted according to Parliament records.
Report Summary

This report examines the efficiency and effectiveness of the Education Facilities Company Limited (EFCL) in managing the construction and repair of Government and Government Assisted Schools.

The Committees deemed an inquiry into EFCL suitable based on the following considerations:

- EFCL’s Mission to deliver and maintain modern building facilities utilising best practices in Project Management;
- the important role of the Company in support of the strategic objectives of the Ministry of Education;
- the expiration of EFCL’s strategic plan 2014-2016;
- the work programme outlined in the Company’s strategic plan; and
- the issues/challenges experienced by EFCL.

Focus is given to the present issues and challenges faced by the Company. Recommendations are proposed by the Joint Select Committee on State Enterprises which are intended to steer EFCL to a more efficient and effective management of its operations.

Additionally, the intended role of EFCL as a State Enterprise makes it important to understand the interaction between EFCL and its line Ministry, the Ministry of Education (MOE), and by extension the Ministry of Finance (MOF), through the Investments Division (ID). Consequently, this report also examines whether there is sufficient interaction and support being provided to EFCL by these Ministries.

Based on the foregoing, there are many issues facing EFCL, as a result the Committee has submitted recommendations to treat with them as outlined.

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1 EFCL Strategic Plan 2014-2016; pp 26 [http://www.efcl.co.tt/docs/1416strategicplan.pdf](http://www.efcl.co.tt/docs/1416strategicplan.pdf)
CHAPTER 1

1 Introduction

1.1 The importance of the Role of Education Facilities Company Limited (EFCL)

1.1.1 With a mandate to ensure the development of modern and efficient physical infrastructure for the Ministry of Education (MoE), EFCL supports the strategic goals of the MoE. The corporate strategic plan of the EFCL outlines the “Values and Standards Outcome” they are pursuing as “School Facilities that support the User and the Curriculum” Such facilities are described as:

“An Optimal Learning Facility supports a child’s learning and development. It gives them the confidence to explore and learn in secure indoor and outdoor spaces that contribute to stimulating their creativity.

An appropriate physical environment offers children access to indoor and outdoor spaces in which they can discover, create, think, learn and develop with the support and interactions from sensitive, knowledgeable adults.”

1.1.2 The Strategic Plan 2014 - 2016 was developed in close consultation with the Education Sector Strategic Plan 2011-2015 as well as in accordance with the State Enterprises Performance Monitoring Manual of the Ministry of Finance. This Strategic Plan was approved by the Board of Directors and submitted to the former Minister of Finance and the Economy and Minister of Education.

1.1.3 An additional benefit of the Company is its role in stimulating the construction industry and the creation of jobs.

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2 EFCL website http://www.efcl.co.tt/about.htm
3 EFCL Strategic Plan 2014-2016; http://www.efcl.co.tt/docs/1416strategicplan.pdf
1.2 Reported Issues/Challenges Experienced by EFCL

1.2.1 The Committee became concerned when there were reports in the media that an audit of EFCL operations conducted by PricewaterhouseCoopers (PwC) in 2016 uncovered irregularities in operations. It is alleged that as a result, the employment of five (5) managers was terminated.

1.2.2 Additionally, the report claimed that a “secret mill house” with falsified documents was discovered on the Head Office Premises of the EFCL in Maraval. This finding was further confirmed via oral evidence provided by the former Chairman, Mr. Arnold Piggott.

1.2.3 According to reports, the audit further showed that the EFCL owes its suppliers and contractors approximately $800 million.

1.2.4 Due to the abovementioned audit, EFCL experienced significant delays in achieving its mandated goals.

1.3 Accounting for the Company’s Activities

Early Childhood Education

1.3.1 According to the Public Sector Investment Programme, 2017 (PSIP), The Seamless Education System Project and Build 100 Programme were allocated $90 million and $40 million respectively for the construction of Early Childhood Care and Education Centres (ECCE). Both programmes were impacted by suspended works and slow progression due to internal auditing of contract invoices of the Education Facilities Company Limited (EFCL). At the time of the inquiry, the sum of $19.5 million was utilised for these projects. See Appendix III for details of activities.

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4 Two audits turn up several irregularities: EFCL board fires five employees. See: http://www.guardian.co.tt/news/2016-06-09/two-audits-turn-several-irregularities-efcl-board-fires-five

Primary Education

1.3.2 The Primary School Programme received a budgetary allocation of $205.2 million in fiscal year 2016 under the IDF of which, at the time of the inquiry, $96.6 million was utilised for completed works. The reason provided for failure to utilise the full allocation was the internal auditing of contract invoices of the EFCL. Details on activities can be found in Appendix III.

Secondary School

1.3.3 In fiscal 2016, the Secondary School Programme was allocated the sum of $195 million, of which $37.3 million was utilized for on-going construction of new secondary schools, expansion and refurbishment works to existing secondary schools.

1.3.4 A number of secondary schools since the inception of the programme were completed by EFCL and handed over to the Ministry of Education. At the time of the inquiry, others were nearing completion with over 70 percent of works completed. Details on these can be found in Appendix III.

1.4 Rationale for inquiry

1.4.1 Based on the foregoing and considering:

- EFCL’s Mission to deliver and maintain modern building facilities utilising best practices in Project Management;
- the important role of the Company in support of the strategic objectives of the Ministry of Education;
- the expiration of EFCL’s strategic plan 2014-2016;
- the work programme outlined in the Company’s strategic plan; and
- the issues/challenges experienced by EFCL.

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6 EFCL Strategic Plan 2014-2016; pp 26 [http://www.efcl.co.tt/docs/1416strategicplan.pdf](http://www.efcl.co.tt/docs/1416strategicplan.pdf)
1.4.2 An inquiry was therefore deemed suitable.

1.5 Objectives of the Inquiry

1.5.1 At a meeting held on May 08, 2017, the Committee agreed that the following would be the objectives of the inquiry:

1. To understand the structure of the organisation and how it is managed;
2. To determine the systems and processes in place for selecting contractors and monitoring their output;
3. To ascertain the progress made towards achieving the objectives outlined in the Work Programme associated with the Strategic Plan 2014-2016, as well as progress made towards development of an updated Strategic Plan;
4. To examine how the Company measures its own performance, including its performance criteria and targets; and
5. To examine the connection between information presented in EFCL’s Administrative Reports and the realities in EFCL’s operations.

1.5.2 The Committee agreed that at its next meeting, it would commence an inquiry into the efficiency and effectiveness of the Education Facilities Company Limited (EFCL) in managing the construction and repair of Government and Government Assisted Schools.
1.6 Conduct of the Inquiry

1.6.1 On June 05, 2017 a public hearing was held with representatives of the EFCL, Ministry of Finance and Ministry of Education, at which time the Committee questioned the officials on the various matters in connection with the inquiry objectives set out.

1.6.2 Officials from the Education Facilities Company Limited (EFCL):

Mr. Clyde Permel\hspace{1cm} Director, Board of Directors
Mr. Denis Cox\hspace{1cm} General Manager (Ag.)/
Chief Financial Officer

Officials from the Ministry of Finance:

Ms. Lisa Phillips\hspace{1cm} Permanent Secretary (Ag.)
Ministry of Finance
Mr. Suresh Dan\hspace{1cm} Business Analyst
Mr. Lester Herbert\hspace{1cm} Director, Central Audit Committee

Officials from the Ministry of Education:

Mrs. Angela Sinaswee-Gervais\hspace{1cm} Permanent Secretary (Ag.)
Ministry of Education
Ms. Shobha Jaisir\hspace{1cm} Deputy Permanent Secretary (Ag.)
Ministry of Education

1.6.3 Prior to the public hearing, a request for information on the general objectives of the inquiry was sent to EFCL and in response, written submissions were received on June 01, 2017. These responses provided a frame of reference for the questions posed during the hearing.

1.6.4 During the public hearing the Committee determined that a second (2nd) hearing would be necessary to further examine the inquiry objectives. The Committee
proffered supplementary questions for written responses to be obtained from EFCL, the Ministry of Finance and the Ministry of Education subsequent to the hearing. These responses were received from EFCL and the Ministry of Education on June 13, 2017.

1.6.5 On June 16, 2017 a second (2\textsuperscript{nd}) public hearing was held with representatives of the EFCL, Ministry of Finance and Ministry of Education.

1.6.6 \textbf{Officials from} the Education Facilities Company Limited (EFCL):

- Mr. Ricardo Vasquez: Chairman, Board of Directors
- Mr. Denis Cox: General Manager (Ag.)/Chief Financial Officer
- Mr. Clyde Permell: Director, Board of Directors
- Mr. Cedric Neptune: Director, Board of Directors
- Mr. Dean Burgen: Director, Board of Directors
- Mr. Imamuddin Baksh: Director, Board of Directors
- Mr. Marvin Gonzales: Director, Board of Directors

\textbf{Officials from} the Ministry of Finance:

- Ms. Lisa Phillips: Permanent Secretary (Ag.)
- Mr. Suresh Dan: Ministry of Finance Business Analyst
- Mr. Lester Herbert: Director, Central Audit Committee

\textbf{Officials from} the Ministry of Education:

- Mrs. Angela Sinaswee-Gervais: Permanent Secretary (Ag.)
- Ms. Shobha Jaisir: Deputy Permanent Secretary (Ag.)
1.6.7 During the public hearing the Committee proffered supplementary questions for written responses to be obtained subsequent to the hearing. These responses were received from the Ministry of Finance on October 24, 2017.

1.6.8 On review of responses received on October 24, 2017, the Committee decided to hold a third (3rd) public hearing on November 20, 2017.

1.6.9 **Officials from** the Education Facilities Company Limited (EFCL):

- Mr. Ricardo Vasquez, Chairman, Board of Directors
- Mr. Denis Cox, General Manager (Ag.)/Chief Financial Officer
- Mr. Marvin Gonzales, Director, Board of Directors

**Officials from** the Ministry of Finance:

- Ms. Suzette Lee Chee, Permanent Secretary, Ministry of Finance

1.6.10 During the public hearing the Committee proffered supplementary questions for written responses to be obtained subsequent to the hearing. These responses were received from the Ministry of Finance on December 07, 2017.

1.6.11 In response to agreement by the former Chairman of the EFCL Board to attend the next public hearing of the Committee, a fourth (4th) public hearing was held on December 11th, 2017.

1.6.12 The Minutes of the Meeting during which the public hearing was held are attached as **Appendix I** and the Verbatim Notes as **Appendix II**.
CHAPTER 2

2 Key Issues, Findings and Recommendations

Objective 1: To understand the structure of the organisation and how it is managed.

2.1 Based on submissions received on June 01, 2017, the then EFCL Board of Directors comprised of:

- Mr. Arnold Piggott
- Mr. Christophe Waithe
- Mr. Anthony Bisnath
- Mr. Jeffery Francis
- Mr. Indu Sharma
- Mr. Ricardo Vasquez
- Mr. Clyde Permell
- Mr. Dean Burgen
- Mr. Steven Samlalsingh

2.2 Additionally, there were seventy-two (72) positions at EFCL, and nine (9) departments. Of those positions, the following four (4) were vacant:

- Legal Officer
- Internal Auditor
- Procurement Manager
- Assistant General Manager – Support Services

2.3 The Committee learned that seven (7) managers were dismissed according to disciplinary tribunals following a July, 2016 financial audit.
2.4 EFCL assured the Committee that despite the termination, there was no long-term absence of managers because an Executive Management Team was rolled out in October, 2016 comprising of:

- Mr. Denis Cox
- Ms. Annesa Rahim
- Ms. Tamara Francis
- Mr. Jerome Mc Carthy
- Ms. Gyllis Noel

2.5 However, within the short period of the inquiry, the following changes occurred at the Board and Management level:

- A new Board was established with the following members:
  - Mr. Ricardo Vasquez
  - Mr. Clyde Permell
  - Mr. Dean Burgen
  - Mr. Cedric Neptune
  - Mr. Imamuddin Baksh
  - Mr. Marvin Gonzales
- The following managers resigned:
  - Ms. Annesa Rahim
  - Ms. Tamara Francis
  - Mr. Jerome Mc Carthy

2.6 An organisation restructuring exercise was completed in June, 2017, and revised on October 23, 2017. See Appendix IV

2.7 As at October 23, 2017, the following positions remained Vacant/with Acting Appointments:
1. Chief Executive Officer
2. Senior Internal Auditor
3. Internal Officer
4. Senior Legal Officer
5. Legal Officer
6. Chief Financial Officer
7. General Manager – Support Services
8. General Manager – Technical Services
9. Marketing/Communications Specialist
10. Procurement Manager/Chief Procurement Officer
11. Health and Safety Officer

2.8 The Committee also learned that PricewaterhouseCoopers (PwC) found, during their Human Resource Audit Assessment, 14 January, 2016, that Executive Management Compensation was not within the approved compensation structure set and approved by the Public Servants Negotiation Committee.

2.9 At the time of this report, the Committee had not received confirmation whether either salaries had been returned to a level that adheres to the approved compensation structure or a new compensation structure was approved.

2.10 In additional, the PwC report stated that salary adjustment were made in “A piecemeal manner and not based on a sound salary survey as required by policy.”

2.11 During oral submissions dated December 11, 2017, the Committee received confirmation that salary increases were made without completion of a salary survey, which is against policy.
2.12 Despite the confirmation by EFCL in submissions dated October 24, 2017, that a salary survey was completed following the salary increases. This Committee remains concerned by the breach of policy.

2.13 Indeed, one of the primary management issues identified in all PwC reports was either an absence of policies and procedures, or a failure to adhere to established policies and procedures.

2.14 Additional issues were brought to the attention of the Committee in oral submissions dated November 20, 2017. The Committee was informed that by letter dated November 3, 2016, the following concerns were communicated to the Ministry of Finance:

1. Situations of the Board encroaching on the responsibilities of the staff of the EFCL;
2. situations where the board approved unqualified personnel for appointments;
3. improprieties in the procurement process; and
4. situations where Board members were abusing the resources for the EFCL, and using resources for their personal purposes.

2.15 The Committee was informed that in response to the letter, the Central Audit Committee of the Ministry of Finance was asked to launch an investigation.

2.16 At the time of this report, the report of the Central Audit Committee was still at the review stage of this exercise.

**Recommendations**

2.17 In light of the significant restructuring that has taken place, EFCL should focus on filling the vacant positions, with a priority on:

1. Chief Executive Officer
2. Senior Internal Auditor
3. Senior Legal Officer
4. Chief Financial Officer

2.18 The company should urgently conduct a review of its HR policies and practices, recruitment and selection process, and performance management systems in order to minimize the levels of employee turnover.

2.19 In light of the absence/breaches of policies and procedures, the EFCL management team should strengthen its oversight function and ensure that PwC recommendations are fully implemented.

2.20 In light of the serious claims made in the letter to the Ministry of Finance, the Committee requests that the final report of the Central Audit Committee be submitted to the Committee once finalised.
Objective 2: To determine the systems and processes in place for selecting contractors and monitoring their output.

2.21 According to submissions dated June 01, 2017, the financial authority to award contracts is as follows:

EDUCATION FACILITIES COMPANY LIMITED

RULES AND PROCEDURES
FOR THE INVITATION AND CONSIDERATION OF TENDERS;
AND FOR THE AWARD OF CONTRACTS FOR THE SUPPLY OF GOODS AND SERVICES AND THE EXECUTION OF WORKS

AMENDMENT No. 1

At its meeting held on Friday 25th November 2005 the Board of Directors agreed to an amendment to the Tenders Rules (Cl. 4.1 C) as follows:
“that the Board Tenders Committee shall be empowered to recommend awards where the value of the contract I of the sum of five hundred thousand and one dollars ($500,001.00) and above”

AMENDMENT No. 2.

At its meeting held on Friday 2nd February 2007 in order to facilitate more efficient operations the Board of Directors agreed to the following limits of authority for the procurement of goods and services:

- Corporate Secretary $1,00 to $100,000.00
- Chief Executive Officer $100,000.01 to $1,000,000.00
- Management Tenders Committee $1,000,000.01 to $2,500,000.00

Above $2,500,000.00 by way of recommendation from the Board Tenders Committee to the Board of Directors.

2.22 The Committee noted with particular concern that the Corporate Secretary has the authority to authorise the procurement of goods and services up to $100,000.
2.23 Additionally, according to oral submissions dated December 11, 2017, a decision was made by the then Board Tenders Committee to circumvent the established tendering process and award a contract to a new tenderer within twenty-four (24) hours of submission of a tender. When questioned on this action, the following reason was given:

“The Board Tenders Committee, seized with information, determined that a particular contractor, deemed to be a preferred contractor by the Executive Manager and his team, was not an appropriate contractor to execute the works with value for money, on time delivery and with questionable reputation.”

2.24 The Committee is of the opinion that the above actions do not meet best-practice standards for procurement.

2.25 In addition to the above observations, the Committee understands that EFCL is in the process of investigating and resolving several issue, in particular:

1. the payment of monies owed to contractors amounting to $676,733,289.05 as at November 20, 2017;
2. litigation matters due to monies claimed by contractors to be owed for work completed, but yet to be verified by EFCL; and
3. contracts suspended and/or terminated by contractors due to non-payment.

2.26 According to oral submissions on December 11, 2017:

“EFCL per se is a project management company whose principal activities involve the following:

- the construction of schools at the three education level: ECCE, primary and secondary;
- repairs and maintenance of school;
As project managers or project manager, EFCL receives formal instruction or authorization from the Ministry of Education, as I said before our line Ministry, to embark on projects within the stated mandate. Through EFCL’s procurement processes, contractors are sourced and are engaged to undertake projects for and on behalf of our principal, the Ministry of Education and by extension, the Government and people of the Republic of Trinidad and Tobago.”

2.27 However, the Committee is of the opinion that despite EFCL’s cash flow challenges, which are as a result of dependence on releases from the Ministry of Education for the payment of contractors, there is evidence of a general failure to fulfill the core Project Management function, primarily evidenced by the protracted process for verification of claims of work done by contractors.

**Recommendations**

2.28 In light of the above, the Committee strongly recommends that EFCL:

i. revamp its process for the selection of contractors for the award of works, to ensure that it meets the standards of best practice; and

ii. ensure that any deviations from this procedure are approved by the Board, with detailed reasons for so doing.

2.29 The Committee strongly recommends that EFCL commit to improving its project management function, to ensure that there are no instances when:

i. progress on work done is not being properly monitored;

ii. adherence to timelines is not being enforced; and

iii. contracts are being awarded in the absence of adequate funding.
Objective 3: To ascertain the progress made towards achieving the objectives outlined in the Work Programme associated with the Strategic Plan 2014-2016, as well as progress made towards development of an updated Strategic Plan.

2.31 As at the close of 2016, the following table of Actual vs Projected deliverables of EFCL were provided to the Committee:

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2.32 The major challenges affecting the operations of the Company were listed as follows:

i. cash flow challenge due to inordinate delays in receipt of funds from the Ministry of Education to pay contractors and consultants;

ii. inordinate delays in receipt of EFCL Project Management fees from the Ministry of Education to meet operational expenses;

iii. drastic reduction in the volume of work as no new project management contracts were being issued;

iv. construction projects were suspended and or terminated by contractors mainly due to non-payment, leaving them in a state of partial completion;

v. EFCL have been impacted allegations of poor management and operational practices, which have resulted in negative publicity;
vi. the numerous instances of contractors resorting to litigation for settlement of payment with the resultant additional legal costs; and

vii. due to financial constraints, the Ministry of Education was not able to carry out its initial programme to continue construction of one hundred and eighteen (118) (Primary and Secondary) Schools.

2.33 EFCL presented the following strategies being employed to address the challenges:

i. collaboration with the Ministry of Education to provide timely responses to queries regarding billings;

ii. execution of a validation exercise on invoices as at December 31, 2015 to facilitate the payment process;

iii. regular meeting with contractors with the objective of mitigating against legal action; and

iv. engagement of the services of a Communications Consultant to advise on improving the Organisation’s image and public profile.

Recommendations

2.34 The Committee is of the opinion that the current strategies are suitable, given EFCL’s current circumstances.

2.35 However, the Committee holds the opinion that the current state could have been mitigated to an extent, had EFCL been effectively performing its Project Management function.

2.36 Therefore the Committee once again strongly recommends that concurrent to the abovementioned strategies, EFCL commit to improving its project management function, to ensure that there are no instances when:

i. progress on work done is not being properly monitored;

ii. adherence to timelines is not being enforced; and
iii. contracts are being awarded in the absence of adequate funding.

2.37 Additionally, the company should routinely conduct value-for-money audits on work performed by contractors.

Objective 4: To examine how the Company measures its own performance, including its performance criteria and targets.

2.38 EFCL was questioned on how it measures its Project Management function according to the following criteria:

i. Receipt of value for money from projects;
ii. Costs associated with unplanned changes;
iii. Customer satisfaction; and
iv. Forecasting of project life-cycles.

2.39 Based on submissions, the Committee is comfortable that the mechanisms are in place at EFCL to carry out the Project Management function.

2.40 However, in light of the current challenges being faced by the Company, the Committee is uncertain as to the extent to which these mechanisms were/are being utilised.

2.41 Major concerns for the Committee are that there is evidence that EFCL as Project Manager was ineffective at:

1. monitoring work-in-progress on all projects, to avoid the need for the current protracted validation exercise being conducted on invoices from contractors, and/or
2. ensuring adequate funding was available prior to awarding contracts, to ensure that projects were awarded within budgetary limits.

Recommendations

2.42 In light of the above, the Committee once again strongly recommends that EFCL commit to improving its oversight function, to ensure that there are no instances when:
   i. progress on work done is not being properly monitored;
   ii. adherence to timelines is not being enforced; and
   iii. contracts are being awarded in the absence of adequate funding.

Objective 5: To examine the connection between information presented in EFCL’s Administrative Reports and the realities in EFCL’s operations.

2.43 The Committee noted that EFCL has consistently failed to adhere to reporting timelines. This affects the ability of its line Ministry, as well as the Parliament Secretariat, to adequately monitor and evaluate operations.

2.44 At the time of this report, the Committee was still awaiting outstanding submissions of Audited Financials for 2016 and 2017, and Administrative Reports, which have never been submitted according to Parliament records.

Recommendation

2.45 EFCL should put the required management and operational strategies in place to ensure that it can improve its timelines with regards to submission of reports and financials.
3 Conclusion

2.46 In light of the above, the Committee is optimistic that with diligent implementation of the recommendations proffered, greater efficiency and effectiveness at managing the construction and repair of Schools will be achieved by the Educational Facilities Company Limited.

2.47 Your Committee therefore awaits the response of the Minister of Finance and the Minister of Education to the recommendations listed above, in accordance with Standing Orders 100(6) and 110(6) of the Senate and the House of Representatives respectively which states inter alia that –

“The Minister responsible for the Ministry or Body under review shall, not later than sixty (60) days after a report from a Standing Committee relating to the Ministry or Body, has been laid upon the Table, present a paper to the House responding to any recommendations or comments contained in the report which are addressed to it…. “.
2.48 Your Committee therefore respectfully submits this Report for the consideration of the Houses

Mr. David Small
Chairman
Dr. Lester Henry
Vice-Chairman

Mrs. Cherrie-Anne Crichlow-Cockburn, MP
Member
Mr. Wade Mark
Member

Mr. Fazal Karim, MP
Member
Brig. Gen. (Ret.) Ancil Antoine, MP
Member

Mr. Adrian Leonce, MP
Member
Mr. Ronald Huggins
Member
APPENDICES
Appendix I

Minutes of Proceedings
Present were:

Mr. David Small  
Chairman

Brig. Gen. (Ret.) Ancil Antoine, MP  
Member

Mr. Fazal Karim, MP  
Member

Mr. Adrian Leonce, MP  
Member

Mr. Wade Mark  
Member

Mrs. Allyson Baksh  
Member

Mr. Brian Caesar  
Secretary

Ms. Sheranne Samuel  
Assistant Secretary

Mrs. Vahini Jainarine  
Legal

Mrs. Krystle Gittens  
Parliamentary Intern

Absent were:

Dr. Lester Henry  
Vice-Chairman (Excused)

Mrs. Cherrie-Ann Crichlow-Cockburn, MP  
Member (Excused)

Also present were:

Officials from the Education Facilities Company Limited (EFCL):

Mr. Clyde Permell  
Director, Board of Directors
Mr. Denis Cox  General Manager (Ag.)/
Chief Financial Officer

Officials from the Ministry of Finance and Ministry of Education:

Ms. Lisa Phillips  Permanent Secretary (Ag.)
Ministry of Finance

Mr. Suresh Dan  Business Analyst

Mr. Lester Herbert  Director, Central Audit Committee

Officials from the Ministry of Finance and Ministry of Education:

Mrs. Angela Sinaswee-Gervais  Permanent Secretary (Ag.)
Ministry of Education

Ms. Shobha Jaisir  Deputy Permanent Secretary (Ag.)
Ministry of Education

PUBLIC HEARING WITH OFFICIALS OF THE EDUCATION FACILITIES COMPANY LIMITED (EFCL).

6.1 The meeting resumed at 10:28 a.m. in public, in the J. Hamilton Maurice Room.

6.2 The Chairman welcomed officials of EFCL, the Ministry of Education and the Ministry of Finance and introductions were exchanged.

6.3 The Chairman outlined the objectives of the inquiry and acknowledged receipt of the EFCL’s submission.

6.4 The Chairman noted the presence of EFCL Director, Mr Clyde Permell, and EFCL’s General Manager, Mr. Denis Cox.

6.5 The Chairman noted the failure of other members of the Board of Directors and Executive Management of EFCL to appear before the Committee, as well as the refusal by EFCL to submit the PricewaterhouseCoopers audit report requested by the Committee.

Opening Remarks

6.6 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of EFCL, the Ministry of Education and the Ministry of Finance:
i. The matter of EFCL’s Board of Directors being summoned to a meeting with the Minister of Education later in the day on Monday June 5, 2017.

ii. The Committees powers under Standing Order 102 (12 and 13) of the Senate and Standing Order 112 (12 and 13) of the HOR, to “Send for Persons, Papers and Records”.

iii. The measures taken by the Ministry of Finance, Investments Division, in light of the allegations made against EFCL.

iv. Whether a meeting took place between Mr. Denis Cox, General Manager, EFCL, and Ms. Suzette Lee Chee, Permanent Secretary (PS) (Ag), Ministry of Finance, following Mr. Cox’s November, 2016 letter to the Permanent Secretary, Ministry of Finance.
   a. The circumstances that led to the penning of that letter by Mr. Cox.
   b. The outcome of the meeting with the PS

v. The expected timeframe for completion of the EFCL audit by the Central Audit Committee.
   a. What triggered the audit?
   b. The reason for the gap between the date of the request for an audit by the Minister of Finance (January, 2017), and the date for the commencement of the audit (June, 2017).
   c. The Terms of Reference for the audit.

vi. The number of forensic audits conducted in the past six (6) months.
   a. The cost to the State of the forensic audits conducted.
   b. The reason that PricewaterhouseCoopers appears to be the preferred provider of audits.
   c. The results of the audits conducted.

vii. Whether Executive Management and Board of Directors of State Enterprises commonly have issues.

viii. The Ministry’s strategy for managing the undue involvement of Board Members in the day to day running of State Enterprises.

ix. The process from initiation of a project by the Ministry of Education, to the disbursement of funds from:
   a. Ministry of Education to EFCL
   b. EFCL and contractors.

x. The issue of delayed disbursements from the Ministry of Education to pay contractors.

xi. Clarification on what would be considered “misrepresentations” in the public domain, concerning the allegations made in the media.
xii. Whether EFCL has a whistleblower policy.
xiii. Whether there is truth to the allegations about the dismissal of EFCL’s ICT Manager along with ten (10) other employees.
xiv. Whether there is truth to the allegations that there is a level of discord between the Board of EFCL and the Management Team, and possibly Staff.
xv. The actions taken following the recent media publications that have quoted, verbatim, correspondence between EFCL and the Office of the Parliament.
xvi. The reasoning behind the heavy staffing of the Technical Services Department at EFCL, in light of the reduction in the workload.
xvii. Whether the current overall staffing at EFCL is sufficient for the organization to achieve its goals and objectives.
xviii. The issue of salary increases for certain members of staff during the last six to eight months.
xix. Whether there is truth to the allegations that multiple contracts were awarded to various entities under the same parent company, Junior Sammy Group of Companies.
xx. The protocol to be followed when there is a conflict of interest surrounding a Board decision and a member of the Board.
xxi. Whether the prequalified list of contractors was recently updated.
xxii. Verification that the Board of Tenders Committee has a representative from the Procurement Department.
   a. Whether the Board of Tenders Committee always had a representative from the Procurement Department.
xxiii. Concern whether proper procurement procedure has always been followed at EFCL.
xxiv. Whether EFCL has a fraud policy.
xxv. The amount of money owed to contractors by EFCL.
   a. Whether any lawsuits have resulted as a result of monies owed.
   b. Whether allegations that payments were expedited to certain companies are true.
xxvi. The revenue sources of the Company.
xxvii. Whether the Corporate Secretary has the power to issue contracts.
xxviii. EFCL’s projects in Tobago, and the role that the Tobago House of Assembly (THA) plays.
xxix. Clarification concerning the allegations in the media concerning the Barrackpore Vedic Primary School.
The Internal Auditor vacancy at EFCL.

a. Plans for filling the position.

b. EFCL’s record with respect to submission of Internal Audit reports.

6.7 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.
MINUTES OF THE NINETEENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES, HELD IN THE ARNOLD THOMASOS EAST MEETING ROOM, LEVEL 6, AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN ON JUNE 16, 2017

Present were:

Mr. David Small                              Chairman
Dr. Lester Henry                              Vice-Chairman
Brig. Gen. (Ret.) Ancil Antoine, MP           Member
Mr. Fazal Karim, MP                           Member
Mr. Wade Mark                                 Member
Mrs. Allyson Baksh                            Member

Mr. Brian Caesar                              Secretary
Mrs. Vahini Jainarine                         Assistant Secretary/Legal
Mrs. Krystle Gittens                         Parliamentary Intern

Absent were:

Mr. Adrian Leonce, MP                        Member (Excused)
Mrs. Cherrie-Ann Crichlow-Cockburn, MP       Member (Excused)

Also present were:

Officials from the Education Facilities Company Limited (EFCL):

Mr. Ricardo Vasquez                           Chairman, Board of Directors
Mr. Denis Cox                                 General Manager (Ag.)/
Mr. Clyde Permell                             Chief Financial Officer
Mr. Cedric Neptune                           Director, Board of Directors
Mr. Dean Burgen                               Director, Board of Directors
Mr. Imamuddin Baksh                          Director, Board of Directors
Mr. Marvin Gonzales  
Director, Board of Directors

**Officials from** the Ministry of Finance:

Ms. Lisa Phillips  
Ministry of Finance

Mr. Suresh Dan  
Business Analyst

Mr. Lester Herbert  
Director, Central Audit Committee

**Officials from** the Ministry of Education:

Mrs. Angela Sinaswee-Gervais  
Permanent Secretary (Ag.)

Ministry of Education

Ms. Shobha Jaisir  
Deputy Permanent Secretary (Ag.)

Ministry of Education

**PUBLIC HEARING WITH OFFICIALS OF THE EDUCATION FACILITIES COMPANY LIMITED (EFCL).**

7.1 The meeting resumed at 10:12 a.m. *in public*, in the J. Hamilton Maurice Room.

7.2 The Chairman welcomed officials of EFCL, the Ministry of Education and the Ministry of Finance and introductions were exchanged.

7.3 The Chairman outlined the objectives of the inquiry and acknowledged receipt of the EFCL’s submission.

**Opening Remarks**

7.4 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of EFCL, the Ministry of Education and the Ministry of Finance:

i. EFCL’s representation by only one member of the management team, Mr. Denis Cox.

ii. The decision by the former Corporate Secretary of EFCL not to respond to the Committee’s call to appear.
iii. The account of Mr. Ricardo Vasquez for his absence at the Committee meeting on June 05, 2017.

iv. Confirmation that all EFCL Board Members were appointed in 2017.

v. The status with respect to monies owed to contractors.
   a. Whether all of the contractors have been verified.
   b. Whether any of the contractors to whom monies are owed, as listed in submissions, are “phantom” companies.
   c. Whether any companies to whom contracts have been awarded, have interlocking directorates.
   d. Whether EFCL has enough funds for all verified contracted companies to be paid.
   e. The main reasons for non-payment of invoices.
   f. The length of time claims have been outstanding.
   g. The amount being spent by EFCL to address claims of monies owed.

vi. Whether there have been any instances when a company and its subsidiary submitted proposals for the same job.

vii. The definition of “special works” as listed in Appendix H, Schedule 4 of the submission received by EFCL with respect to monies owed to contractors.

viii. The Ministry of Finance’s plan for orientation of new Board Members.

ix. The number of litigations pending due to delays in payments to contractors by EFCL.
   a. Whether arbitration prevents contractors from winning future contracts.

x. The measures being put in place to improve information exchange between EFCL and its Line Ministries.

xi. The status with respect to implementation of recommendations made in PwC audit reports.

xii. The justification for the salary increases given to certain staff members.

xiii. The status concerning filling of the vacancy of Internal Auditor.

xiv. The New Organisational Structure for the EFCL.

xv. The efforts being made to increase the staff at the Central Audit Unit of the Ministry of Finance.
    a. When the report by the Central Audit Unit, on the procurement practices at EFCL, will be made available.

xvi. Whether the list of prequalified contractors has recently been amended.
xvii. In relation to companies on the list of prequalified of contractors:
   a. The number of contracts awarded to each company.
   b. The value of each contract.

xviii. The revenue generation capacity of EFCL.

xix. The procedure for funding of projects.

xx. The staff turnover at EFCL, particularly at the management level.

xxi. Whether there have been instances of fraudulent activities by contractors.

xxii. The instances of non-submission of completion certificates by contractors.

xxiii. The outsourcing of project management services.

xxiv. The functioning of the Textbook Rental Management Unit.
   a. Whether there are outstanding fees owed to textbook publishers.
   b. Whether there are issues with retrieval of textbooks.
   c. Whether textbooks will be replenished for September, 2017.
   d. Whether there is an active Textbook Evaluation Committee.
   e. Whether there is satisfaction with the quality of textbooks.

xxv. Whether it is normal practice for a Corporate Secretary to procure up to a limit up to $100,000.

xxvi. The conditions under which EFCL’s project management revenue would be used to pay contractors.

xxvii. Allegations with respect to interference by the Board in the tendering process.

xxviii. The motivation behind publication of the full-page advertisement by the EFCL Board titled “Setting the Record Straight”

xxix. Whether there is a functioning Management Tenders Committee.

xxx. Whether there is preferential treatment in relation to renewal of employee contracts.

xxxi. The definition of the term “Contractors of Interest”.

7.5 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.
Present were:

Mr. David Small  Chairman
Dr. Lester Henry  Vice-Chairman
Mr. Fazal Karim, MP  Member
Mr. Wade Mark  Member
Mr. Adrian Leonce, MP  Member

Mr. Brian Caesar  Secretary
Ms. Sheranne Samuel  Assistant Secretary
Ms. Chantal La Roche  Legal Officer II
Mrs. Krystle Gittens  Graduate Research Assistant

Absent were:

Brig. Gen. (Ret.) Ancil Antoine, MP  Member (Excused)
Mrs. Cherrie-Ann Crichlow-Cockburn, MP  Member (Excused)
Mrs. Allyson Baksh  Member (Excused)

PUBLIC HEARING WITH OFFICIALS OF THE EDUCATION FACILITIES COMPANY LIMITED (EFCL).

7.1 The meeting resumed at 10:30 a.m. in public, in the J. Hamilton Maurice Room.

7.2 The Chairman welcomed officials of EFCL and the Ministry of Finance and introductions were exchanged.

7.3 The Chairman outlined the objectives of the inquiry and acknowledged receipt of the EFCL’s submission.

7.4 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of EFCL and the Ministry of Finance:

   i. Absence of individuals invited to appear.
ii. Publication of content of a letter addressed to the JSC on State Enterprises in the media.

iii. The Committees decision to invoke the Standing Orders to issue a summons to be served by the Marshal of the Parliament in order to provide a fair opportunity for individuals who were unable to appear.

iv. Confirmation that Ms. Lee Chee received a letter from Mr. Cox.

v. The issues identified by Mr. Cox in his correspondence with Ms. Lee Chee.

vi. The limitations of Ms. Lee Chee’s responsibility in relation to addressing the contents of Mr. Cox’s correspondence.

vii. Whether Ms. Lee Chee can confirm that former EFCL Board Members were Non-Executive Directors.

viii. Explanation by Ms. Lee Chee of the expected relationship between Non-Executive Directors and Executive Management.

ix. How the Ministry of Finance would treat with instances when Board Members got involved at the level of Executive Management.

x. Whether the Central Audit Committee was under-resourced.

xi. Whether the State Enterprise Performance Monitoring Manual should be made a legally binding document with a penalty structure.

xii. Whether there was ever any breach of tender rules.

xiii. Whether there were any irregularities found in the PricewaterhouseCoopers (PwC) audit to review the claims made by contractors for work done.

xiv. The amount owed to contractors that is under litigation.

xv. The instances when default judgements were made against EFCL.

xvi. The number of select/sole select tenders issued since October, 2015.

xvii. The process used for the award of seven (7) audit contracts to PwC.

xviii. Whether a forensic audit into the leak of information at EFCL was completed.

xix. The number of schools that have been constructed/completed over the past two (2) years.

xx. Whether incomplete schools resulted in the relocation of classes to other premises, and/or the institution of a shift-system for classes.
xxi. The reason for the awarding of contracts when either the required funding for the project is not available or the job site is not yet available.

xxii. Whether suspended construction projects continued to have a financial implication on EFCL.

xxiii. What happens after a project is terminated.

xxiv. Whether EFCL was the service provider for any technology-based projects at schools.

xxv. EFCL’s involvement in the textbook rental programme.
    a. Whether there are any outstanding payments to textbook suppliers.

xxvi. EFCL’s new organisational structure.

7.5 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.
Present were:

Mr. David Small  
Mr. Fazal Karim, MP  
Mr. Wade Mark  
Mr. Adrian Leonce, MP  
Brig. Gen. (Ret.) Ancil Antoine, MP  
Mr. Ronald Huggins  
Mr. Brian Caesar  
Ms. Sheranne Samuel  
Ms. Vahini Jainarine  
Mrs. Krystle Gittens

Chairman
Member
Member
Member
Member
Secretary
Assistant Secretary
Legal Officer I
Graduate Research Assistant

Absent were:

Mrs. Cherrie-Ann Crichlow-Cockburn, MP  
Dr. Lester Henry
Member (Excused)
Vice-Chairman

Also Present were:

Officials of the Education Facilities Company Limited (EFCL)

Mr. Denis Cox  
Ms. Gyllis Noel  
Ms. Danielle Campbell
General Manager (Ag.)
Human Resource Manager
Corporate Secretary/Senior Legal Officer

Former Official of the Education Facilities Company Limited

Mr. Arnold Piggott
Former Chairman

Officials from the Ministry of Education

Mrs. Lenor Baptiste-Simmons  
Mr. Kurt Meyer  
Mrs. Sharon Ashman-John  
Mr. Harrilal Seecharan
Permanent Secretary (Ag.)
Permanent Secretary (Ag.)
Deputy Permanent Secretary
Chief Education Officer
Mr. Wayne Cupid  
Director, Education Facilities, Planning & Procurement Unit

**Officials from the Ministry of Finance**

Ms. Michelle Durham-Kissoon  
Permanent Secretary (Ag.)

Ms. Jennifer Lutchman  
Deputy Permanent Secretary

Mr. Lester Herbert  
Director, Central Audit Committee

Ms. Chintamani Sookoo  
Director (Ag.), Agro-Based Manufacturing Services Sector

Mr. Suresh Dan  
Senior Business Analyst

**PUBLIC HEARING: CONTINUATION OF EFCL INQUIRY**

7.1 The meeting resumed at 10:13 a.m. *in public*, in the J. Hamilton Maurice Room.

7.2 The Chairman welcomed officials and introductions were exchanged.

7.3 The Chairman outlined the objectives of the inquiry and acknowledged receipt of the EFCL’s submission.

7.4 Detailed hereunder are the issues/concerns raised and the responses proffered during the hearing with the officials of EFCL, Ministry of Finance, Ministry of Education and the former Chairman of EFCL:

i. Challenges faced by Mr. Piggott during his tenure as the Chairman of the EFCL Board.

ii. Actions taken by Mr. Piggott on recognition of irregularities at EFCL.

iii. Clarification on who authorised the publication of the full-page ad in the newspaper entitled “Setting the Record Straight”.

iv. Explanation of the difference between non-executive and executive directors.

v. Clarification on what led to the EFCL Board’s involvement in management activities.
   a. Mr. Piggott’s opinion on the interaction between the EFCL Board and Management.

vi. For the period of Mr. Piggott’s tenure as Chairman of the Board:
   a. The number of contracts awarded by EFCL;
   b. The value of the contracts awarded;
   c. Whether all contractors were paid;
   d. Whether any litigation resulted from the non-payment of contracts; and
   e. Whether there were any irregularities in the process for the award of contracts.
   f. Whether instructions from Balisier House were received and heeded.

vii. The number of employees dismissed as a result of PwC audits.
a. Whether any dismissals resulted in litigation.
b. Whether any of the lawsuits were settled.

viii. What informed the decision of the Board of Directors, under the chairmanship of Mr. Piggott, to approve salary increases in 2016.
   a. Clarification by the HR Manager concerning the claim that a Human Resource survey was completed prior to the determination of salary increases.

ix. The allegation of political interference in the running of EFCL.
   a. Instances when meetings were held with the Attorney General and Minister of Education.

x. The reason for Mr. Piggott’s resignation.
   a. Whether circumstances were manipulated in order to frustrate Mr. Piggott into resigning.
b. The point at which, during his tenure as Chairman, Mr. Piggott lost confidence in the Management of EFCL.

xi. Whether there were any concerns with the procurement process at EFCL.
   a. Strategies implemented to mitigate against instances of breaches of the procurement process.
b. Whether it was unusual for contracts to be awarded one (1) day after the submission of a proposal.
c. Reasons for the circumventing of the procurement process despite the implementation of strategies to mitigate against breaches.
d. Whether errors were noticed in bills of quantities submitted for payment by external quantity surveyors.
e. Whether there were any experiences of deliberate falsification of invoices or double invoicing.
f. Whether allegations of a secret “Mill House” of falsified documents were true.

xii. Whether Mr. Piggott was aware of contracts awarded to Watts Electrical.
   a. Whether Watts Electrical was given Letters of Guarantee.

xiii. The events that led to the Ministry of Finance’s decision to change the EFCL Board.

xiv. The procedure followed in the award of the Scarborough RC construction project to York Structures.

xv. The limitations experienced by the Ministry of Education in addressing concerns regarding the tendering function at EFCL.
   a. The response of the Ministry of Finance to the issues flagged by the Ministry of Education.

xvi. The challenges faced by the Central Audit Committee in the completion of audits.
   a. Timeframe for completion of the final report of the Central Audit Committee into the procurement, human resource management and governing practices of EFCL.
b. Actions being taken to strengthen the Central Audit Committee.

xvii. The approximate cost to the State to complete all incomplete schools.
xviii. The issue of certain schools being closed shortly after being classified as “completed”.

xix. The Ministry of Education’s rejection of the proposal by the EFCL Board to establish an asset management report which would facilitate better tracking of construction and maintenance projects at schools.

xx. Clarification by Mr. Cox on the status of monies owed to textbook suppliers.

xxi. Mr. Piggott’s response to the letter sent by Mr. Cox to the P.S. Ministry of Finance.

7.5 The Chairman thanked officials for attending and they were excused. The Chairman also thanked the viewing and listening audience.

Suspension

8.1 At 12:58 p.m., the Chairman suspended the public meeting.
Appendix II

Verbatim Notes
VERBATIM NOTES OF THE EIGHTEENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE ARNOLD THOMASOS (EAST), LEVEL 6, (IN CAMERA) AND IN THE J. HAMILTON MAURICE ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, JUNE 05, 2017 AT 10:26 A.M.

EDUCATION FACILITIES COMPANY LIMITED

Mr. Clyde Permell  Director
Mr. Denis Cox  General Manager (Ag.)/Chief Financial Officer

MINISTRY OF FIANNCE

Ms. Lisa Phillips  Permanent Secretary (Ag.)
Mr. Suresh Dan  Business Analyst
Mr. Lester Herbert  Director, Central Audit Committee

MINISTRY OF EDUCATION

Mrs. Angela Sinaswee-Gervais  Permanent Secretary (Ag.)
Ms. Shobha Jaisir  Deputy Permanent Secretary (Ag.)

Mr. Chairman: Good morning, everyone. I would like to welcome you to this public hearing of the Joint Select Committee on State Enterprises. I thankful for everyone who could be here given the lovely weather we had this morning and the traffic to get here but most of us got here.

I would like to state that the purpose of this meeting is to examine the efficiency and the effectiveness of the Education Facilities Company Limited in managing the construction and repair of Government and Government-Assisted
schools and to explore what might be some of the possible solutions to challenges being faced by the company. The role of this Committee is firstly to examine the issues which arose based on EFCL’s written responses to the Committee’s questions and secondly, to aid EFCL in improving its operations resulting in a more efficient and effective organization.

For your information, this meeting is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 and the Parliament’s YouTube channel ParlView. Viewers and listeners can participate by sending comments related to today’s engagement with the EFCL via email to parl101@ttparliament.org or on our Facebook page at facebook.com/ttparliament or on twitter@ttparliament.

I would like now to invite the officials of the EFCL to introduce themselves and then the other representatives from the other entities, please introduce yourselves

Mr. Cox: A pleasant good morning. My name is Denis Cox. I am the Acting General Manager/Chief Financial Officer of EFCL. My colleague, the Director Permell, he stepped out a while to retrieve his glasses.

[Introductions made]

Mr. Chairman: Thank you very much. I would like to acknowledge that the Committee did receive the submissions from EFCL and I want to thank you for the written responses which were very comprehensive. I would like now to ask the members of this Committee to introduce themselves beginning with the member on my extreme right.

[Introductions made]

Mr. Chairman: Good morning, and I am David Small. I am the Chairman of this Committee. Before we move on, the Committee would like to share some views with the Republic of Trinidad and Tobago about what is to transpire here today. So I would like to say good morning to the citizens of Trinidad and Tobago. Your Committee is here trying to do the work that it has been mandated to do as per the
Constitution of Trinidad and Tobago. Whatever the merits or the issues swirling in the public domain about any entity, the Committee has a process for its work and has an acute focus on dealing with situations where accountability and responsibility are being separated at the highest level in the administration of several state entities. This Committee is here to help and assist entities with their various challenges. Without a doubt, many of these challenges that these entities face occur either because of the absence of, or what we describe as creative avoidance of systems, or holding the entity’s board and management to account.

This Committee will continue to be very vigorous in extracting relevant information to inform our recommendations as the first step in an intervention process to protect the interest of the taxpayers from the wanton greed and abuse of state funds and resources by despicable and criminal-minded persons. To be clear, this Committee is not a judge and jury but be warned that attempts to obfuscate and/or otherwise hinder the progress of our work will be met with the stiffest resistance as we are resolve to put the interest of the taxpayers of this country before that of all others.

Today, we have one member of staff from the EFCL and I think he had indicated that one other director is here. The Committee was informed, only this morning, officially, that the chairman of the company has decided to move on and that also the vice chairman has found it fit to not be present. He has personal reasons. In a situation where the Chairman has demitted office, I think a reasonable person would have expected that the Vice Chairman would have found every reason to be here to represent the company. However, it seems that the Vice Chairman has something more pressing to do than to account to the people of Trinidad and Tobago, and that the Committee takes serious umbrage to. You have a responsibility. When you accept the appointment, you accept the responsibility. If you cannot hold the responsibility, there are options available to you to do something else.
Based on the information that we have here, we have other members of the board who have chosen not to be here this morning, and I am saying that deliberately: Anthony Bisnath, Jeffery Francis, Indu Sharma, Christopher Braithwaite, Dean Burgen and Steven Smlalsingh. These persons are members of the board of EFCL. They would have all been aware of this meeting being scheduled yet somehow, miraculously, no one is able to turn up here today to answer to this Committee, other than, I understand, Mr. Permell is here and has just stepped out to attend to a matter. The Committee takes this as a significant sign of disrespect and it will not be tolerated. It will absolutely not been tolerated.

I want to draw the public’s attention to the Standing Orders of the Senate here and I want to draw members attention to Standing Order 101 in the Senate—102—forgive me—section 12 and in particular section 13, and this is where the Committee has the power to issue a summons to make people appear and I want people to be aware of how serious this Committee is in doing its work. I want to quote. Paragraph (13)(a) states that we can issue a summons and those persons:

“must state the time and place at which it is to be complied with by the person to whom it is addressed;”

And it allows for the Committee to issue a summons which will be delivered:

“…by the Marshal of the Parliament…”
—to ensure that the persons turn up. This is an option available to the Committee and given the gross disrespect demonstrated for the Committee this morning by the other members of the board, it is something that is under active consideration.

Because it is unfortunate that it is in the public domain that the members of the board have been summoned to a meeting elsewhere. So it will be very interesting that they could not turn up here this morning but may find themselves in another place this afternoon and that will only deepen the disrespect. They are thumbing their noses at the people of Trinidad and Tobago and this Committee is extremely
dissatisfied by their response. We would have thought better given the current situation of the company that someone would—parties would have turned up here to explain and give a full accounting of what is going on with the company.

So I want to share with you that the Committee here—as you could see, the Committee is almost fully staffed. We only have, I think, one member who is overseas and you have Members of Parliament, people who are holding serious senior positions including myself and yet we have made the time to be here. Yet somehow, Christopher Braithwaithe, Anthony Bisnath, Jeffery Francis, Indu Sharma, Ricardo Vasquez, Clyde Permell—Mr. Permell is here—Dean Burgen and Steven Samlalsingh could not been here. Not one of them could be here. Let us see who turns up at the other appointment this afternoon at two o’clock because it will just cement in our minds that they have decided to try to put things in place to stymie the work of this Committee. It is their plan. They could run but they cannot hide. And I am putting it on the record now for the member of the board who is here that this Committee will be having a subsequent hearing at which we will demand that every available board member attend and there will be no room for any wiggle, no wiggle room, because we are not tolerating this level of disrespect.

So thank you very much for bearing with the Chairman because the Chairman has been—this matter has been discussed by the Committee and the Chairman is fully authorized to take this position that under normal circumstances, we would expect at least the chairman or the vice chair to be in a meeting. The Chairman, as we understand, has demitted office and the vice chair has chosen to not be here and that is how we read it and then only this morning, we received phone calls regarding other issues.

So, members, I want to now ask—I now revert to the set agenda for this meeting after having laid the views of the Committee very bear on this matter and let us be clear, the Committee intends to pursue as far as possible the objectives of
this enquiry and to the extent that we do not get through all that we want, we will have to call EFCL again for a second meeting within a very short space of time to answer to the questions that this Committee has. We have many questions and we would like a full accounting of those questions.

I just want to also, as I am on the floor, the issue of availability of documentation is an issue that I have treated with on more than one occasion. I have had conversations and questions with the Acting Permanent Secretary, Ministry of Finance, about the ability of companies to tell us that they are not submitting documents and quoting all sorts of reasons, that is not going to be on, and I am going to deal with that substantially again but let me quote the powers of this Committee:

“A Select Committee may require, by Order, that a summons be issued to any person—

to attend before that Committee…and
to produce papers and records in that person’s possession…”

EFCL does not have the ability to tell the Committee that you cannot submit a document. Once you have it, you supply it.

It seems that people do not understand how the Constitution of Trinidad and Tobago works and to the extent that anybody has any discussion with that, the Committee here is here to help you, but do not write and tell us you are not submitting it. That is absolutely not going to be tolerated. I have had to deal with this on more than one occasion and I am dealing with it substantially again. Entities have zero ability to tell the Committee what it can submit and what it cannot. You submit everything the Committee requests.

If there is an issue that you—for competitive or confidentiality, various reasons, you can ask the Committee to consider this in camera. That is a normal process. We will have a private meeting to deal with the issue but you do not have the ability to say you are not submitting the document, and I want that to be
abundantly clear. I keep having to do this because somehow or the other, attorneys are earning a living in these entities and advising the management of all sorts of legal issues why they cannot submit documentation and this Committee is not standing for it! So we expect and I will deal with the issue that I just described but I want to make it as a general statement that everybody understands the page that we are on.

So now, I would like to invite the available board member or whoever from the—or the Acting General Manager to give a few opening remarks on EFCL before we can start this enquiry.

Mr. Cox: Thank you, Mr. Chairman. First of all, I would like to give you a brief overview of EFCL. Education Facilities Company Limited was established in 2005 as a special purpose state enterprise. Its primary activities really are for the construction of schools, repairs and maintenance of schools, the outfitting of schools. Also it is involved in what we call the Textbook Rental Programme. EFCL does the procurement for the textbooks.

In terms of the organization’s structure, EFCL, there is a board of directors. Then we have a nine-member board. At the date of submission of the report, we had nine members. The Chairman had resigned on Friday last so there are now eight members on the board. In terms of the management, the management comprises of an Acting General Manager, we have two Assistant General Managers. One position is vacant. Assistant Manager, Technical; Assistant Manager, Support. The Assistant Manager, Support, resigned last month. We also have several managers at the supervisory level and a complement of 74 members of staff.

EFCL has been undergoing a number of challenges. One of those challenges, I would say, would be in terms of the completion of the audited financial statement which is something that the Ministry of Finance has been requesting of EFCL over the past three years. The last audited financial statement is an audited financial statement for the period ended September 30, 2013. Currently, the auditor, PKF,
they are engaged in finalizing the 2014 and 2015 audited financial statements. In terms of financial statement 2016, due to—the board, in keeping with best practice, has rotated the auditor and we have Orbit Solutions as the new auditor who would be conducting the audits for 2016 and 2017.

**Mr. Chairman:** Okay, Mr. Cox. We just wanted some introductory remarks to start and you will have full opportunity to respond to us as we go forward.

**Mr. Cox:** Thank you, Mr. Chair.

**Mr. Chairman:** So do not worry, we have lots of time and this is a warm Committee so we try to make sure that we make everybody feel welcome and focus on the delivery of the work at hand, but always remember we are very rigorous in our work. I would like to now give the floor to member Karim.

**Mr. Karim:** Thank you very much, Mr. Chairman. Mr. Chairman, in view of your opening remarks, normally at these meetings, the experience is that we would have members of the board, Chairman or Vice Chairman, and also senior members of the organization. I would like to direct this question to the Acting Permanent Secretary, Mrs. Sinaswee-Gervais. I read in the newspaper yesterday where you indicated that you were directed by the Minister of Education to invite or summon persons to a meeting at two o’clock today at the Ministry of Education, which comprises all members of the board as well as senior personnel from the EFCL senior staff. And the question really is: can you tell us, tell the Committee, what was your response or what response you received? In other words, who has consented or who have consented to attend that meeting at two o’clock this afternoon?

**Mrs. Sinaswee-Gervais:** Good morning again. As at this morning at eight o’clock, I had not received any information that persons would not be attending. It was a mandatory meeting so I am expecting that all members would be attending. I do not know if by the time I reach back in the office, if I would get any apologies. But as at eight o’clock this morning, I had no apologies.
Mr. Karim: Normally, whenever meetings are being called, for example, even of us, we have to give individual responses and I wanted to get a sense from you as to who are the persons. If you are saying that you have not had any information that no one would not be, can you tell us so far who you expect to be in attendance or who have agreed? I am sure they would have responded and say, “Well, I am not coming, I am not coming, and I am unable to come”. So if you could tell us who are the persons, their names and their portfolios, who will be attending that 2.00 p.m. meeting this afternoon.

Mrs. Sinaswee-Gervais: I do not have that information either as at eight o’clock this morning. No one called to say that they are coming or they are not coming. But as I said, it is a mandatory meeting and we expect them all to attend.

Mr. Mark: May I follow up? Acting Permanent Secretary, did you issue formal correspondence to the members of the board of the EFCL to attend that meeting? And have you, as you said, up to this time—well, first of all, when was that issued and could you make a copy of that letter available to this Committee? The letter that was issued by you to these board members. When was it issued? What time? And you are telling us as of 8.00 a.m. this morning, you had not received any excuses or apologies. When was that letter issued?

Mrs. Sinaswee-Gervais: The letter was issued mid-afternoon. I cannot say exactly—on Friday, sorry. Friday the 2nd of June, it was sent to the vice Chairman of the board and as I said, I have not received any yeas or nays since then.

Mr. Mark: Would you be kind enough to make a copy of that letter available to the Chairman?

Mrs. Sinaswee-Gervais: Yes, that can happen. I will send it later today.

Mr. Mark: And Mr. Chairman, may I follow up on Ms. Lisa Phillips who is the Permanent Secretary, Acting, Ministry of Finance. You represent Corporation Sole interest or I so verily believe, and we know the role of Corporation Sole as it relates
to these state enterprises. Could you explain the conduct, behaviour, the attitude of these board members, with the exception of Mr Permell and their former Chairman, as to their non-appearance at this morning’s meeting? Could you offer any explanation and could you advise this Committee what action your Ministry, as Permanent Secretary, will be taking for the disrespect and literal contempt shown by those members towards this Committee? Ms. Phillips, could you explain to us what action you intend to take?

Ms. Phillips: Good morning. The members of the board, in particular the Chairman, reports to the Corporation Sole or the Minister of Finance so the Permanent Secretary—the members of the board do not fall under the purview of the Permanent Secretary. However, I can have discussions with the Minister of Finance letting him know the status, what has happened and depending on what he says, action would be taken.

Mr. Mark: But you would be aware, through the Investments Division, that this company called the EFCL has been making news, like the President of the United States, every day and not good news. They have been receiving very negative news because of their conduct, their behaviour—

Mr. Chairman: Allegedly.

Mr. Mark: Allegedly. Well alleged behaviour and misconduct. Could you advise this Committee, either through you or Mr. Herbert, in light of all those statements particularly appearing in the Trinidad and Tobago Express newspaper, what measures have been taken by the Investments Division to act or to enquire into these matters and to take the relevant and necessary action to address them once it turns out to be true? What measures, what action, have been taken by the Ministry?

10.50a.m.

Ms. Phillips: The Ministry has mandated an audit to be conducted by the Central Audit Committee into the procurement, human resource management and governing
practices of EFCL. This audit is expected to start this morning.

Mr. Mark: Do you have any idea what is the time frame because of the serious nature of some of these allegations? Do you have any idea what time frame would be given to this audit committee, and is it also properly staffed to execute with some degree of swiftness this particular mandate?

Ms. Phillips: We do currently have a shortage of staff at the Central Audit. The only available staff we have is one member who has been sent out. The audit is expected to be completed in about four weeks.

Mr. Mark: How many members make up the Central Audit Committee, you said? Only, how many members are there?

Ms. Phillips: We have six Audit Analysts and one director at this time.

Mr. Mark: And you expect within a four-week period that audit would have been completed?

Ms. Phillips: Yes.

Mr. Mark: When was that audit ordered?

Ms. Phillips: This audit was requested, maybe about a month ago.

Mr. Mark: A month ago? And it will take?

Ms. Phillips: Sorry, let me correct that. It was requested in January but staff was not available to attend.

Mr. Mark: The audit into the activities of EFCL would have been ordered since January?

Ms. Phillips: Yes.

Mr. Mark: And one staff was not available and that audit is commencing or has commenced as of today?

Ms. Phillips: Yes.

Mr. Mark: Now, what was responsible? Because of the absence of one staff member from January to now and we are now getting that audit started only today, and you
are proposing or suggesting that it would take at least four weeks to complete. Why this gap between January to now, given all that has taken place between that period?

**Ms. Phillips:** May I allow Mr. Herbert to respond to that?

**Mr. Mark:** Yes, sure.

**Mr. Herbert:** The audit was requested by the Minister in January of 2017. We assigned a member of staff to conduct the audit, and that member of staff subsequently resigned. We made arrangements for another member of staff to go on the audit, to start the audit in March or April of this year. Due to a conflicting audit that was requested and given priority, that member of staff could not conduct the audit. So this is the first available member of staff that we have had and we have put her on the audit to start the audit from today.

**Mr. Mark:** Thank you, Mr. Herbert. Mr. Chairman, again, could Ms. Lisa Phillips indicate to this Committee what are the terms of reference of this Central Audit Committee as it begins its work into this EFCL?

The reason why I am asking this is that I have a letter before me dated 3rd of November, 2016, addressed to one Mrs. Suzette Lychee, and it is signed by the General Manager, who is here with us in his capacity as both General Manager and Chief Financial Officer, which I will address very shortly, to him. But I wanted to ask you, if you could share with this Committee: What is the mandate or terms of reference of this central audit, given the serious allegations that have been made against this particular entity? First of all, there is a systems audit that is being conducted. It will deal with procurement practices, human resource management practices—that includes recruitment, dismissal, that kind of thing—as well as governance issues, how the board operates and that kind of thing.

**Mr. Chairman:** May I interject, Madam Permanent Secretary? Could you please provide the Committee with a copy of the terms of reference with respect to this specific audit that is being conducted—[*Interruption*]
Ms. Phillips: Sure, Mr. Chairman.

Mr. Chairman:—so that the Committee can have an understanding of what the audit is about, what they plan to look at?

Ms. Phillips: Yes, Mr. Chairman.

Mr. Chairman: I just want to take the opportunity for a quick follow-up. Could you confirm that a meeting as noted by Sen. Mark earlier, a meeting was requested between the management of EFCL and the Corporation Sole’s office? Could you confirm that that meeting actually occurred?

Ms. Phillips: The meeting between Mrs. Lychee and—

Mr. Chairman: Yes.

Ms. Phillips: I was on vacation at that time, so I am not sure but I do believe it did occur.

Mr. Chairman: But that is important for us because—Madam Permanent Secretary, in your experience as a Permanent Secretary, we know each other from my previous life, but would you—and I do not want to put you on the spot—it is unusual for a management of a company to report to Corporation Sole that they are having challenges in the way in which the board is operating? Is this something you have seen before? Is this something that is relatively unusual?

Ms. Phillips: Since I have been here at Investments Division, which is about one year now, we have had incidences where management of the company would have complained or want to see Corporation Sole, with respect to issues with the board.

Mr. Chairman: So this is not necessarily an unusual occurrence?

Ms. Phillips: No.

Mr. Chairman: You have seen it before?

Ms. Phillips: Yes.

Mr. Chairman: And if that is the case, you have seen it before, I would like to understand what is the game plan? If the Cabinet appoints directors but there is a
substantive management group and the management group—and this is where people’s understanding of the separation about corporate governance. Boards of directors are there to guide/oversee the operations of management and to deal with policy issues.

They are not supposed to be involved in the day to day management. And I am sure, I having experienced it personally myself, I know that the Corporation Sole, the Investments Division in particular has a seminar to sensitize directors to their role. They do a seminar and indicate to directors the limits of your capabilities and you have to allow the management to run the business. But if this is happening and yet you are saying that this is not the first instance of management essentially saying they are having challenges with the board interfering in the way in which the company is being run, what is the strategy of the Ministry of Finance to treat with that because it just cannot continue.

I have put you in a spot. Okay, Madam Permanent Secretary, I am not going to press you on that. I would leave it as a comment, something for the Ministry to consider. If, as you have indicated, this is not the first instance where a management has communicated with Investments Division that we are trying to run the company but there seems to be interference, for want for a better word, by the board in the day-to-day operations of the business, then there has to be a strategy developed by Investments Division to manage that. Because that is completely wrong. I myself having served nearly 10 years as a director on a state board, I would be in the office one day a month or two days a month, for a few hours.

So that, I am struggling to understand that if you have this experience, that you have not, by now, tried to figure out how to the manage it or how to treat with it. That is all I am saying. So I want to—Sen. Mark, are you complete?

**Mr. Mark:** No. I just wanted to ask Mr. Permell, seeing that he is the only member of the board of directors, I should say, here with us today. Mr. Permell, I understand
that the company has expended a huge amount of scarce financial resources, approximately $3 million, to conduct forensic audits at the EFCL. Would you be kind enough to tell us, first of all if my number is right, that you have expended over $3 million in expenditure to conduct these forensic audits?

Could you also inform this Committee how many forensic audits were conducted? Could you also advise us why only PricewaterhouseCoopers was recruited to conduct these particular audits? And would you also be kind enough to let us know some of the results of these audits and/or investigations? Would you be kind enough to provide us with that information?

Mr. Permell: Sen. Mark, I am afraid that I would be unable to do all that you have requested, for the simple reason that Mr. Permell was only appointed a director February 16th. Since then, I probably attended about three meetings and I am still grappling with trying to understand what is going at EFCL and, therefore, I would be unable to give you the type of answer that you require.

Mr. Mark: Well, maybe I can ask the Permanent Secretary or Mr. Herbert, because I do not believe that they could be conducting these forensic audits at the expenditure level that I have been advised, over $3 million, or maybe even the Permanent Secretary in the Ministry of Education. How many audits, forensic audits, have been conducted thus far? As I said, I do not like to repeat myself. I have made myself very clear. So maybe the Permanent Secretary, Acting, in the Ministry of Education can advise this Committee and maybe Ms. Phillip and Mr. Herbert can clarify even further. So Madam Permanent Secretary, could you advise us on this matter?

Mrs. Sinaswee-Gervais: Sen. Mark, unfortunately, at this point in time, I do not have that information but I could seek to get it and provide it as quickly as possible.

Mr. Mark: Madam Permanent Secretary, you would be in a position?

Ms. Phillips: Unfortunately, we do not have the information as well.

Mr. Chairman: I am astonished.
Mr. Mark: And what about Mr. Herbert?

Mr. Herbert: The company, although they submit reports to us, they do not give every bit of information. We were not aware that they have commissioned the audits, and we have not received any reports of the audits that were completed.

Mr. Chairman: Could the Chairman interject here? Mr. Cox. I see Mr. Permell has indicated that these were things prior to his appointment. Mr. Cox, does the company have in its possession, these audit reports?

Mr. Cox: Chairman, I came in, in August 2016, and I was made aware that several forensic audits were being undertaken by the company.

Mr. Chairman: All right, my question: Are you aware whether the company has these audit reports in its possession?

Mr. Cox: I do not have a copy of the forensic—any of the forensic reports.

Mr. Chairman: So let me ask a different question, because Sen. Mark asked a perfectly pertinent question. Allegedly, or according to Sen. Mark’s information, several million dollars of taxpayers’ money was spent on audit reports, and yet you as the General Manager cannot account for whether they even exist. Is that what you are saying?

Mr. Cox: I have no access to the forensic. However, I can confirm that payments were made towards forensic audits.

Mr. Chairman: So, what are we paying for? Well, this continues to be an interesting session because things are happening at EFCL and then all of a sudden, it is either amnesia or something has set in. Nobody seems to know anything. So that I am getting more and more concerned as time goes along. But I intend to press on. So Mr. Cox, no reflection on you. You are the holder of the office and you are indicating to this Committee that you do even know where the—but you can confirm that the money was paid.

Mr. Cox: Yes, some money was paid.
Mr. Mark: Do you want to tell this Committee how much? What quantum of money was paid? Could you remember that, Mr. Cox?

Mr. Cox: I do not know the exact amount, but, probably 2.9, you know, thereabout.

Mr. Chairman: Could you provide details on the payments and what they were specifically for, to this Committee, please?

Mr. Cox: I can do that. I can do that.

Mr. Chairman: We would appreciate that. Sen. Mark, I will now move to MP Karim.

Mr. Mark: Yes, no problem.

Mr. Karim: I just wanted to ask with respect to audits, from your information, your knowledge, well I want to ask two questions on this, were there other audits that were conducted prior to this last audit that you just indicated the sum of $2.9 million may have been paid? And if there were other audits, when were these audits conducted? What were they initiated for? What caused them to commence audits of that nature? Whether those reports were completed, paid for and what was done about these audits? But before you answer the question, the Acting Permanent Secretary indicated that the invitation letter went out to members of the board and senior staff on the afternoon of Friday. We have Mr. Permell, a Director here and I would like to ask Mr. Permell when did he get his letter of invitation? At what time did he get his letter of invitation for the meeting at 2.00 p.m. today with the Ministry and the Minister and did he respond to that invitation and to whom did he respond? So one is to Mr. Permell and the other one has to do with the audit and then I would ask subsequent questions.

Mr. Permell: Okay. I received it on—and it was not a—it was a copy of a letter sent by the secretary of EFCL. Okay? I was sent via email. I received mine on, I would say what, Friday night or something like that, via email.

Mr. Karim: And did you respond to that email invitation?
Mr. Permell: I did not respond because I saw a very important word there “mandatory”. There that means that I had virtually no option, in terms of attendance.

Mr. Karim: So, in other words, just to, again, belabour the “mandatory” that you will be attending this afternoon’s meeting at 2.00p.m.?

Mr. Permell: Yes, I will be attending this afternoon at 2.00 p.m.

Mr. Karim: Okay. And with respect to the question on the audit, I had asked a question on the audit.

Mr. Cox: Through the Chair, there were, I think, two audits that were conducted with respect to staff issues that had to do with the procurement of certain transactions, I think concerning Five Rivers Government Secondary School, an audit was conducted. The other audit involved, I think it hinted—I do not have the specifics but it had to do with another staff member, the Executive Manager.

Mr. Karim: But just a follow-up. As the acting person for finance, the manager of finance, when you have to make payments, whether it is an interim payment or a final payment for these reports, would you not have had the details as to what you are paying for, what you are engaging in? And if that is so, can you tell us what that Five Rivers Government Secondary School audit was about. And if there are any other audits what were the nature of those audits, whether they were fully completed, whether they were fully paid for? What were the findings? In other words, was any action taken on the basis of the audited statements?

Mr. Cox: Okay, in terms of the forensic audit, which really preceded my arrival at the company, in this document that was submitted to the Joint Select Committee, we have, you know some accompanying documentation. Because the forensic audit, what I understood, it led to the termination of five members of the executive staff at that point in time, in terms of the outcome of the audit.

The audit, with respect to the Five Rivers had to do with the procurement procedure and whether there were breaches in the tender policy, with respect to the
members of staff that were engaged in that process in the procurement of, I think it was air condition facilities for the Five Rivers Government Secondary School.

**Mr. Karim:** So, as far as you are aware, were there breaches to the tender processes?

**Mr. Cox:** That is a bit complicated, very complicated.

**Mr. Chairman:** I would not like Mr. Cox to opine on whether there was a breach or not.

**Mr. Karim:** Okay, well can I ask whether you communicated to anyone or any agency or any other Ministry or any persons in those Ministries, with respect to your concerns about tender procedures?

**Mr. Cox:** With respect to those audits, the Ministry of Finance, at that time, they came in to do, the Central Audit Committee, they came in to look at those same specific audits. So there was no need for me to, you know, involve any of the other agencies, per se, the Ministry of Education, as to what was taking place or what has taken place, you know, with respect to these audits.

With respect to your other question you asked in terms of how we do payment. The audit, we received the invoice from the company and it is stated the information. I looked at the terms of reference that was issued by the board, well, I should not say the board, by the company, EFCL and the cheque was processed on the basis of those documentation. It was approved by the Acting Corporate Secretary who would be the liaison between the board and the general management. So on that basis, the payments were processed.

**Mr. Karim:** Can you give us an idea as to what the TOR would have been?

**Mr. Cox:** I cannot remember offhand but I can submit that document in writing.

**Mr. Chairman:** You can provide that to us in writing.

**Mr. Cox:** Sure.

**Mr. Karim:** With respect to the Ministry of Finance, could you indicate whether there were previous audits and as I indicated, as to what would have caused or
triggered those audits and what were the consequences of the audit reports being received?

**Mr. Herbert:** I believe we have done probably three audits at EFCL. In those audits we find that there were some breaches in the procedures which we notified the board of, in terms of the breaches that we discovered, and I believe corrective actions were taken.

I know one report was from 2011/2012. I do not have all the details of it but I can forward those reports to you.

**Mr. Chairman:** The Committee would be very pleased to receive same from you. I have a question for Mr. Cox and I want to—I do not want to put you in any trouble Mr. Cox, but I want your most direct answer. You indicated earlier that you joined EFCL, if I am correct, in July 2016.

**Mr. Cox:** August 15, 2016.

**Mr. Chairman:** August 15, 2016.

**Mr. Cox:** Yeah.

**Mr. Chairman:** Sen. Mark has referenced a letter dated sometime in November 2016, signed by you, indicating particular issues. I am trying to understand, if you joined the company in August what would have led you to be able to pen the letter in the period from August to November, a very short period, for somebody who is new to the company to have all of these concerns. Based on that timeline it seems that it is something particularly egregious, but I do not like to guess. So, in your most direct style, help the Committee to understand that you who were appointed to the position in August 2016, yet a mere three and a half months later you penned a letter to Corporation Sole advising of challenges with the board. That is a very short period of time. I want you to help us with the history, because there is a gap somewhere and the Committee is trying to fill the gap.

If you have a challenge sharing that information with the Committee on
camera, we can arrange to have you provide that to us otherwise. But at least I would like for you to characterize what led you to that stage.

Mr. Cox: Thank you, Chair. I would try to be brief and to the point. I was appointed Chief Financial Officer at EFCL August 2015. Subsequent to that, I think it was October 2016, I was, well say, promoted to Acting General Manager and during that time all the managers reported to me, in terms of the functional areas. And in their reporting they, you know, informed me of some of the challenges that they had, in particular with certain members of the board. That, you know, I observed with my, you know, because certain members of the board were regularly at the compound and the premises and—[Interruption]

Mr. Chairman: Describe “regularly”.

Mr. Cox: Almost every day.

Mr. Chairman: Almost every day?

Mr. Cox: Yeah. And there were some practices which I, as General Manager, objected to because the board was having meetings every evening with the staff. They have to report every evening what they did for the day, where they went, which school they visited and to give an update; a daily status update.

Mr. Chairman: A daily status update.

Mr. Cox: Yeah. Which I felt, as General Manager, you are usurping my authority. I mean I was acting, but, you know. And the information that was coming to me, in my capacity as General Manager I felt that, you know, they were crossing the line.

Mr. Chairman: I will stop you there. I am agreeing with you.

Mr. Cox: Thanks.

Mr. Chairman: That if your reporting is accurate, if your reporting is accurate, it is absolutely not allowed, absolutely not allowed for that to happen because that is the reason you have, in the corporate governance model that I am aware of, directors do not get involved in the day-to-day business of the company, that is why you have a
management in place.

I will await to see how that pans out. I do not want to put you in any more trouble but at least you have given us a flavour for what the challenge is and I am happy that it is on the public record. And to the extent that this Committee can afford you the opportunity to share with us any deeper information we can arrange for that. But you see, the problems we are having is that we want direct information. I cannot, the Committee cannot function necessarily only from the press reports. So I appreciate your candour and your directness. It is much appreciated.

I have a request from MP Leonce for the floor.

**Mr. Leonce:** Chair, thank you. In your submission you indicated that your major challenge in delivering to the Ministry would have been funding.

My question is: Based on the budget, there would have been some planning as to deliverables and projects. How is that process carried out? How is money requested, and how do you receive money, with respect to the budget allocation and your projected plan of action with respect to the budget?

**Mr. Cox:** Okay, in terms of the processes, in terms of how we go about our daily operation, we would get instructions at the Ministry, through the Permanent Secretary as to what school repair, or what school construction, or what school, in terms of outfitting or textbook programme. We would get that information from the Ministry.

The technical team, EFCL would do a costing process, and pricing and report it back to the Ministry to give an estimate as to what would be the cost of the particular project. I use the term project for the job. The Ministry would agree in most cases and apply what we call a plus or minus contingency to the work and give us the approval to go ahead, in other words to go for tender.

EFCL, through the procurement, we would look at, you know, a series of what we call—from our approved list of contractors. We would invite submissions from
these approved list of contractors who are equipped to do the job or who has the capacity, based on our documentation, to perform the task, and they would do the site visit and they would submit their bids.

**Mr. Leonce:** The question I am asking is after that process is followed, right, I would assume then that moneys would be released to pay for these particular services.

**Mr. Cox:** Just for correction, I would assume that the allocation, when we get approval from the Ministry, it is based on the approved budget, the national budget; the allocation for the Ministry of Education, and based on that, they would approve projects to meet with their allocation. Okay? And based on that, we would proceed with the contractor to carry on the respective task.

Upon completion of the task the contractor now would submit his invoice and we would do what we call an IPC, either interim payment certificate or a final performance certificate with all the documentation, work certified and we would process it in-house. We look at the letter of offer, which we call LOA and we match the letter of offer with the submission/invoice or the invoices submitted by the contractor, with all relevant documentation, and we would bundle that and send it to the Ministry of Education for payment along with an invoice for our fees.

**Mr. Leonce:** Right, so my question is: After that process is carried out, then the Ministry would release funds?

**Mr. Cox:** Yes, that is how the process should work. But given the final state of the economy, allocation tends to be a challenge. In other words, you know, like work done in 2015, we may still waiting for payment. Work done in 2016, we may be still waiting for payment. So it has to do with the Ministry of Finance. How the money could be, the cash flow.

**11.20 a.m.**

**Mr. Leonce:** Let me be more specific with the question. Has there ever been a time or an incidence where money would have been released for payment for the planned...
projects that the Ministry would have directed and it would have been directed elsewhere?

Mr. Cox: No, I am not aware. I am not aware of those payments being made in advance. You are talking about payments made in advance for the projects?

Mr. Leonce: No, no. Let me ask again. Has there ever been a situation where—because based on the explanation you gave, based on the financial constraints, the Ministry would have indicated these particular projects would have been priority—

Mr. Cox: Yeah.

Mr. Leonce:—and you all would have gone through that entire process. My question is: Has there been a situation—has there ever been a situation where the Ministry would have released that funding after that process is done and moneys would have been directed elsewhere instead of specific to those projects?

Mr. Cox: We were told—well, I am told that prior to this administration that there were incidence where moneys were paid to contractor A by the Ministry and EFCL paid contractor B, but I have no documentary evidence at this point in time.

Mr. Chairman: I would like to protect you again, Mr. Cox. Anything you say you should be able to reference as documentary. So, I hear, but we are trying to get to the facts here at this Committee. MP Leonce, do you have anything further?

Mr. Leonce: One other question. I am just going based on the main challenges that you indicated. So finance and release of funding would have been one. One of your other challenges was the negative publicity in the public domain based on misrepresentation. Can you explain what this misrepresentation is?

Mr. Cox: Right. Those challenges really from the perspective of the contractor relationship, contractor/EFCL relationship, what we have realized, in recent times, contractors were very reluctant to do work for EFCL based on the fact that their payments are not sure in terms of the indefinite wait or indeterminate period waiting to receive their funding.
Secondly, negative publicity out there creates, you know, a negative environment in terms of transacting or relating with our contractors. They indicated to us that, you know, well they were scared to do work with EFCL on the basis of, you know—I should use the word—let me use an accounting term “solvency” of the company. In other words, the company would no longer exist based on these negative matters in the public domain.

**Mr. Leonce:** And in your view, this is a misrepresentation that the contractors would have an inordinate length of time to be paid. This is a misrepresentation.

**Mr. Cox:** No, that is not a misrepresentation. The misrepresentation has to be the information in the press in the public domain. Some of the information in the public domain may not be what it really is. So, in other words, there are truths and half-truths out there and those are creating different perspective. You know, the perspective of the contractor, it is creating a certain amount of fear or mistrust in terms of how they treat with EFCL.

**Mr. Chairman:** Thank you very much. The Chair would like to intervene here. Mr. Permell, I noted earlier you indicated that several matters predated your appointment to the board regarding the various engagements of PwC, but based on the information available in the public, in the past two weeks or so or less, the company engaged PwC to provide a report regarding an issue around the ICT Manager. Based on the information in the public domain, it seems that an interim report was presented to the board, I believe last Friday. What I want to understand is: What was the driver for engaging PwC? What was the reason the company decided or the board decided to engage PwC? You would have been in the meeting. I am just trying to understand why. What was the basis for engaging PwC?

**Mr. Permell:** Actually, the board members had the belief that information from board meetings that those were actually flowing freely to the management and to other workers of the company, and that was causing some problems in terms of
actually running the company as such.

**Mr. Chairman:** Right. So what were you hoping to achieve? I am trying—

**Mr. Permell:** To come up with whether it was fact or fiction or whether there were any grounds for that belief in terms of information getting back. What was done is that a member from PricewaterhouseCoopers came in and actually received the computer and so on from the particular person, the IT Manager, and they went through that computer.

**Mr. Chairman:** Can I ask a different question? Does EFCL have a whistle-blower policy in place?

**Mr. Permell:** I am not aware.

**Mr. Chairman:** You are not aware. Mr. Cox, excuse me, are you aware whether EFCL has a whistle-blower policy in place?

**Mr. Cox:** Chairman, I am also not aware of that, of any policy.

**Mr. Chairman:** Astonishing, forgive me. So here is what I am getting at. Could you give us and idea, Mr. Permell, what was the cost of this engagement? Because what you are saying is that there were suspected leaks of information from the company’s boardroom and other places to other places and on that basis the company engaged PwC to try to find out whether or not that was really happening or not. Am I correct?

**Mr. Permell:** Yes.

**Mr. Chairman:** Good. So I am just trying to understand, what was the estimated cost for that service?

**Mr. Permell:** At this time, because that was only when? Last board meeting which was about a week ago. I cannot give you the cost as yet.

**Mr. Chairman:** So PwC delivered an interim report, so they did it for free?

**Mr. Permell:** I am not saying that. I am saying that as to date, I cannot give you the cost because that happened at the last board meeting. The request may have been supplied shortly after so, therefore, I cannot really in all honesty give you the cost
that you are asking for.

**Mr. Chairman:** Well, here is what I am driving at. You should be aware as a member of the board and I suppose everybody at the table there, that the sitting Government is pursuing a whistle-blower legislation. It is incumbent upon all state entities to make sure that they have a whistle-blower policy in place. So that the issues that the board found troubling could have been easily handled if they had a whistle-blower policy in place, or it would have been easier to manage if you had a policy in place to allow people who wish to flag issues an avenue to flag those issues and rather than engage PwC with taxpayers’ money to find out if it was happening, this is something that could have been managed internally. That is my respectful view. I think that is something that the board and the management have to look at going forward very seriously to avoid unnecessary spending of taxpayers’ money.

I have no problem with PwC per se, but I am concerned when every time there is an issue where there is, in my respectful view, a management fix—the management can do their job, the board can do their job and fix the problem rather than be paying the consultant in this time of scarce resources. So I do not need a response, but the Chair is sharing with you his view on the matter that this is something that is a pattern that has seemed to be par for the course of the EFCL and other entities when it does not seem that the management knows what to do or the board certainly is clueless. We need to fix those things and those things are, in my respectful view, easy fixes, easy fixes.

Before I give the floor to Sen. Baksh, I want to reference back to the Acting Permanent Secretary, Sinaswée-Gervais—if my glasses—I did read your name incorrectly, I apologize. In his response to my question, a short while ago, Mr. Cox indicated that he had some challenges. I am aware that the corporation sole Investments Division team is aware that a meeting occurred, and they would probably be aware of the genesis or whatever the concerns were. As the line
Ministry, were you aware of those issues?

Mrs. Sinaswee-Gervais: I would start off by saying you did say my name correctly. Thank you. [Laughter] In November—I got the sense it was the 3rd of November. We have two Permanent Secretaries in the Ministry of Education and in November I was not the accounting officer until later. At the 3rd I was not. I became accounting officer around the 7th. So I can say I was not aware. I cannot speak for my colleague who would have been the accounting officer at the time.

Mr. Chairman: But subsequent to that.

Mrs. Sinaswee-Gervais: No, I was not aware.

Mr. Chairman: So even today this is news—

Mrs. Sinaswee-Gervais: I know. I found out recently.

Mr. Chairman: Recently? Okay.

Mrs. Sinaswee-Gervais: Anywhere around November, I was not aware of that meeting with PS.

Mr. Chairman: Well, I am going further, Madam Permanent Secretary. I want to elicit a response from you. If the management—now that you are aware that the management has made a particular approach to the Corporation Sole, is this something that concerns you or not?

Mrs. Sinaswee-Gervais: It concerns me, yes. However, I was made aware of it while I was on vacation. I resumed duty on Thursday. So I am now in a position to be very concerned and to look into it further.

Mr. Chairman: That is where I am going, Madam Permanent Secretary. Now that you have the information, because you are the line agency. The General Manager has indicated he is having some issues, and I would like to think that the line Ministry is there to support the management team and try to let us see how we could work the problem out and sort it out in cooperation with Corporation Sole, of course. I just want to make sure that we are all aligned.
Mrs. Sinaswee-Gervais: Yes, we are.

Mr. Chairman: It is all about alignment.

Mrs. Sinaswee-Gervais: It is all about alignment yes, just as I said, now I am in a better position, having resumed, to look into that further. And yes the Ministry of Education is there to work with EFCL to make sure we are all aligned.

Mr. Chairman: This Committee take those statements very, very seriously. For the members of public who probably do not understand what is corporate governance, it is absolutely not allowed. It is absolutely not allowed. So that if these statements that are being made are even remotely accurate, then some action has to be taken because there is no way that members of the board should be sitting having daily meetings with staff of the entity bypassing the General Manager. That is not on. So I have several requests. I have four requests. Do you want to do a follow-up?


Brig. Gen. Antoine: Yes, to Mr. Cox, the General Manager. After you raised these concerns about the Board of Directors of EFCL with the Permanent Secretary, what was the outcome of the meeting with the Permanent Secretary? Did you see any changes in the activities of the Board of Directors subsequent to the concerns that were raised by you? Were there any follow-up meetings? After you raised your concerns with the PS, was there a meeting with the Corporation Sole? Was there a meeting with the Chairman of the Board and the Board of Directors based on your concern that you raised with the Permanent Secretary?

Mr. Cox: Through the Chair—

Mr. Chairman: And be direct Mr. Cox, be direct.

Mr. Cox: Yes. The Ministry of Finance did follow up on my concern. There was, in fact, an intervention. I was told that the Minister of Education, the Minister of
Finance and the Minister of Planning and Development convened a meeting with the board, the Chairman of the Board to respond to my concerns. Subsequent to the meeting with the Ministers, I had discussion with my board, the Chairman and other members of the board in terms of forging a way forward.

The fact, you know, the behaviour, we saw a change in behaviour in terms of members of the board no longer came on a regular basis and interacted with staff. So they interacted either through me or through the Corporate Sec, but more with the Corporate Sec, Acting Corporate Secretary rather than holding meeting with members of staff and the management team. So I did see a change.

**Mr. Chairman:** All right. Sen. Baksh, you have the floor.

**Miss Baksh:** Thank you, Chair.

**Mr. Cox:** Through you, Chair, just one additional point. Subsequent to that also in January the Ministry of Finance conducted a corporate governance seminar which the board were invited and myself—the management team and the board were invited—and we made a contribution to that. Thank you.

**Mr. Chairman:** Somebody still did not get the memo. They went to the seminar but they are not here. So the management and the board, in my respectful view, some remedial training is needed for the members of the board who are absent today, because I am going to hammer that along with all the other members of the management who could not find themselves here today. So that I suspect the Ministry of Finance may have to run a special seminar for the management and the board of EFCL so that the level of disrespect demonstrated to the people of Trinidad and Tobago this morning will not be repeated. Sen. Baksh, you have the floor.

**Miss Baksh:** In an *Express* article dated May 30th, 2017, it is alleged that the ICT Manager along with 10 other employees were dismissed. Is this true?

**Mr. Cox:** Just for correction, through the Chair, the IT Manager was put on suspension based on, as Mr. Permell indicated, the PwC report. The eight other
members of staff their contract were nearing the end and, in some cases, their contract had expired and they were given letters stating that there would be no renewals of their contract. So, the word “fired” I do not think, in this context, it is not appropriate. They were not renewed. Their contracts were not renewed.

Miss Baksh: But for what reasons? How do you think the recent dismissals or sending home people is affecting employee morale?

Mr. Cox: Up to this point, definitely employee morale is affected severely. I think how it was done, there was a situation where a memo went to the press—

Mr. Chairman: Could you help us with how it was done? You flagged it. I am putting you on the spot, but when you say especially how it was done, because we operate in a space where the environment is now where the job market is tough, and if you have to release people from employment it should be as gentle as possible. So that is my respectful remit to you. So I want you to help us with what you mean when you say how it was done.

Mr. Cox: Thank you, Chair. As Acting General Manager, I had discussion with the HR committee of the board in terms of how we should treat with a dwindling revenue stream in terms of the number of jobs that we were getting at the time. I indicated—that the number of jobs moved from 118 schools to 20 schools to be built within the fiscal period and the economy was—well, we are in an adverse economic situation right now. The macro environmental factors indicate that EFCL was under severe economic strain in terms of carrying the workforce, its present workforce. So there was a need to reduce the size of the workforce.

However, the suggestion of management was to look at people’s appraisal in terms of the need analysis, HR, and to decide how we are going to phase the staff. We held a meeting with the Minister of Finance—sorry, the Minister of Education and the Minister of Education indicated that he would look at other options rather than sending people home. The management team, with that in mind, we reconfigure
in terms of how we would approach the board, our proposal given the fact that the Minister of Education had given us some assurances that he would treat with the matter of funding, because at that point in time there was about $55 million owing in terms of fees to us, which should be sufficient enough to carry the staff for another year or two.

However, the submission was made to the board and on that day itself a decision was made to send letters to the staff at the board meeting, issued to staff on that day. I was not around at the time, but I was told that letters were issued to eight members of staff including a letter of suspension of the IT manager. So that is it in a nutshell. [Crosstalk]

**Mr. Chairman:** Certainly. Press on Sen. Baksh.

**Miss Baksh:** All right. Recent media publications strongly suggest that there is a level of discord between the board members of EFCL and the management team and possibly staff. Can you let us know what steps are being taken to resolve the underlying issues?

**Mr. Chairman:** So, Mr. Cox—Sen. Baksh, you put Mr. Cox on the spot. Follow on to the other question.

**Miss Baksh:** I think I would put him on the spot again, so. Okay. The Committee has noted in recent publications again where media publications quoted verbatim correspondences between the EFCL and the Office of the Parliament. What is being done to address the apparent leak that is taking place within the organization?

**Mr. Cox:** That situation is really unfortunate. I did apologize and I would publicly apologize to the Joint Select Committee Secretariat for those breaches.

**Mr. Chairman:** I want to put on the public record as Chairman of this Committee, I was perturbed that on a particular night I am normally up late—I am reading the online version of a newspaper, and I am seeing a letter that is supposed to come to me—I do not see it until the next day, but the letter is verbatim already in the
newspaper the night before. So that let us just say that the members of this Committee were perturbed, because when I checked the newspaper story, I am saying interesting, that looks like a letter they are writing to us, but I do not get it here delivered to my box until the following morning. So that we understand there are issues and there are challenges, but that is not something that the Committee would like to see repeated. I know you are trying to fix it, but I would suggest it going the route of PwC is not the way to fix it. That is not the way to fix those problems. That is what I would respectfully suggest.

**Mr. Cox:** Thank you Chair, I think it really can be fixed—

**Mr. Chairman:** I would leave the floor to Sen. Mark and then after MP Karim.

**Mr. Mark:** Thank you, Mr. Chairman. Mr. Permell, I know that you are new, in February of this year. I also am aware that the EFCL’s school construction mandate has been significantly decreased. When I looked at this voluminous document of 499 pages which was submitted to the Committee and I looked at your establishment on page 1—I am referring specifically to page 3 of your submission—could Mr. Cox advise why is the Technical Services Division of the company so heavily staffed in comparison to other core business units of your operations given the fact that, as you have said Mr. Cox, you have moved from 118 schools to just about 20 in fiscal 2016/2017? I am just trying to understand why it is so heavy staffed and you are not involved in any construction activity.

**Mr. Cox:** Yeah, through the Chair. Sen. Mark, to answer your question, while the construction aspect of EFCL’s mandate is being restricted or constricted, we have what we call the Repairs and Maintenance Programme which is really ongoing. In the Repairs and Maintenance Programme, you also have what we call emergency jobs taking place there and that is ongoing. You find a team of officers are assigned to each education district. So you have seven teams of officers assigned—technical officers that is—to each education district. You would have a senior project
manager, a project manager, clerk of works, assigned to each one of these education districts and you will find that although the work is reduced in terms of construction, there is a lot of work in terms of repairs and maintenance taking place almost on a daily basis.

**Mr. Mark:** Do you find that the number of 34, I checked is too much given your circumstances or do you think it is adequate to deal with the maintenance? May I start again? Do you believe that the 34 persons under the Technical Services Section, do you consider that too large, at this time, given the fact that you are focusing on repairs and maintenance or whether you would say that it is quite appropriate and adequate given the emergencies that you mentioned that would come up from time to time dealing with repairs and maintenance of schools?

**Mr. Cox:** From my discussion with the technical managers, they are of the view that the complement, the current complement is adequate to deal with the repairs and maintenance aspect of the jobs. As you mentioned the sort of skewed relationship between the technical and the support services, the accounting, HR and even IT, there are some challenges in terms of numbers. So what we have been looking at is to redeploy staff to sort of support the other functional areas especially in terms of the accounting where there is a backlog of work to be done. The accounting really hinges on work coming from the technical department. So in terms of sourcing documents from the technical department so that we can process payments, we would need some shifting of staff from the technical to the accounting in terms of, you know, the clerical aspect of things.

**Mr. Chairman:** Could I interject. I like the trend where Sen. Mark is going, because we have seen in this Committee where entities are operating and then the scope of their mandate is reduced, but for some reason they continue to maintain the same staffing levels to the point where it is just not sustainable. I think where Sen. Mark is going is that you have indicated your scope of works has dramatically reduced,
“dramatically”, and when you look at the amount of the technical personnel here, I certainly do not get the sense that all of those persons are required.

Now, I am not advocating the removal of persons, but somewhere in the entity there must be a real validation of what it is we are doing. If we needed this amount of people to manage 100 projects, if we are managing one-fifth of the amount of projects, some basic logic would say, listen we need to—and if we decide listen we may not need them in that area, we may re-purpose them to other areas, but I think where Sen. Mark is going, he is looking at the number and it looks like a large number, and by your accounting the scope of your services, the amount of work that is in front of you has dramatically reduced by 80 per cent. So if your workload has reduced by 80 per cent, there is no way that you can sustain—if it stays like that the current structure that you have is way too heavy. So, at least, I think inside of your operation there needs to be a strategic relook and if this trend continues, perhaps there may be other things that you may need to do. I think there is where Sen. Mark was going and I want to make sure that that point gets across very, very clearly. Sen. Mark, you have the floor.

Mr. Mark: Thank you. Mr. Cox and maybe Mr. Permell, could also come in and the Permanent Secretary: Are you aware that in the last six to eight months some chosen members of staff—it looks like it has favouritism and discrimination at that company—received fabulous increases in their salaries whilst others they do not get the same benefit, at a time when the company and the country is experiencing very difficult economic circumstances, and at a time when your company is undergoing severe stresses and strains? Could you verify, confirm or deny whether in the last six to eight months you have had some increases in salaries for some members of staff?

11.50a.m.

Mr. Cox: Through the Chair, yes, Sen. Mark, we had in fact given, what we call bonus increases to three members of staff based on their contribution made in, what
we call the pay-out to contractors. There was a special project based on a Cabinet directive to make payment from, what we call the Abercrombie Fund, $221 million fund that was to be redirected to the payment of contractors in arrears. And we did in fact decided to do it in-house and had a project team, basically, people from the Accounting Department. We contracted temporary persons, and those members of staff from the old structure, they assisted and we compensated them through the board by giving them increases, the level of the Accounting Assistant.

Mr. Mark: You want to tell us what kind of increases they received? Or you want to put that—you have that information?

Mr. Cox: I could put that in writing.

Mr. Mark: All right, may I also ask, Mr. Chairman, again, the Express has been the lead newspapers in the country doing exposé after exposé of what is taking place at this particular company. In an Express report dated May the 14th, I recall, it was reported, and I want to know if the allegation made by the Express is true, that multiple contracts were awarded to various entities under the same parent company, Junior Sammy Group of Companies. Now I would like to know if this is true, and if this is true what was the reason for this occurrence? And is the claim, in the same article, that payments for Junior Sammy Contractors Limited were expedited, is this true? Now these are allegations that have been made in a newspaper that has gone all over the world, we are seeking clarification from somebody, either Mr. Permell, yourself, or the Permanent Secretary, on this matter. I do not want to compromise you either, but I think this—you see taxpayers’ money have no colour. The only colour I know is the national colours of Trinidad and Tobago, the flag, and we are here to protect the moneys of the taxpayers. So we want to know if you have phantom companies being created, and they are coming and just only receiving, $10 million, $15 million, $50 million under different names, but it is the same entity that is involved. And what is worse, it is being fast-tracked. That is what is being alleged.
So could you help us in any way to clarify this matter?

Mr. Cox: Through the Chair, Sen. Mark, in terms of the phantom companies, I am really not aware of phantom companies. In terms of the group, the Junior Sammy Group of Companies, I am not aware of all the subsidiaries or all the entities that comprise the Junior Sammy Group of Companies. However, I can tell you that Junior Sammy did work for EFCL, and did receive payment from EFCL within this fiscal year.

Mr. Mark: Can I ask a question, Mr. Chair, the conflict of interest—I am dealing with conflict of interest here—at the start of board meetings, do members declare whether they have any conflict of interest? Mr. Permell, you are a board member, on items on the Agenda, you know, when a meeting starts, if my family has a company and the company is bidding, and that is before the board, my responsibility is to declare that I have an interest here, and I either leave the meeting or not take part in the decision. What I am asking is whether there is a policy as it relates to the declaration of conflict of interest at the board level? And how is it done, at the start of the meeting or do these members go directly to the Chairman of the board, and say, “Chairman, I have a conflict of interest”? Or is it done at the board level? Can you tell us whether a member, a director declared a conflict of interest insofar as Junior Sammy is concerned, but was involved in the very decision to invite a company called Elgin? Now all this was revealed in the Express that you had this conflict of interest. I know the name of the director you know, I would not call it, but you should know that there are, or there is a member of the board of directors, PS, in the Ministry of Education, and PS in the Ministry of Finance. There is a member currently watching this programme at the board of EFCL right now, that member is very closely related to this company, Junior Sammy, and he sits in a meeting and he does not declare his interest, and he sits in a meeting, takes a decision at another level of the board and award a contract to the very company under a name
called Elgin. I am asking——

**Mr. Chairman:** Allegedly, Sen. Mark.

**Mr. Mark:** Allegedly. I am saying that these things come out in the *Express*. I am not making these statements, you know, and I am glad the Chairman corrected me. These are allegations that are being made that we need to clarify, because the public is involved, and taxpayers’ moneys are involved. So we would like to know whether these allegations that have been made are true or false. And whether there is a conflict of interest policy, when Mr. Permell has indicated that members of the board declare their interest at the start of the meeting. But do we have what happens, Madam Permanent Secretary, in a situation, or Ms. Lisa Phillips, where you have this conflict taking place in a company like it is a family affair? It is alleged.

**Ms. Phillips:** As you said, the director is supposed to recuse himself from participating in the decisions.

**Mr. Mark:** And if he does not?

**Ms. Phillips:** It should be reported to the Corporation Sole.

**Mr. Mark:** I hope that the Corporate Secretary, the General Manager would do their duty and report this matter because we are aware.

**Mr. Chairman:** Again, Madam Permanent Secretary, these are the things that are before the Committee and they are very troubling, and because these issues are very troubling and the directors have chosen not to be here, the depth to which we are troubled is magnified—it is magnified. These things are troubling the Committee, and the directors of the company, aside from the good Mr. Permell, whose mom taught him good manners and etiquette, has found himself here, the other directors, including the Vice Chairman have found it appropriate to not be here, to be able to help us to understand or establish the veracity or otherwise. So when we hear these allegations and then the directors absent themselves, I am sure you would understand that the Committee is trying to figure out, well, what really is going on here. It would
have been easy for the director to be able to be here and say, listen, those allegations are untrue, but they have chosen to be absent. So we are in a funny place in trying to understand what is happening, allegations are made and when you have the opportunity to defend yourself and come and put the information in the public record you absent yourself. You plead the fifth, we have no fifth amendment in Trinidad and Tobago, but members have chosen to be absent. But here is what, they are likely to be present at another meeting this afternoon at 2.00 p.m. I would have loved to chair that meeting. Sen. Mark, proceed.

**Mr. Mark:** Mr. Chairman, I would also like to ask Mr. Permell, seeing that he was just recently inducted into that arrangement, or brought on board I should say, are you aware that there was a recent pre-qualified contractors’ list issued by the board of directors of EFCL?

**Mr. Permell:** May I ask how recent, Sen. Mark?

**Mr. Mark:** Well, I understand it took place in the last four months.

**Mr. Permell:** No, I am not aware.

**Mr. Mark:** Mr. Cox, are you aware?

**Mr. Cox:** Through the Chair, no, I am not aware of any listing, as a matter of fact.

**Mr. Mark:** Can the company, through you, produce evaluations for all contractors, whether they fail or they did not succeed? And have all contractors submitted proposals, which would have been evaluated? Because, again, we get all kinds of reports in the newspapers where contractors seemed to be submitting things on the fly, as the young people would say, on the fly. They get permission, they get approval, and then they submit. That is what the papers are alleging, and, again, we need to have clarification on these matters. And, maybe, have there been any instances of contractors being on the list but without being evaluated? And you said you do not know about a list. Could I ask you to investigate that for us? It is alleged that there is a recent pre-qualified contractors’ list that the board has produced. Could
you investigate that and maybe report to the Chairman on that matter for us? It is alleged. We would need to have clarification.

**Mr. Permell:** I will certainly investigate, Sen. Mark. Since, as recent as the last board meeting, I am now chair of the Tenders Committee?

**Mr. Mark:** Oh, you are now the chairman. Well, I want to congratulate you.

**Mr. Permell:** Just a few days ago, so therefore I will—

**Mr. Chairman:** Congratulations, Mr. Permell.

**Mr. Mark:** Yeah, that is very—thank you, thank you. It seems, Mr. Permell, that the public pressures seem to be having some very important impact, because for you to have been given that assignment, that is a very important advance. I want to congratulate you.

**Mr. Permell:** I am not going there, Sen. Mark.

**Mr. Mark:** Well, I know, that is why I want to congratulate you. We have noticed also, through the Chairman, that the board Tenders Committee, and now that you are there, does not, and maybe you will change it, have a representative from the Procurement Department, and this department supposed to have the experts as it relates to procurement and the tendering process, and we were trying to understand why is this so. Why the Tenders Committee did not have a representative from the Procurement Department on its committee, do you know? Well, they have just appointed you so you may not be aware, but it is a matter that I would like you to investigate. Maybe Mr. Cox, the General Manager could tell us whether this allegation is true, that the Tenders Committee, before Mr. Permell was appointed two days ago as its new chairman, replacing the old chairman, I think his name is Mr. Francis, if I am not mistaken, replacing Mr. Francis. Could you tell us, Mr. Cox, or the Permanent Secretary, whether a representative of the Procurement Department was a member of the Tenders Committee before Mr. Permell was given that important assignment two days ago? Would you be in a position to help us on that
matter?

Mr. Cox: Through the Chair, not at this point in time. I know the manager of procurement is supposed to be a member of the committee, but I cannot confirm at this point in time.

Mr. Mark: Well, would you be able to supply us—

Mr. Cox: I would do that.

Mr. Mark:—with the records of the last—between September of last year to the current period, before Mr. Permell took the chairmanship of that body? Could you supply this Committee with the Minutes of those Tenders Committee meetings?

Mr. Chairman: I would like to note for Mrs. Sinaswee-Gervais and Ms. Phillips, in the submission submitted here by EFCL, they listed the members of the Tenders Committee at the time, and there is nobody from the Procurement Department on the Tenders Committee, so it seems a huge omission. You have four board members including the Chairman, the General Manager, the Corporate Secretary, and the person in charge of technical services, but nobody from procurement on the Tenders Committee. So I struggle to know how a tenders committee could work unless you have the procurement person, an ex officio member. But if you are having a tenders committee the person in charge of procurement should be on the committee, because how else can you understand value for money, whether or not what you are receiving bids on is really value for money. So that this is based on the submission provided by EFCL to us, and if this is correct then it is already a major omission by the company. So I want to thank Sen. Mark for flagging that because it is a significant issue. And this is directly addressed to the line Ministry that you have to engage with the company in discussions. You cannot have a tenders committee without somebody who understands procurement, which is a particular skill set in and by itself. As a former member of that committee, I do not think you need four board members on the Tenders Committee, with the greatest of respect. I do not think you
need four board members on a tenders committee. Sen. Mark, I want to give MP Karim, he has been waiting a while.

Mr. Mark: Yeah, one final question, Mr. Chairman. In your letter, Mr. Cox, dated November the 3rd, based on obvious concerns expressed to you as General Manager and Chief Financial Officer about the goings-on at this entity, would you agree that the tendering process at the EFCL has been manipulated when it comes to the awarding of contracts? And I want to remind you of a sentence in your submission that has led me to ask this question, and I quote on page 1:

The directors of the board disregard proper procurement and tender processes, and rules, and award contracts to contractors outside of good procurement process.

That is why I have asked the question whether that process, tendering process, has been manipulated in an effort to give whoever they wish to give contracts, not you, the board, based on what you have said. Now you may not want to, as my Chairman—

Mr. Chairman: The Chairman is about to protect Mr. Cox.

Mr. Cox: Thank you, Mr. Chairman.

Mr. Chairman: The question you asked, Sen. Mark, is whether he is—you are asking him to decide whether or not it has been manipulated. No, I would respectfully ask you to not ask Mr. Cox that. I would allow you to ask Mr. Cox to verify that, in his opinion, based on his experience as General Manager, that he has seen instances where the company’s rules and procedures for issuing contracts have been contravened. Whether it has been manipulated is subject to other parties in other places to make that decision, but the company has a particular procedure and process for the issuing of tenders. Have you seen instances where the process has been completed but it has not followed, what you would consider to be the normal accepted process? A one-word answer would work.
**Mr. Cox:** Through you, Chair, from the information from the management team I was so informed that certain processes were not followed at all times.

**Mr. Chairman:** That is a significant, significant admission there. I will leave it there because I do not want to put you in any more trouble Mr. Cox, but I am here to protect you.

**Mr. Cox:** Thank you.

**Mr. Chairman:** Sen. Mark, thank you very much, I am giving the floor to MP Karim.

**Mr. Permell:** Chair—

**Mr. Chairman:** Oh, Mr. Permell, please, forgive me.

**Mr. Permell:** That is quite all right. Could I ask just one question of Sen. Mark? Sen. Mark—through you, Sir.

**Mr. Chairman:** The questions—

**Mr. Mark:** The questions are going the wrong way. We ask and you answer.

**Mr. Chairman:** If you are seeking clarification but—forgive me—

**Mr. Permell:** No, it was not—it was just to get the location of something, that is all. That is all right.

**Mr. Chairman:** Okay, good. MP Karim, you have the floor.

**Mr. Karim:** Thank you very much, Mr. Chairman. In view of the startling revelations made by Mr. Cox—I hope you are not leaving—it is very clear that this board of directors has compromised the integrity of the organization and cannot continue. So maybe at two o’clock this evening we will be able to hear about the resignation, the dismissal of this board, because this is a very serious revelation that Mr. Cox has made. He said to us, and I want to, not verbatim, not paraphrase in a sense, that the management team has identified instances of the breach of the protocol for procurement. And the question, and I am going to ask it when he returns, but if Mr. Permell could give us the answer, even though he would have joined the
organization lately. The question is: Does the EFCL have a fraud policy? And if it has a fraud policy, is it being implemented, to your knowledge?

**Mr. Permell:** I am not aware—

**Mr. Chairman:** Could you put on the mike.

**Mr. Permell:** To answer the question, so far I am not aware that there is a fraud policy, in writing that is, but from what I have seen, I believe that steps are taken so as to avoid certain things taking place, such as what you have referred to.

**Mr. Karim:** In terms of the Ministry of Finance, and maybe the Ministry of Education, are you aware whether a fraud policy exists at the EFCL, and is it being implemented?

**Ms. Phillips:** Member, we are not aware, sorry.

**Mrs. Sinaswee-Gervais:** I am not aware either, Sir.

**Mr. Karim:** Well, maybe Mr. Cox, when he returns, might be able to tell us. There are so many questions I want to raise as soon as he comes back, but, in the meantime, in a follow-up question to Sen. Mark, when he asked about that particular member of the board who willingly, or who knowingly, I should say, but unwillingly may have withheld disclosing this conflict of interest—it is my view as well, and I do not know in terms of the Ministry of Finance, or the Ministry of Education, would you concur that that really is a serious matter? And, therefore, by withholding that information if per chance other members of the board are aware of that relationship, that he has compromised the integrity of the board which, again, substantiates the board not being able to continue as a bona fide?

**Ms. Phillips:** Yes, member, the Ministry of Finance views conflict of interest as a very serious matter, one which requires serious investigation, and the member being brought to answer.

**Mr. Karim:** What would be the consequence of finding out that that is in fact so, or being withheld, or if the board knows and does not act on it?
Ms. Phillips: We at the administration is headed by the Permanent Secretary can only recommend, the action is up to the Corporation Sole.

Mr. Karim: And what is the normal recommendation in a context like that?

Ms. Phillips: Well, we can recommend that the board be reconstituted.

Mr. Karim: Mr. Cox, as you have returned, I was asking whether you are aware—I asked other persons on the panel—whether, from your information, whether the EFCL has a fraud policy and whether it is being implemented.

Mr. Cox: Through the Chair, the answer to that is, no, we do not have fraud policy.

Mr. Karim: And can I ask, subsequently, to the Ministry of Finance, is it mandatory, or is it expected that state companies have a fraud policy in keeping with the State Enterprises Performance Monitoring Manual?

Ms. Phillips: It is not a requirement in the manual, but it is a desirable practice.

Mr. Karim: Is it encapsulated in the Performance Monitoring Manual and governance of state companies?

Ms. Phillips: No. As far as I am aware, no.

Mr. Karim: Mr. Cox, you would have indicated before about the concern of contractors and their unwillingness, as it were, to do business with the EFCL, their fear—and I think you used that word—because of the perception of insolvency. Can you give us an idea as to how much moneys are owed to contractors? And how long have these moneys, these sums has been outstanding? And if you do not have the information right now, I would have liked to have that in the categories of ECCE, primary, secondary, and textbooks. If you have it we will be very happy to hear what, in your view, is a ballpark figure of indebtedness to contractors.

Mr. Cox: Through the Chair, I do not have the information readily, but I will have it provided for you in writing, through the Chair. Also—

Mr. Chairman: I will interject, it is actually in your submission—

Mr. Karim: It does not have it by the ECCE—
Mr. Chairman: No, but it has the total, so if we want a breakdown then we will have to get it in writing.

Mr. Karim: Yeah, I am asking for a breakdown of contractors owed by your various responsibility functions. In addition to that, since you are going to provide it in writing, this might be an easier question to answer, do you have any lawsuits towards or against the EFCL from contractors for outstanding payment?

Mr. Cox: The answer is, yes, we have several lawsuits, but I can give you details in writing as to the quantum and to the other details.

Mr. Karim: All right. With respect to the status of the company, does the EFCL receive any revenue sources? Do you have any revenue sources, and if so, what are these revenue sources?

Mr. Cox: Our main revenue source is through the Ministry of Education with respect to project management fees. Now the fees are rated, for instance, 5.6 per cent on a project involving old schools construction. I think it is 5.9 per cent on—yes, sorry—3.9 per cent on new schools, that is the project management fees, construction; 5.6 per cent on old schools when we do renovation; 7.5 per cent for repairs and maintenance, and outfitting and textbook procurement. So our fees are basically through the Ministry of Education.

12.20 p.m.

Mr. Karim: Recently in a discussion that took place a while ago we were hearing about the expediting of payments to contractors. Is this normal; or is it a new phenomenon; and what were the circumstances that would have led to preferential treatment and the payment to a, or certain, contractors, at the expense of those who themselves may be facing insolvency as a result of not being paid what is due to them?

Mr. Cox: Pricewaterhouse was engaged to conduct an audit, what we term a validation of the accounts payable of EFCL, that was in 2016. The audit was based
on outstandings to contractors, consultants et al. as at December 31, 2015. A Note was sent to Cabinet requesting that Cabinet ought authorize EFCL to use an existing fund that we were holding, what we call the Abercrombie Fund; we were holding that with a bridging loan that was obtained a couple years ago to procure, to build, sorry, ECCE several Early Childhood Care Education Centres and that Cabinet gave approval to redirect or to change the use of that fund to pay contractors. So on the basis of the validation process we commenced and made payments to contractors predating 2012, sorry, 2015.

Mr. Karim: I am going again on the newspaper report that Sen. Mark would have alluded to and out of that I am asking this question: Is there any truth that the Corporate Secretary has awarded contracts to contractors?

Mr. Cox: For clarity, I do not think the word “awarded contract” is a proper term to use here, in that she, the Acting Corporate Secretary or the person who signed the letters of award which is normally, you know, falls in the remit of the General Manager or the CEO, but there was no general manager at the time so the Corporate Secretary functioned in that capacity, and that is in the public domain.

Mr. Karim: You spoke about certain issues between members of the board and management. Have you found a situation where the management of the company would have determined that these are the priority projects and it was incongruent with the list that the board of directors would have come up with? And if so, how did you resolve that situation?

Mr. Cox: To answer, I cannot recall having been faced with that sort of situation where the board—

Mr. Chairman: I want to interject because MP Karim has raised an issue about the process by which you come up with the projects to be done. So I think where he is going is trying—I would like to know what is the process by which—how do projects arrive on your schedule? Is it that you liaise with the Ministry of Education
and they give you a list of projects and say, well prioritize these projects in this calendar year? What is the process that allows EFCL to say, these are the projects that we are going to pursue in this period? What is the process?

Mr. Cox: Yes. Through the Chair, it is through the Ministry of Education. The Ministry of Education would prioritize projects. We are project managers. In other words, the projects do not originate from EFCL. The origination takes place at the level at the Ministry of Education who would instruct, I think it is safe to use the word “instruct”, EFCL to proceed with particular projects in a given priority scale.

Mr. Chairman: And I want to follow on with the same enquiry that MP Karim is going. After receiving the instructions from the Ministry of Education on the listing and how to proceed, has the company in any way altered that listing or that priority?

Mr. Karim: From my recollection, no, I do not think so.

Mr. Chairman: Okay.

Mr. Karim: Thank you. I am not sure whether the remit for the EFCL also includes Tobago, but what I have seen in that very article where a school in Tobago was funded by significant funds of money, could you explain that for us in terms of the EFCL’s responsibility?

Mr. Cox: Yes. In fact, EFCL has undertaken a project in Tobago, whether the remit is limited to Trinidad, I am not certain at this point in time. I mean, as a state enterprise, you know, normally you look at Trinidad and Tobago, but I cannot say clearly that it was limited to Trinidad alone, but a project in fact was undertaken with Nibit in Tobago.

Mr. Karim: Could you give us some details of that project and what therefore would have been the responsibility of the THA in terms of schools, school construction, outfitting, repairs and so on vis-à-vis the EFCL?

Mr. Cox: Through the Chair, briefly, the THA, in this case this particular project would be acting parallel to the Ministry of Education in terms of being the owner of
the project and EFCL being the project managers. So that is the relationship. Instead of the Ministry of Education issuing instruction or assigning a project to EFCL, we have for the first time THA actually, you know, operating in a parallel relationship with EFCL in terms of how we interact with the Ministry of Education.

Mr. Karim: So who financed the Scarborough RC Primary School to the extent of $53.7 million?

Mr. Cox: That financing would come from the THA.

Mr. Karim: And it was not from EFCL?

Mr. Cox: No. No. Definitely THA.

Mr. Karim: Okay. Just a final question. We made mention earlier on, well two actually, of the Pricewaterhouse investigation with respect to the ICT Manager who was suspended. Has that report been submitted? And if so, what is the outcome of that report? Was that person, you know, blamed, found guilty, exonerated? What was the outcome of that investigation, and what is the consequence of it?

Mr. Permell: That report has not been completed as yet. That happened when?—last week? Friday?

Mr. Karim: So there is no truth to any newspaper report today that the person has been exonerated?

Mr. Permell: That would be a shocker to me.

Mr. Karim: Okay. And my final question with respect to that article again in the Trinidad Express: with respect to Barrackpore Vedic Primary School, the contractor was awarded a sum of money for the supply, installation and commissioning of containerized classrooms. Could you tell us how much money we are talking about here that was awarded, that contract? And how many containers, how many classrooms that sum of money would have been allocated and awarded to?

Mr. Cox: Through the Chair, I do not have the specific details, but I can provide it in writing.
Mr. Chairman: Thank you very much. Okay. The Chairman has just one more small question before we start to wind up. Mr. Cox, who is holding the position of—I note in the document the position of internal auditor is vacant, how long has that position been vacant?

Mr. Cox: Chairman, the internal auditor resigned on April 12th.

Mr. Chairman: April when?

Mr. Cox: I think the 12th of April.

Mr. Chairman: Of this year?

Mr. Cox: It is in the document here. Yes. 2017.

Mr. Chairman: And what is the plan?

Mr. Cox: The board through the HR committee has indicated that we go out and rehire an internal auditor.

Mr. Chairman: Because you should be aware that according to the state enterprise performance manual the company is required to submit internal audit reports at 14 days after the end of each quarter?

Mr. Cox: Yes.

Mr. Chairman: Have you been submitting these reports on time?

Mr. Cox: The Internal Auditor was in the process of completing a first report, auditing the IT and the procurement functions.

Mr. Chairman: Well I will give you an exercise, Mr. Cox. For the past 12 months we would like you to submit to the Committee let us know whether or not the auditor, whoever the auditor was, whether or not they have submitted the internal audit reports as required by the Investments Division. It is supposed to be submitted 40 days after the end of the quarter, according to this document, it is my little bible, but it should be the bible of the entity itself. And the reason of that is that the internal auditor performs key work. Some of the things that you highlighted this morning, an internal auditor would have picked up and would have flagged to the audit
committee. It is a pity that the audit committee members are not here either, they have chosen not to be here. So—

Mr. Cox: Chair, if you will allow me?

Mr. Chairman: Certainly.

Mr. Cox: For the records, there were no internal audit reports submitted to Ministry of Finance to date.

Mr. Chairman: Well, Ministry of Finance, that is untenable. I understand the challenges with the Investments Division in terms of the bodies, but we cannot have an entity through which hundreds of millions of dollars flow every year of taxpayers’ money and there is no internal audit report, at least, to give you the comfort that somebody is doing the work. They may be doing the work, but you need, in every sitting you need verification, and that is the reason why they submit the reports so you can verify independently, well listen, the work was done and they have reported. So I hope that this troubles you enough to take some action, Madam Permanent Secretary?

Ms. Phillips: Yes, Chair.

Mr. Chairman: Thank you very much. All right. I would like to invite now the—


Mr. Mark: Just brief. Mr. Chairman, through you, I would like to ask Mr. Cox to supply in writing, since this board took office, how many projects were awarded to PricewaterhouseCoopers; the exact nature of the project; the sums of moneys that were paid during the particular project, if they can submit that to the Chairman so we can have an appreciation of what kind of projects this PricewaterhouseCoopers auditing firm has been recruited to address?

Mr. Chairman: Thank you very much. As I begin to wrap up I would like to invite the official from the EFCL to give us a short closing comment. Mr. Permell.

Mr. Permell: Okay. It certainly has been a learning experience. I will be taking it
back to the board in terms of what has transpired so far, but also would like to probably get an idea as to how soon the many documents, the information to be supplied by Mr. Cox, how soon that is requested, and probably, if you are willing to, how soon you propose to meet again, in other words, if and when?

**Mr. Chairman:** You will be provided with that shortly. I would like to hear a closing comment from Mrs. Sinaswee-Gervais—I am getting good at it.

**Mrs. Sinaswee-Gervais:** Today, really has been an enlightening session. I have heard things that are really causing some concerns and I will be working with my colleague at the Ministry of Finance to see how we are going to treat with them to try and straighten it out. Certain policies that we thought should be there we were not aware, so we will look into it further and work together to see how we can work with the EFCL to get everything in alignment.

**Mr. Chairman:** Alignment, I like alignment, Madam Permanent Secretary. Thank you very much. Permanent Secretary Phillips.

**Ms. Phillips:** We will certainly take the recommendations of the Committee on board in terms the various policies and procedures and alignment. We await, we were working feverishly with respect to the audit of the central audit committee on EFCL, and we thank the Committee for inviting us and giving us this opportunity to discuss the workings of the EFCL. Thank you very much.

**Mr. Chairman:** Thank you very much. The Committee wishes to place on the record that the following persons, again, for the record, could not find time to be here: Christopher Brathwaite, Anthony Bisnath, Jeffery Francis, Indu Sharma, Deputy Chairman Ricardo Vasquez, Dean Burgen, and Stephen Samlalsingh, substantive members of the board of EFCL could not find themselves here.

The Committee wishes to reiterate its disappointment, its despair, its extreme concern that members of the board seem to have gone into hiding, run but they cannot hide. There are serious allegations being levelled against the company and
they have found it fit to absent themselves. That is something that is an egregious error on their part. In the local parlance, they “getting taps” for it. And as the line Ministry and the Corporation Sole representatives you should take due note, you have appointed a board and somehow the board wants to be in charge and be responsible for things, but refuses to be accountable. Accountability is a problem we have in Trinidad and Tobago. And unfortunately for Mr. Cox he is like the proverbial cheese, because Ms. Tamara Francis, Ms. Gyllis Noel, Annesa Rahim nor Mr. Jerome McCarthy could find time to come and support their General Manager. So, has the management abandoned the position and well the board is just absolutely, absolutely amazingly absent, when they know that this is a matter in the public domain and it would have served in their interest to be as informed and enlightened as Director Permell who has come here and withstood and has indicated that he has learnt and understood better from being here.

Understand this Committee, we are here to help, but we cannot help if you have absconded from what you are supposed to do. Parties who are in charge of state resources have a responsibility to be accountable. Once you are in charge of state resources of any kind, you have to be accountable. So I applaud Madam Permanent Secretary and their team for being here because you understand what that means. Somehow or the other that message has to go across to the names that I have just called, that when they are summoned, they have to appear. Now the Committee has a style, we invite you to appear, but we have, as I have read out in the Standing Orders, we can issue a summons to be delivered by the Marshal of the Parliament. We would not like to go that route.

So, I am letting Mr. Permell and all the other members of EFCL who are listening and watching that you will be contacted today with the date for the next hearing, it will be soon, and we are fully expecting that every member of the board and every relevant manager as determined by the acting general manager, who needs
to be here, is here to answer the various questions of this Committee, because the Committee has many, many questions still. Many issues remain unresolved and this unsatisfactory state of affairs at EFCL has to be brought under control. That is what we are shooting for here. We are trying to bring things under control so that when taxpayers’ money is assigned to the company that they do things in a way in which someone can look at it and say it was done properly and people are held accountable. That is all we are trying to do.

So, I want to thank the members of the media and the viewing audience and the listening audience for bearing with us this morning and I will now say that this meeting is suspended. Thank you very much.

**12.38 p.m.:** *Meeting suspended.*
VERBATIM NOTES OF THE NINETEENTH MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE ARNOLD THOMASOS (EAST), LEVEL 6, (IN CAMERA) AND IN THE J. HAMILTON MAURICE ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON FRIDAY, JUNE 16, 2017 AT 10.12 A.M.

EDUCATION FACILITIES COMPANY LIMITED

Mr. Ricardo Vasquez
Chairman
Mr. Denis Cox
General Manager (Ag.)
Mr. Clyde Permell
Director
Mr. Cedric Neptune
Director
Mr. Dean Burgen
Director
Mr. Imamuddin Baksh
Director
Mr. Marvin Gonzales
Director

MINISTRY OF EDUCATION

Mrs. Angela Sinaswee-Gervais
Permanent Secretary (Ag.)
Ministry of Education
Ms. Shobha Jaisir
Deputy Permanent Secretary (Ag.)
Ministry of Education

MINISTRY OF FINANCE

Ms. Lisa Phillips
Permanent Secretary (Ag.)
Ministry of Finance
Mr. Suresh Dan
Business Analyst
Mr. Lester Herbert
Director, Central Audit Committee
Mr. Chairman: Good morning everyone. I am so happy to see you all here in this nice wonderful Caribbean rainy morning. I would like to welcome everyone to this meeting. This is the—I think it is the eleventh public enquiry of the Joint Select Committee on State Enterprises. The purpose of today’s meeting is to continue the examination into the efficiency and effectiveness of the Education Facilities Company Limited (EFCL), in managing the construction and repair of government and government-assisted schools and to explore what might be some of the possible solutions to challenges being facing by the company.

I want to state that the role of this Committee is firstly to examine the issues which arose based out of EFCL’s own written responses to our questions and, secondly, to aid, to help EFCL in improving its operations resulting in a more efficient and effective organization.

This meeting for your information is being broadcast live on Parliament Parliament’s Channel 11, Parliament Radio 105.5 FM, and the Parliament’s YouTube Channel *ParlView*. Viewers and listeners are invited to participate by sending comments relating to today’s engagement with EFCL via email to parl101@ttparliament.org or on our Facebook page at faceblook.com/ttparliament or on twitter@ttparliament.

So at this stage, I would like to welcome the officials of the Ministry of Education and the Ministry of Finance and the officials of the Education Facilities Limited. I would like you all to introduce yourselves beginning with the officials of the Ministry of Finance and then we will go to education and then we will go to EFCL. Please introduce yourself. Please put on your mike when you are introducing yourself.

[Officials of the Ministry of Finance introduce themselves]

[Officials of the Ministry of Education introduce themselves]

[Officials of the Education Facilities Company Limited introduce themselves]
Mr. Chairman: Thank you very much. I will have a comment after, but let me start by introducing the members of this Committee so that you are fully engaged with the members of the Committee. I would like the Members of this Committee to introduce themselves, beginning with my extreme right.

[Members of the Committee introduce themselves]

Mr. Chairman: And, good morning, my name is David Small, I am the Chairman of this Committee. And, again, I would like to warmly welcome everyone here. I want to say a special good morning to Mrs. Sinaswee-Gervais because at the last meeting there was a missed alignment. There seems to be better alignment today. So the Committee is pleased with the fact that we have seen to have a better alignment today. However, there is just one issue I want to delve into before we get into the meet of the matter.

At the last hearing, the management was represented by only one person, the General Manager, and when the Committee received the communication of the EFCL, we recognized that only one member of management again was supposed to appear. In that respect, the Committee communicated with the General Manager seeking to have another member of the team appear, that person was the Corporate Secretary. We were subsequently advised that the Corporate Secretary has resigned from her position.

However, because the person is still within the EFCL system but on vacation, we specifically wrote to that person, hand delivered it to try to get that person to appear, because we believe there are some issues with what has been happening with the company that the Corporate Secretary may be key to, but it seems that the Corporate Secretary or the former Corporate Secretary, now Senior Legal Officer—so I would like to ask firstly from, Mr. Cox, the General Manager, to help the Committee understand what has transpired because we made a specific request to have the Corporate Secretary, now Senior Legal Officer, but still on the payroll of
EFCL, to attend this hearing, because we believe it is key.

Because from our understanding the board is new, fairly, only a few months, at best, so that someone with some institutional history and memory would be able to guide this Committee better. Mr. Cox, could you provide any update or help us to understand what has happened today?

**Mr. Cox:** Yes, Chairman. We made several attempts, upon receiving your communication, to contact the former Corporate Secretary, current Senior Legal Officer by telephone, by email and also we delivered a letter by hand to her home. And also, last afternoon, we delivered a letter on behalf of the Joint Select Committee which was addressed directly to her and we received no response up to this moment.

**Mr. Chairman:** So what you are saying is that as far as you are aware, the officer should have been aware of the fact that she was invited to appear before this Committee by various medium?

**Mr. Cox:** Yes, Chairman.

**Mr. Chairman:** Is this officer in possession of an EFCL issued telephone?

**Mr. Cox:** Yes Chairman. As a matter of fact, when I called her we got no response.

**Mr. Chairman:** So that the person is currently in possession of an EFCL phone is not answering your calls, the General Manager; is not responding to emails; hand delivered letters were delivered and for some reason magically cannot appear today. This Committee continues to be concerned. It is no reflection on you, Mr. Cox. We know you have been soldiering on and actually doing yeoman service in trying to bring some shape to the way in which EFCL has been working but, again, it seems that the Committee, someone is scared of us. We are all good lovely people. Mrs. Sinaswee-Gervais is smiling with me. We are all good wonderful people and we would just like to get some traction with what has been happening with the company, but if someone is on the payroll of the company, is in possession of a company issued
phone, is not answering calls, is not responding to emails, I would expect that the board will be taking the necessary action because that is untenable. This Committee believes that that is untenable. So we look forward to hearing what action the board will be taking—I see Mr. Vasquez shaking his head.

There is no way that this Parliament could have one of its personnel deliver a letter to your home by hand—so we have used every available media other than going on TV and inviting you to attend—and for some reason your cannot attend or do not want to. So, I am not an attorney but attorneys talk about something call adverse inferences, but I would not go down that road. I would not go down that road.

So, Mr. Cox, thank you for helping me with that. I want to thank you also Mr. Cox, I received yesterday through the wonderful service of the Parliament, your thin document here [Document in hand] with your submissions and we would like to thank you, because we want to recognize Mr. Vasquez and Mr. Cox that this required some effort and it dealt completely with all of the questions raised by the Committee. We did receive an additional document this morning and we understand. The Committee has no problem with that. We appreciate the effort to be responsive and I want to put that on the record, that the company has been responsive to all of our requests for information and you have been voluminous in our responses, not only just in terms of the amount of pages, but in the actual level of detail. So I want to put that on the public record. Perhaps, Mr. Vasquez has already started to have an effect on the company and we hope that that effect continues going forward.

So just for the members on the Committee to be clear—

Mr. Cox: Thank you.

Mr. Chairman: Mr, Cox, we know you are a patriotic. We know you have the good intentions of the people of Trinidad and Tobago at heart, and this Committee will continue to protect you, because you have taken a course of action that perhaps
is a course of action that most people would not have done. We recognize that that required a particular brand of patriotism to be able to see something going wrong and rather than sit by and allow it to happen, you put pen to paper and said: “Hey, something is going wrong here.” Most people or probably 90 per cent of persons would have just sat by and see things going in a particular direction and not done anything. So the Committee recognizes the contribution you made to that. We understand.

So I just want to be clear. I want to address now, Mr. Vasquez. Could you help us with the—and perhaps you would be the best to guide us. I know some of the members of the board who are here have only been recently appointed, so the ink is relatively wet in their appointments, but in terms of how long have you been at EFCL—I know Mr. Permell indicated he was here since February at the last session. I just wanted to be clear as to your tenure, how long have you been at the EFCL.

**Mr. Vasquez:** Through you Chair, on the 16th of February, 2017.

**Mr. Chairman:** Or, the same time as Mr. Permell. I just wanted that for the record. So all of the other members of the board would have been appointed this year?

**Mr. Vasquez:** That is right. The additional three members were basically on the 15th of June, 2017. They were given their instruments and attended a board meeting.

**Mr. Chairman:** That is very good. So we have a brand new board with virtually or limited history in the events that have transpired that have led to this enquiry, but that is fine because the Committee has a particular strategy that it is going to employ to at least help you, Mr. Vasquez and your new board, about some of the things that have not been done properly that we would like to see not repeated going forward. I want to look for your support. The Committee is here to help you. Some things that we are going to flag in this meeting have gone particular awry and we would like to make sure that we are here to support you in making sure those things do not
happen again, but here is what.

In order to fix problems, we have to understand what the problem was and, in this case, we need to put it on the public record, because I think it is important for the public to understand what has been going wrong at EFCL and based on this documentation—you see all the nice purple tags I have here—there are lots of stuff that have been going wrong. And where, in this case, several recommendations have been made to fix some of those problems—from the time the recommendations have been made to now—someone has to be able to tell me well what has happened. The only person here will be Mr. Cox, seeing that the wonderful Corporate Secretary, Senior Legal Officer, has found other things to do this morning. So I would like to open the floor. I think MP Karim had requested to speak. MP Karim, you have the floor.

Mr. Karim: Okay, thank you very much, Mr. Chairman. Mr. Chairman, let me just thank the EFCL for submitting which I got this morning and all of us got this morning, Appendix H, Schedule 1 to 7—“Summary of Funds owed to Contractors”. When I look at this document it is divided into ECCE, primary, secondary, special and the last one is library followed by various. I did not get the sense from the document—while it indicated sums owed or funds owed to contractors as of the 31st of May, 2017—as to the age of these debts. In other words, we suspect you will not be able to tell it to me now, but we would have liked to have a more comprehensive table of these indebtedness so that we could know how long have they been outstanding, unless you could give us a sense as to how long now have these sums of money been outstanding, subsequent to which I would ask some other questions on this document.

Mr. Cox: Through the Chair, member Karim, I do not have the information at hand, however, I can provide the information in writing to the Committee.

Mr. Karim: Okay. My follow-up question is: In terms of all of these companies
that you have here, have you found all of these companies, every one of them to be bona fides? In other words, sometimes we have experiences where people submit documents for payments or they say that they are a company. Have all of them been certified as bona fide companies, or do you find in here that there are companies that may be phantom companies? Have you identified any such? My other question—I do not want to convolute too many questions on you at this time—but how many of these companies have you identified here may have interlocking directorates? I will continue the questions after.

**Mr. Cox:** Through the Chair, we have engaged PricewaterhouseCoopers to do a validation exercise, and that was with liabilities or outstanding due to contractors and consultants as of December 31, 2015. From the listing here in Appendix H, those are some of the contractors that are, in fact, in the document that is provided by PwC.

In terms of the outcome of that exercise, they have not indicated to me or to EFCL whether there were, as we would say and you use the term “phantom companies”, and in the terms of the bona fide of their existence. However, I would add that in terms of our processes, we would look at, from the technical—when you make a submission to EFCL or you do a tender, we would look at your technical, you know, the technical report will give you details as to your registration number, your VAT number and it would, in fact, indicate to EFCL that the company is bona fide.

**Mr. Karim:** Okay. Have you had any instances, as I was asking—because we would have been seeing articles in the newspapers where companies here are a subsidiary of other companies that have submitted bids and awarded contracts—how many such companies would you have within this document here who are also subsidiaries of other companies? I ask the question: How many did you find with interlocking directorates?
Mr. Cox: Through the Chair, I cannot answer that question at this point in time in that we never really focused on looking at the interlocking directorate of companies. Our focus would be whether they qualify from a technical perspective and whether they qualify meeting the financials.

Mr. Karim: Okay. How many companies do you have here which are substantive companies and subsidiaries which have been awarded contracts of those companies?

Mr. Cox: Again, through the Chair, I really cannot answer that question, because our focus really is not on the group, to identify the status of the group of companies. What we do, we try to focus on whether the company is bona fide and is a registered company in the Republic of Trinidad and Tobago.

Mr. Karim: Have you had instances where a company has submitted a bid, awarded, and another company of that company, the parent company, been awarded a contract?

Mr. Cox: In my experience, no.

Mr. Karim: Okay. With respect to these outstanding indebtedness, you indicated that you are not in a position to tell us the timeline, how long they have been outstanding except that some of these would have been outstanding as at 2015. Of these companies here, have you had any litigation from any of companies and, if so, how many matters of outstanding payments?

Mr. Cox: Through the Chair, the answer is yes. We have several litigation and those are addressed in a subsequent Appendix under “Legal matters and lawsuits”.

Mr. Karim: Now, I just want to shift my focus although it is inside of here, if you can give us and explanation—I am sure there is one—on Schedule 4, Appendix 2, in terms of 15.4 almost $5 million for special works. What are these special works and how are they awarded?

Mr. Cox: Sorry, member. Which schedule are you referring to? The same Schedule 2?
Mr. Karim: Yes. I am seeing here Appendix H, Schedule 4, “Special” and under that you have a number of contractors and the balance due to all of these contractors are $15.463 million. What does “Special” mean for us and for the understanding of the members who are viewing? How are these special contractors, the works of these contractors, determined as special and awarded?

Mr. Cox: In our classification, we classified contractors under primary school, ECCE, secondary school, libraries and for want of a classification, we use the term “Special” because these were what we call works that we could not identify at the point in time when we were preparing this document. So we could not classify them as such as being, primary, secondary or ECCE. I think the question five that you submitted, the question five had asked us for primary, secondary and ECCE.

Mr. Karim: But some of these companies here under “Special” classification they are also mentioned in both the primary, secondary and ECCE contracts. So I was asking how do you define “Special”? Is it special preferential treatment? Is it that they have been identified? Is it emergency work? What is it so that we can get a sense as to how you come to determine that $15.5 million awarded to special contractors? What does “special contractors” mean?

Mr. Cox: Through the Chair, based on the documentation that we had access to or we have access to, we were not able to identify specifically where to place these contractors. You will note that these said contractors would be performing jobs across the spectrum—ECCE, secondary, primary. In other words, there is a limited pool of contractors in Trinidad and Tobago that we use and they would be featuring almost in any construction activity.

Mr. Karim: So you are unable to say what work these “special contractors” for $15.5 million would have done at this stage?

Mr. Cox: Yes, at this point in time.

Mr. Karim: So we are unable to account for this?
Mr. Cox: At this time. I would say—let me be correct in terms of—the thing is, these are outstanding payments. In other words, they were not paid because we are not satisfied at this point in time that they are bona fide invoices that we should treat with.

Mr. Karim: Well, that was the question I had asked before, you remember? I had asked about the bona fides of even the companies, but you were saying it is the bona fides of the submission for payments. So all of these contractors here for $15.4 million or five, these you have found to be suspect? I mean, what is it?

Mr. Cox: I would not say that we found them suspect. From the validation exercise, the report was submitted to the Office of the Attorney General and we are awaiting a response in terms of, you know, the recommendation or the outcome of the exercise.

Mr. Karim: Okay. So, at this time, I just want to conclude my part on this aspect that there is no proper, very clear explanation of special contractors for $15.4 million except to say that some of these, the submission for claims are being questioned. Am I correct?

Mr. Cox: Yes.

Mr. Chairman: Thank you. Before I give the floor to Sen. Baksh, I want to address to the Permanent Secretary, Ministry of Finance, Acting Permanent Secretary Phillips, we have just been advised by the new Chairman, Mr. Vasquez, that there are several new members of the board. I know as part of the normal process when boards are installed, the Ministry of Finance runs a seminar to make sure that members of the board understand their roles and responsibilities in performing as directors of a company. I would like to understand what is the plan? Has this occurred with the new directors of EFCL or what is the schedule? What is the plan? I do not want to believe that you will appoint directors and they are just starting to work without any guidance from the Ministry of Finance. Could you help us with
that please?

**Ms. Phillips:** In their letters of appointment they are advised to be conversant or become conversant with the Performance Monitoring Manual as well as the Integrity in Public Life Act.

**Mr. Chairman:** This document? *[Document in hand]*

**Ms. Phillips:** Yes, Sir. We held a seminar in January and we will be holding another seminar shortly to edify directors in terms of their roles and responsibilities.

**Mr. Chairman:** So, as we speak now, the members have been appointed and you have written to them indicating to them that they should become familiar with this document—

**Ms. Phillips:** Yes.

**Mr. Chairman:**—and familiarize themselves with the Integrity Commission requirements, but the Ministry has not as yet arranged special or any real in-depth understanding of what the roles are there. Here is why that is a concern for this Committee. The concern for this Committee is the history of what has happened with the EFCL. We are not saying the people before us are bad people. From where I sit, we have a blank page, they are good people, but the history of EFCL has shown based on the revelations of the last hearing that directors have gone a bit askew in their responsibility without understanding what their roles are. So I would think that now that we have a new director and this company is very much under focus is something the Ministry would look to address quickly.

I know you may not be in charge of putting that in place, but I am sharing this with you that the Committee continues to be concerned. It is something that we would expect that the Ministry is aware of what has happened. The Ministry had to take action to replace several members of the board and it would take the necessary action to make sure the new members of the board, as soon as possible, are aware of what exactly their roles and their responsibilities are as directors of the company.
So I am not going to press you, Ms. Phillips, but at least I understand from you what you have just put to us is that another session is scheduled for some time before the end of this year. Am I correct?

Ms. Phillips: Yes, Sir.

Mr. Chairman: And I hope that the new members of the board will avail themselves and not go missing like some other persons. Just give me a second.

10.40 a.m.

Thank you, madam Permanent Secretary, but I want to follow up also with—Madam Permanent Secretary, acting Mrs. Sinaswee-Gervais, I want to thank you. At the last hearing we requested a letter from you advising us, the members of the board, who would have been invited to the meeting with the hon. Minister of Education, and we are in receipt of that communication, so we want to thank you for sending that to us. However, the Committee has noted in that communication that the current chairman, Mr. Vasquez, did attend that meeting but for some reason we had a hearing that morning and Mr. Vasquez was not able to attend, so I would like for Mr. Vasquez to help us with what transpired on that day. There was a hearing scheduled at 10.00 a.m. and he was not able to attend but he had a meeting, which we have confirmed he attended at 2.00 p.m. at the Minister’s office, which is five minutes’ walk, virtually, from here, give or take you are crossing the street light. So at 10.00 a.m. he could not be here but at 2.00 p.m. he is across the street. So, Mr. Vasquez, just for the information of this Committee, could you help us with what transpired on the last day in that 10.00 a.m. you could not be here but at 2.00 p.m. you could be virtually just across the street? Could be help us with that, please?

Mr. Vasquez: Mr. Chair, first let me extend my apologies for the wrong information communicated to the JSC on that day. For the record, upon learning that my name was submitted on the JSC witness attendance sheet, on the morning of Friday, June the 2nd I called the Corporate Sec and informed her that I was unable to attend that
meeting. I had already—my name was listed, I was not aware—

**Mr. Chairman:** She took your call that morning, right, the Corporate Sec?

**Mr. Vasquez:** That is right.

**Mr. Chairman:** The same person who could not take calls? I am just checking.

**Mr. Vasquez:** That is right. And this is Friday morning the 2\textsuperscript{nd}. I just want to—

**Mr. Chairman:** And it was a Friday too, so she takes calls on Fridays. Good.

**Mr. Vasquez:** Right. So Friday morning I called her and I told her that I was unable to attend the Monday meeting. I had already arranged knowing—this is, of course, knowing that everybody was in place, meaning that the former Chairman was still the Chairman, and everything was organized for the attendance. However, I also backed that up with an email sent to her. I called Mr. Dennis Cox and also mentioned to him that I would like my name unlisted on the attendance register. Later that morning, he called me and said, Mr. Vasquez your name is unlisted and everything is okay, so I said, good. What he also indicated to me is that they were just waiting for a replacement, and that was communicated to your office, and Mr. Cox was relaying that information to me. And that would have been probably mid-morning on Friday the 2\textsuperscript{nd}. So I was okay with everything. On Monday morning, the Corp Sec calls me, I am way down on the other part of the island, and indicate to me that the Joint Select Committee is calling for me to attend the meeting this morning. So I said, how is that possible? Did you—and then she would indicate to me she never sent the document to you all stating that I was unable to attend the Monday meeting. And, basically, that is what happened on that morning, and do I apologize for the poor communication from the EFCL.

**Mr. Chairman:** Well, thank you, Mr. Vasquez. Interesting chain of events. So you, essentially, asked to be unlisted to attend the meeting, and the reasons for that would have been communicated with the then Chairman?

**Mr. Vasquez:** With the Corporate Sec.
Mr. **Chairman**: Corporate Secretary, who is not here again to help us with that.

Mr. **Vasquez**: And Mr. Cox.

Mr. **Chairman**: Well, the Committee is appreciative of your apology, your apology is accepted. We are not bad people, we are just here trying to get the root of where we are, and we hope that there is better communication in the future, and I hope that whoever is the new Corporate Secretary gets a better working phone.

I want to go back now to something raised by MP Karim, and it is a particular concern of mine regarding the—and I would not call the specific names, but I looked at a list of litigation that is before the company. It is very worrying. Madam Permanent Secretaries, both Ministry of Finance and Ministry of Education, the total value of the matter is $550 million, and when I look at some of these matters, so I would not call companies names because these are legal matters, but I have noted that one entity has 11 matters at the pre-action protocol stage worth $70 million. Another entity, which, again, I would not call the name, has 30 claims, totalling over $250 million. I mean, a substantive listing here, 30 claims against the company for $250 million. And just as raised by the former member, you look at the company here but the company—there are several companies but they seem related, one is this company, just the name, then this company, security services, then this company, you know, so that they seem to be interrelated. But my concern is, this is $550 million in claims, I would like to understand what is the plan to treat with this? Five hundred and fifty million dollars is not an insignificant amount of money for an entity given the status of EFCL. So, Madam Permanent Secretary, Ministry of Finance, I hope you are aware of this, and that this concerns you in the same way it concerns the Committee, and I would like to get a response from you, followed by a response from the Permanent Secretary, Ministry of Education, and then I would take a response from Mr. Cox.

Ms. **Phillips**: Well, first of all, let me say this is the first I am seeing of this, although
we do have a return—a return of litigation is sent.

**Mr. Chairman:** I am well aware, Madam Permanent Secretary. As state entities, if they have any litigation matters there is a regulation within here that they are supposed to inform the Ministry of Finance of all litigation matters. So if you are telling us today that you are now seeing this for the first time, I mean this is shocking to us, this should not happen. So $550 million in potential litigation matters is huge. It is huge. It is worrying, and I am not going to try to do any forecasting on what is going to happen, but this is a potential liability for the company. So, Madam Permanent, Mrs. Sinaswee-Gervais, are you aware of this, the volume of this?

**Mrs. Sinaswee-Gervais:** Chairman, no. I can say this is the first time I am seeing the full details, I was not aware.

**Mr. Chairman:** Well, this gets more and more interesting, because neither the line Ministry nor Corporation Sole seems to be aware that EFCL has $550 million of litigation matters at various stages. And, Mr. Cox, I do not want to put you on the spot, but this would have—given that we do not have dates of when these matters start—and that is a request from the Committee, because we would like to understand when does this relate to, and to what particular school or contract. So while this has been provided, the Committee will be requesting some deeper information to understand when this matter began, in terms of the legally, and then what particular contract, what school, or which ECCE it refers to. Mr. Cox, you have any response on this? This is a particularly worrying piece of information you shared with this Committee.

**Mr. Cox:** Chairman, from my discussion with my Assistant General Manager, Technical, and also the Corporate Secretary—

**Mr. Chairman:** Who is not here?

**Mr. Cox:**—who is not here—I have been informed—I would take the opportunity to indicate to the Committee that the Assistant General Manager, Technical, she is
ill. She reported ill, and she has submitted a sick leave, so this is why she is not here. She is on 30 days sick leave. The discussion held with the Assistant General Manager, Technical and the Corp Sec indicates that a lot of construction project has been suspended for various reasons, one of which has to do with funding. And under the FIDIC arrangements, the contractors—I would use the term, I hope I took advantage of the situation, in that it was an opportunity to generate revenue in the form of claims for downtime under the FIDIC arrangement. So a lot of these litigation matters has to do with claims on the company based on non-payment for work done. And sometimes the non-payments are as a result of, you know, disagreement in terms of the verification or certification of work done and other matters. But it is worrying to EFCL and myself in terms of the quantum of claim and the frequency in which we receive these pre-action protocol letters and judgments. There are several judgments that we sort of keeping at bay by trying to talk to the contractors and their attorneys, and so on.

**Mr. Chairman:** But this is new information, Mr. Cox, there are judgments have been issued?

**Mr. Cox:** Several judgments.

**Mr. Chairman:** Really. We do not seem to have a copy of that information here. Could you make sure and provide that to us? Yeah. I mean, I understand from your contribution now that you are still trying to negotiate, but we do not have that information here. So judgments have been made adverse to EFCL?

**Mr. Cox:** Yes, Chairman, and it is very worrying to—

**Mr. Chairman:** Mr. Cox, I am drilling into this because the Permanent Secretary, Ministry of Finance, Corporation Sole is unaware of this, your line Ministry. What is the process in EFCL? You have all of these things, is there not a management meeting regularly? I am too sorry that you Corp Sec could not be here but your Chief Legal Officer, who would be at least trying to manage these legal issues, I
suspect you have outside counsels for some of these matters. So several questions—

**Mr. Cox:** Chair, if you may allow, in recent time, at the appointment of Mr. Vasquez as chair of the Strategic and Operations Committee, several meetings were held and one of the key areas that the committee focused on are the claims, and we are devising a strategy in terms of how we are going to approach, you know, getting rid of the claim, or working with the contractors and their attorneys as a way of saving the country, by extension, EFCL and the country, of these quantum of claims that, you know—

**Mr. Chairman:** Well, the Committee will be requesting several bits of information. We want to get all of the additional information regarding the dates of these claims and the particular schools, and then the issue around the judgments that have been issued, because we need to understand what does this mean for EFCL. And I understand that you have a new board and they are going to try to roll up their sleeves and get at this, but this did not arise overnight, this would have been going on for a little while. So we would like to understand also the scale of your legal fees because it is not one matter here, I mean, it is pages upon pages of matters, so that the company is likely to be expending quite a bit of money on legal fees. So that is another bit of information that the Committee will be requesting.

It is of deep concern to us, Mr. Chairman, I understand from the submission of Mr. Cox that you are aware of this issue. I would be glad to hear that you are aware of it seeing that a lot of other people are not aware of it, and this is where I go back to the point I made about the requirement within the manual here, that any litigation matter must be communicated to both your line Ministry and the Corporation Sole. And that is something, I am hoping, Mr. Chairman, that as you settle into the position that when things like this, you prepare the reports as required so that your line agency and, certainly, Corporation Sole, are aware of these issues. Mr. Vasquez, you have a comment?
Mr. Vasquez: Yes, I am aware of—

Mr. Chairman: Thank you, I am so happy to hear that.

Mr. Vasquez: We actually are working towards getting, you know, a proper structure in place and it seemed that it was a bit ad hoc, and all I could say is that, yes, we are putting things in place.

Mr. Chairman: I hope as part of putting it in place is keeping your line entities—I get the embarrassment of the line entities being here and this information being provided to the Parliament and they do not know about it. So I would trust that there is a better alignment in terms of information access between EFCL and its line—Mrs. Sinaswee-Gervais, would you agree with me that a better alignment is required?

Mrs. Sinaswee-Gervais: Yes, Sir. But I am glad for the opportunity—I just want to clarify something, please. Apparently the Ministry was made aware of the figure but we do not have the details. I just clarified that with my Deputy PS who is responsible for infrastructure. So we may not have the details but we were aware of a total figure. I, personally, I did not.

Mr. Chairman: Well, we appreciate the clarification, but if you did not have the details then it is just giving me a blank figure is not much to work with, but at least there has been some alignment, level of alignment. We want a deeper level of alignment. Let me just move on quickly to pass the floor. I have several requests, seeing that the Chair has been taking all the questions, I have, firstly, Sen. Baksh, Sen. Mark and then MP. So I am going to go in that order. Sen. Baksh, you have the floor.

Miss Baksh: Thank you, Chair. The Committee notes on page 34 of your human resource audit assessment report, dated the 14th of January, 2016, there were 15 next steps which were recommended. I am seeing 11 of them, which are in the immediate time frame, and four of which are in the medium term time frame, can you inform the Committee if these have been completed, the 15 steps? That is on page 34 of
your submission.

**Mr. Cox:** Through the Chair, you are referring to Appendix C in the document?

**Mr. Chairman:** Yes, in your package, conclusion and next steps, and it goes on to page 35, recommendation, but just to help you with your package.

**Mr. Cox:** Since my assuming office, I recognize that certain steps have been taken. As a matter of fact, item number three, step three, additional HR staff, the company, from what I learnt, had one member of staff in the HR department—sorry—two members of staff in the HR Department, and a recruited additional member. In terms of the HR policy document, I think that would refer to four, the HR Department has submitted to the board a draft HR policy document which is yet to be validated or to be sanctioned by the board. I think it needed more comments or more review.

Five, this is ongoing; there is always an HR representative on the interview panel for the recruitment of staff. The HR Manager sits on the interview panel. The chairman of the HR subcommittee of the board also sits on the interview panel, especially for the recruitment of senior level staff.

Now, item six, I know the HR Manager has embarked on the manpower audit, and that exercise is still being pursued. As a matter of fact, we were relying on the outcome of the HR needs analysis to look at reconfiguring the level of the staffing currently, vis-a-vis the financial situation that we now exist under.

Item seven, step seven, from my understanding, the board had approved an organizational chart, a revised organizational structure, which allowed for the change from CEO to General Manager, and we have two Assistant General Managers. I think those are the critical areas in the revised organizational chart. I think what they attempted to do is to make the structure less vertical.

**Miss Baksh:** Chair, through you. Mr. Cox, is it possible to probably provide a copy of the revised organizational structure to the Committee?

**Mr. Cox:** I will so do.
Miss Baksh: Thank you.

Mr. Chairman: And I would like to request, Mr. Cox, in the same way as you have gone down the list here, could you provide a schedule showing the status of the implementation of these recommendations?

Mr. Cox: Okay, Chair.

Mr. Chairman: In particular, recommendation eight is of deep concern, because PwC, in their findings, clearly indicated there were persons holding some senior positions in the company who are not qualified for the position. And PwC recommended, and I quote, “Board decision action regarding persons not qualified for positions”. You know, PwC did a very good piece of work here and I am not here to call names, but they identified specific positions, position holders who do not meet the qualification for the position. And what they recommend is that the board take action, because remember the whole ethos of this Committee is we are trying to make EFCL efficient and effective. And we would support whatever decision the board takes, but the board is being guided here by a particular recommendation with PwC, which is not an inconsequential entity who have done the work, and said that action is required. You have people holding senior positions who are not qualified. That is not something that should be entertained. What decision the board will make? There will, of course, be a human element to how you manage that, but, at least, the board has to demonstrate some level of action. So, in particular, I want some details in your reporting in terms of your schedule of what action has the board taken to date, and/or what is the plan going forward. The new Chairman would probably be seeing this probably for the first time, but I will not, you know, put pressure on the chairman, but that is a significant concern.

Because the other issue that PwC raised, and it is in the attachment at the end under—Appendix H, where salary increases are being done across the board in various positions in a haphazard manner, and all PwC had recommended is that—
and I would say, I am looking at these, the numbers in here, the salaries are not an issue, certainly for me as Chairman of this Committee, but it is the process—the process. We are not concerned about the numbers, the numbers are actually not—the numbers are fine, but if you are increasing salaries, it cannot be you are just picking and choosing positions and increasing the salaries based on—there is no rigour, and you would think that a company that is using state resources understands that this is taxpayers dollars. Every citizen who is out there riding a maxi-taxi and paying their taxes, going to their Government job, or going to their private company job paying their taxes would like to believe that people who are in charge of state resources, even if you have a good case for increasing salaries, you do it in a methodical manner that allows you to come here today and defend what was done. What we have here is a schedule that there is no defence. And, again, the numbers themselves are fine. In fact, in some of our respectful views the numbers are low, but that is not the issue. We are dealing with the process by which it seems that, haphazardly, individual positions are chosen for increases in salary, and I do not even want to press Mrs. Sinaswee-Gervais as to whether or not her level of understanding on where these things are going, because I suspect the Permanent Secretary would probably be very much unaware of a lot of these things.

So what we would like to see is going forward, Mr. Cox and Mr. Chairman, that the company in doing this type of exercise you apply some rigour to it and put a process that is defensible. You can come and go to anyone and say, we decided to increase salaries of these positions and here is the rationale. What we have been presented with is a schedule and there is no supporting documentation or rationale, and PwC in their audit findings indicated that that is something that you needed to do, so we look forward to this. Sen. Baksh, you have any further follow ups?

Miss Baksh: Yes.

Mr. Chairman: Go right ahead, Sen. Baksh, you have the floor. Forgive me for
interrupting.

**Miss Baksh:** Okay. At page 21 of your submission, that would be your first submission, all right, you advised that the company has, and I quote:

An internal audit unit is established to review the operations of the functional areas of the organization with a view to ascertain whether procedures and best practices are in accordance with established policy.

All right, however, at page 4 of your submission, the position of Internal Auditor is vacant, can you, please, explain?

**Mr. Cox:** Through the Chair, we had engaged the services of an internal auditor and after serving for seven months, she resigned in May. So that is the—

**Miss Baksh:** Okay. Has the position of internal auditor been vacant?

**Mr. Cox:** I think she resigned in May, I think the 7th of May, and we are in the process of advertising the post so that we can have someone recruited at that level.

**Miss Baksh:** All right, but are you aware that this is a direct contravention of the guidelines contained in the State Enterprises Monitoring Manual?

**Mr. Cox:** Yes, through the Chair. My apologies.

**Miss Baksh:** Okay. But given that, based on the information provided, there is no other staffing for the internal audit function. What is the company doing to ensure that there are no corrupt practices taking place?

**Mr. Cox:** Through the Chair, the intention of the company is to create an internal audit unit rather than to recruit a single internal auditor. So the intention is to create an internal audit unit staffed with an internal auditor and some supporting staff members.

**Mr. Chairman:** If the Senator would permit me, what the Senator is asking is in the interregnum between now, what are you doing to make sure that while you are recruiting, what is going on now, because the internal auditor makes sure that proper procedures and policies are followed, your bank reconciliations are done properly.
While you are recruiting—I think the Senator is getting—what is the company doing in the interregnum to make sure that things are being done properly because, again, this is whole big gap in the company’s operation here? So am I correct, Sen. Baksh? I think that is what the question what the Senator is driving at.

**Mr. Cox:** Chairman, to answer you, we have a subcommittee of the board, the Finance Committee, also we have Audit Committee, and both committees are functioning, and submissions are made to these committees on a monthly basis.

**Mr. Chairman:** But that is the problem, Mr. Cox, because the board committees cannot do operational work. So I hear you and your response is disappointing. The board committees cannot do this work. The board committees get the work from the internal audit function. So this is part of the reason why the company got into trouble where board members are into the operations, and that is not supposed to happen. So that PwC in their audit report here was clear, even when you had one internal auditor, for the amount of transactions that the company is involved in, to have an internal auditor review all of these hundreds of thousands of transactions on an annual basis, one person is not enough. I think the PwC recommended at least three persons being part of your internal audit unit. And in the meantime while you are doing that their recommendation is clear, outsource the services of an internal auditor, make sure that while you are getting the problem fixed, you make sure that it does not get any further beyond you. And I think that is something that the company and the Chairman should really look hard at, because if you have no internal auditor for several months, all sort of things will slip by, and even if you bring in the best auditor in the world after that they will not catch everything that has gone wrong. So, Mr. Cox—forgive me again for badgering you, Sen. Baksh, but the Senator has hit on a critical issue. The interregnum now between when you are trying to recruit there is levels, you need to have an almost immediately and in place strategy to make sure internal audits function so that they can provide reports
to the board audit committee and the board finance committee. That needs to be an urgent priority in our respectful view.

**Mr. Cox:** Thank you, Mr. Chairman, I definitely take your recommendation. We can outsource the function, It is very critical.

**Mr. Chairman:** Would the Permanent Secretary, Ministry of Finance, like to comment on that issue, or perhaps the head of the—I think the Central Audit Committee is behind you, anybody have any comment on this issue?

**Ms. Phillips:** Yes, I endorse the sentiments, Chair, that the internal audit is very critical to assess risks and ensure that policies and procedures are followed according to the policies.

**Mr. Chairman:** Thank you very much. Sen. Baksh, you have any further questions?

**Miss Baksh:** Not at this time.

**Mr. Chairman:** Thank you very much. I now give the mike to—Sen. Mark, you have the floor.

**Mr. Mark:** Thank you very much, Mr. Chairman. I want to begin by asking Mr. Herbert—

I have a couple of questions, Mr. Chairman, but let me begin by asking Mr. Herbert the following question. But before I pose, let me just give you a little brief background. At our last hearing with this company, either your good self or someone from the Ministry of Finance indicated that the audit, an investigation was launched into the activities of the EFCL. But you also indicated at that time, I believe, that there was only one member of staff in that unit, as I recall, indicating that the unit is severely understaffed and under resourced.

11.10 a.m.

The question that has to be asked therefore, are efforts being made to beef up the Central Audit Unit and if, for instance, that is not taking place then when can the
public expect this report into the operations, this investigation into the operation of the EFCL, to be completed and submitted, and maybe ultimately tabled in the Parliament? Can Mr. Herbert help, or the Acting Permanent Secretary?

**Mr. Herbert:** In response to your first question, there has been a decision made to actually increase the staff of the Central Audit by putting in place a Deputy Director of Central Audit and also recruiting six additional members so that the complement of staff should be actually 12 members. That recruitment process is currently going on. I cannot pinpoint the exact time when the additional members of staff would come on board, but we are hoping that that will be sooner rather than later.

In relation to the audit that is being currently carried out, the person has started the audit and we are expecting that the field work would be approximately one month. Now, in saying that it would take a month to do the audit is on the basis that the person has gotten the information readily. If there are delays in providing the information, there would be delays in the audit, but our estimation is that it would take a month to do the field work of the audit and probably another work after the field work to complete the report. The report then goes through the reviewing process to the Permanent Secretary and to the Minister, so probably in a month and a half to two months that report should be finished.

**Mr. Mark:** Thank you, Mr. Herbert. Mr. Chairman, may I ask Mr. Cox the following question: the report that was submitted concerning the funds owed to contractors, based on your submission a short while ago I have estimated that there are roughly over 460 companies involved here, and the value of the outstanding funds or payments could be over $340 million. You have indicated that the Attorney General’s Office is undergoing some validation exercise to determine the bona fides of these companies, would you want to share with us whether all my rough estimation of 460 companies that are currently owed over $340 million by the EFCL, could you confirm whether all these companies are under scrutiny by the Office of
the Attorney General and, therefore, cannot be paid as such? Could you verify?

**Mr. Cox:** Through the Chair, Sen. Mark, the answer is not all the companies.

**Mr. Mark:** Would you want to share with us from your assessment and information how many companies are validly owed by the EFCL from what you have submitted? Because I have estimated about 461 or thereabouts. How many out of the 460 companies would you say are companies that are properly established and you owe them, but you are still at this time unable to meet those commitments—that is the payments to them, out of the 460?

**Mr. Cox:** Sen. Mark, I will not be able to answer that question because I do not have the information at this point in time.

**Mr. Mark:** Would you be able to supply that in writing to the Chairman?

**Mr. Cox:** Yes, I will do that.

**Mr. Mark:** May I invite you to join me and look at Appendix A of your very voluminous document—which we welcome. You have, from my estimation here, provided us with a list of what you consider to be small companies, medium sized companies and large companies. Small would be about 324, medium would be about 248 and large would be about 53, giving us a grand total of 625 companies or thereabouts. Were these companies recently recruited or qualified or prequalified, or are they tied up with those companies that are owed moneys, or are these fresh, new companies from, let us say, in existence for the last 20, 23 months? Could you advise?

**Mr. Cox:** Sen. Mark, these are what I can consider new, in the sense that this is a pre-qualification list that was done recently. I think it was early 2016, so I consider it new.

**Mr. Mark:** So it is a new list of prequalified companies. So all of these companies have been validly investigated and they are prequalified and, therefore, once they submit based on your advertisement they would be considered, whether it is small,
medium or large.

Mr. Cox: Based on our criteria established by EFCL I would say yes.

Mr. Mark: Could you indicate to us at this stage how many contracts would have been received by each of these entities in the various categories? Or can I ask you, before you answer, if you can go to page 1 under small companies, you have a column—if you look at any of the companies—I do not want to call names but look at any one of those companies—you have a lot of ticks going across in terms of the areas. What do these ticks represent, that they are skilled in these areas or they have been issued contracts in these areas? I am not too clear and maybe you can clarify for us what these ticks represent.

Mr. Cox: Sen. Mark, the document at hand shows the company name, it shows the educational districts and it tells you the skill set of the company. So the tick really represents the skill set.

Mr. Mark: Could you then provide us—I do not know if you have that information—out of the categories outlined, the small, the medium and the large, would you be kind enough to provide to the Chairman, on behalf of this Committee, how many contracts, since these companies have been prequalified, would have been issued to them by the EFCL? And that is under small, under medium and under large, since they were prequalified, given the date that you provided us with a short while ago.

Could you also provide this Committee with the worth or the value of each contract issued to each company under the various categories, small, medium and large? Could you also provide us with the total value of those contracts as of today’s date, when you would submit your response in writing, barring whatever you have to add when I am through?

Could you also indicate to us, Mr. Cox, whether there has been any challenges or difficulties in meeting financial obligations and payments to those companies that
have enjoyed awards of contracts in the last 20 months thus far? Have you been experiencing the same or have they been experiencing challenges, or are things running smoothly in terms of meeting their payments, given the work that they would have done?

Would you want to give us a brief summary of what I have asked and then, obviously, you would have to supply the Chairman with a complete detailed breakdown of what I have asked?

**Mr. Cox:** Sen. Mark, it is indeed a very awesome task in meeting those requests but, however, we can provide it. Because what we are going to do is to look at the number of contracts awarded to the list of contractors from our prequalified list, and to classify them under small, medium, large. It can be done and we will commit to present the document. But of course it would be a tedious task given the limited number of staff at the EFCL. I wish to ask, what time frame you wish, through the Chair.

**Mr. Mark:** The Committee will communicate to you in writing, Mr. Cox, and we will give a reasonable time. So I do not want you to panic. We understand the challenges of the EFCL, and remember we are here to help. So that if you scream you need help, that is what we are here for at the end of the day.

**Mr. Cox:** Thank you.

**Mr. Mark:** Mr. Chairman, I ask my final this round, because I have a series, but I will pause so that other colleagues can intervene.

**Mr. Cox:** You asked the challenges. Just briefly, one of the challenges that we are experiencing has to do with funding, release of funds, because the country is under some adverse financial constraints, and also from the contractors side, we have some challenges in terms of the contractors not delivering as per letter of their contractual arrangement, in a nutshell. Thank you.

**Mr. Chairman:** Before I give the floor to the Brigadier, Mr. Chairman,
Mr. Vasquez, I want to draw your attention to the PwC report on the human resources management of the company. That is under Appendix C. And just as you had done, Mr. Chairman, there is a schedule of findings and recommendations, because some of these findings are particularly startling.

PwC has found that there are employees of the company who are employed with the company and there were no interviews conducted. They have employees who are on the payroll for which they did not do any reference checks. So someone could have submitted a CV with references and no one checked to see if the references were real, or if they are a good person or they are not so good person. They have persons without qualifications on a payroll, and they did not say not enough, you know, they say without. I think that is a significant statement from PwC. The person on the payroll without qualification; not, not enough qualifications, but they have persons who are on the payroll without qualifications.

There are recommendations here—their findings also include positions that have been created and there is no trail for how the positions were created, no justification that they could find. So that positions are on the structure, and PwC in their process could not find—well, how did this position appear? Did someone just write it in and say call the position this and we want this person in there? So that these require specific action. They have recommended particular actions of the board on some of these issues. Mr. Chairman, I want to draw your attention to this because this should be something that would be a part of your active focus.

Mr. Cox in his contribution shortly, a couple of minutes ago, pointed to the challenges he is having because of the amount of staff, but I dare say maybe it had to do with the calibre of the staff perhaps, given the findings of PwC, where people are in the job who are not qualified. So that it is a combination of the number of persons and then the calibre of the persons. Certainly I would suggest, Mr. Chairman, going forward, you should make sure when you hire persons and you give
them phones that they learn to answer the phones. That should be part of the process going forward, that they know how to answer phones, because “cc” is that one of your staff just do not know how to answer a phone.

Mr. Chairman, I just want to draw one particular, very, very important recommendation at page 33 of the same report. This has to do again with the internal audit function, and I just found it so forgive me for going back to it, but PwC is clear. The board should review this arrangement, and I am quoting:

“and at least at a minimum hire one qualified full-time audit manager and two support staff...”—at a minimum.

That is the barest minimum, and this is based on their understanding of the amount of transactions that EFCL is engaged in. So that this has to be a high priority item for your board. I am not sure the members of the new board or members of the audit committee are here, but this should be a high priority item. PwC is saying at the barest minimum you should have an internal audit manager and two staff. And I suspect that when you look at the volume of work you may require more than that. But at least you need to have three persons to start.

So I want to get a status from you of the implementation of the recommendations of PwC here regarding all of these issues, three pages of issues, regarding the human resource function within the company. They have made clear recommendations, many of them requiring board action. Board to say, “Listen, we have persons here who are in senior management positions not qualified, here is what we propose to do with it”. It requires board action to deal with some of those issues.

So, Mr. Chairman, I am putting it to you that this is something that the Committee expects, that we would like to see a status of where you are, and that status must include what the plan is going forward. We have not done anything regarding this recommendation, but here is what our current thinking is as to how
we are going to treat with it. That is the way in which we would like to see your responses structured, so that the Committee can fully understand what the plan is going forward. We know it is a new board, you are now coming up to speed, but there are a couple of urgent items in here that really, really you need to address pretty much right off the bat.

Mr. Chairman, I am not going to press you. We are okay, but I want to flag it with you and that is our request, and we would like to have your responses in the way in which I have just framed it. I now would like to give the floor to the retired Brigadier. You have the floor.

**Brig. Gen. Antoine:** Good morning. I want to go back to your Appendix H, Summary of funds owed to contractors. We realize that it is in excess of over $500 million. But the question I am raising: EFCL is facing suspension and/or termination of contract by contractors due to non-payment. The question there is: Would the suspension or termination of contracts result in any additional costs to the EFCL due to the breaking of terms of these contracts?

**Mr. Cox:** The answer is yes. Under the FIDIC arrangements, if you did not comply in terms of the meeting the payment at a particular time based on the agreement, the contractor is liable to present a claim. Most times the claim involves interest, penalties and it could be a considerable amount of sums involved there.

**Brig. Gen. Antoine:** So this money is more than the $628.4 million you all have put here?

**Mr. Cox:** Most likely. Interest accrues on a daily basis, so most likely this figure could be understated.

**Brig. Gen. Antoine:** How many contractors are in this position, and how many schools would be affected by the situation if the contractors stop the projects?

**Mr. Cox:** In terms of the number of schools, from my recollection I think we have 94 schools that have been suspended in terms of completion of contracts, and in
terms of quantum, I cannot recall at this point in time, but I can submit that in writing if you allow.

**Brig. Gen. Antoine:** Certainly, yes. Mr. Chairman through you, how would this affect future projects? Because we are coming to a situation where we are going into the August holidays and we expect that repairs should be done to schools, so that for the term beginning in September the students would be able to come to repaired facilities. How would this situation with the contractors affect any future projects that the Ministry of Education would identify in terms of schools for the upcoming term?

**Mr. Cox:** The suspension really treats with the construction activity of the EFCL. However, in terms of the repairs and maintenance programme there is no significant impact, negative impact, because the repairs and maintenance programme is short-term and more or less those are completed on time.

**Brig. Gen. Antoine:** So you are dealing with the construction of new schools?

**Mr. Cox:** The construction of new schools, there is where we have the large amount of claims.

**Brig. Gen. Antoine:** But the contractors who are involved with the construction of new schools, are they the same contractors who would be involved in the repairs of the existing schools?

**Mr. Cox:** The answer is yes, some are in fact involved in the repairs and maintenance.

**Brig. Gen. Antoine:** And if you are in conflict with the contractors for the new schools who are also the contractors for the repairs, would they not carry their situation across the board? What guarantee you have that that would not be done?

**Mr. Cox:** I think in the pre-qualification exercise, I am saying I think. In the pre-qualification exercise, one of the criteria is to look at contractors who have initiated legal proceedings against the EFCL. So that is a criteria which we look at, a factor
that we may deem the contractor—

**Brig. Gen. Antoine:** I do not want to put you on spot, but would it mean that you would debar these contractors who have arbitration from getting contracts in terms of new contracts coming up?

**Mr. Cox:** We have not taken a decision as such, but it is something that we are looking at in terms of whether we should continue to proceed with those contractors who have taken legal action against us, but it is not a definition position at this point in time.

**Mr. Chairman:** Could I just follow up on—again, I am going back to the PwC’s colourful section. There were several weaknesses of the company—[Interrupt] Forgive me, the Chairman has been a bad boy, he did not put on his microphone.

I am going back to an issue, I am following on from the issue raised by Brigadier. PwC recognized here that amongst the weaknesses they say here on page 5—let me try and get the document, it is so much paper, forgive me—the EFCL Procurement Function Diagnostic, dated April 06, 2017—so this is not an old document. This is of very recent vintage, April 06, 2017, is this report. PwC indicated on page 5 of that, there are no records of past performance of contractors. So you are not capturing records of past performance of contractors. And then they also say there is weak monitoring of contractual obligations of contractors.

So when PwC is looking at the company, they are saying, one, there is no record that they could find of the past performance of contractors, and then there is weak monitoring of the obligations of contractors. Then contractors could almost come and do anything under EFCL’s watch, and that is a fundamental failing, because this is where you have potential for haemorrhage of state resources, because you have given persons contracts, you have no record of how they performed in the past and then you are weak in monitoring what they are doing now. That is a recipe for disaster. It is a recipe for public funds to go down the chute. Again, PwC has
been very clear, and they have made a recommendation in there about how to treat with that. So again, you have to bear with the Chairman here, because this report concerns us deeply.

The whole business of EFCL is about getting work down to have the nation’s schools—at least the core work, making sure the schools are properly repaired, are properly functional. When you have contractors—as of April 2017 it has been noted here in the findings that you do not have a record that they could find of the past performance of a contractor. So a contractor can come, have been a horrible contractor before, because the pool is limited you give them work again. That should not happen. And then (b), what is worse, you have not been able to monitor properly what they are doing now.

So that there needs to be some concerted action—Mr. Cox you are the lead person, but again this should attain the attention of the Chairman and the members of the board, particularly whichever board committee has an operations focus, about tightening this area of the company’s operations, because this is where you have potential for massive haemorrhage of state funds—massive haemorrhage—where people are doing work and you give them the contract, they have a scope of works, and if you are not following then anything could happen. And then they may be making claims that, based on your understanding, may not be correct, but you almost have no leg to stand on. Mr. Cox, can you give us a response please.

Mr. Cox: Chair, for clarity, there is in fact a process in terms of looking at the quality control from an exercise. The completion certificate would attest to us, the EFCL that the work has been completed in accordance with scope. In terms of payment, we would not proceed to pay a contractor if there is no completion certificate in other words, and those would lead to challenges in the court.

Mr. Chairman: Mr. Cox, I want to stop you, you have to forgive me. You see, what you said there is what troubles me the most. Essentially, you have just said
you are relying on the completion certificate. That is what troubles me the most, and this is where management of the projects has gone awry.

I have listened to you, and you have to forgive me here, understand the Chair. I am not trying to beat up on the company, I am trying for us to agree on a process that could fix what is going wrong. The company cannot be taking state funds and be depending on the completion certificate to be sure that the work was done. That is abdicating your responsibility. If you go back to the same PwC report on page 62 of their findings, and I quote:

EFCL is responsible for multiple projects which are not appropriately tracked during execution.

So that again it is the same issue. You are not monitoring the projects properly while they are being executed. It is not appropriate or correct or right to be waiting for the completion certificate to say well, I think everything is fine. There should be a rigorous process, and if you need staff, you need resources those are things that you could make the necessary recommendations to. I am sure your line people are here, both Education and Finance are here to help you with this.

I understand some of the projects are small, some are big, but PwC has made a clear finding here and I am troubled by your initial response. I would like for us to be able to help you, but we have to agree on a road forward.

Mr. Cox: Chair, just for clarity, I did not give the entire process. In fact, each project is headed by a project manager in house, usually an engineer. Also, there is a team headed by the project manager.

Mr. Chairman: Mr. Cox, project management is a peculiar skill. It is a skill set. So if you appoint an engineer to be a project manager then I would respectfully like to challenge you on that. The engineer may have project management training, but depending on the size of the project he may need someone with specialized skills. So, I understand what you are saying. What I am getting is that you are trying to
make the best use of your available resources. What I would suggest you say, Mr. Cox, is that perhaps in this area of project management you need more resources and more specialized resources.

Mr. Cox: Definitely.

Mr. Chairman: I am trying to work with you to help you, because I think the company needs help with this, and I understand that given the resources you have you are trying to apply the resources as best you can. What the committee is suggesting to you is that you perhaps need more resources or more specialized resources to be able to pull this back into a way in which you can have confidence about giving a project to a company after they go through the tendering process, and then making sure that the company is held to what it is supposed to do. Sen. Henry would like to jump in.

11.40 a.m.

Dr. Henry: Good morning everyone. I have some questions that I hope will be fairly quick in terms of the answers and I will make a brief statement because, based on what I am seeing in these documents and what I have been hearing so far this morning, I mean, I do not envy the board at all. You seem to have a very Herculean task, given the numerous difficulties that have been outlined in all of these Pricewaterhouse reports and as noted by the Chairman and other members. But let me just get something basic. Do you generate any revenue at all, does the EFCL?

Mr. Cox: Through the Chair, Sen. Henry, we generate revenue, project management fees which are paid by the Ministry of Education who is the owner of the project. So our main stream of revenue is project management fees.

Dr. Henry: Project management fees. Okay. So you do not strictly depend on disbursements from the Ministry of Finance?
Mr. Cox: No. Strictly project management fees.

Dr. Henry: Strictly. And in terms of the funding of the projects, I mean, not just to run your internal operations.

Mr. Cox: Yeah. The funding of the project comes directly from the Ministry of Education. Some of the funding comes from the IDB fund.

Dr. Henry: IDB?

Mr. Cox: Yeah. From the IDB.

Dr. Henry: And anything else?

Mr. Cox: IDF. Sorry. Sorry. IDF.

Dr. Henry: The Infrastructure Development Fund. Okay. And these are disbursed through the Ministry of Education—

Mr. Cox: Yes.

Dr. Henry:—upon granting ultimately from the Ministry of Finance?

Mr. Cox: Yes.

Dr. Henry: Okay. And because what I am trying to get at is that, if there are any other reasons for non-payment to contractors because this seems to be the central problem at the end of the day, if there are any reasons other than just the fact that the country is going through a hard time and we do not have as much money, are there any other factors creating problems for the payment to contractors?

Mr. Cox: Through the Chair, Sen. Henry, one of the factors would be the contractor not meeting his end of the bargain, in that as we said there might be shoddy work or there might be issues in terms of the billing or differences in terms of what the quantity surveyor agrees on or what the company’s internal processes submitted through an invoice. So the invoice might be saying one thing and when you look at the quantity surveyor’s report you see a difference, so you find there could be a dispute over that and that would lead to a non-payment to the
contractor.

**Dr. Henry:** Well, that takes me to claims against the company and some of them you said already went into judgment, you know, so this would be going on for quite some time now.

**Mr. Cox:** Yes.

**Dr. Henry:** Could you give us some idea, because on the information provided here, were the claims there were no dates in terms of when the pre-action protocols were filed and so on. So could you give us a time frame when this whole mess, as it seems, emerged?

**Mr. Cox:** From my recollection there are a number of claims going back to 2011 to present.

**Dr. Henry:** Could you give us—the bulk of these would have happened?

**Mr. Cox:** Yeah. The bulk of the claims would have been as at December 2015. That is when we brought in PwC to do the valuation exercise.

**Dr. Henry:** Okay.

**Mr. Cox:** And we are looking at around almost $800 million in claims.

**Dr. Henry:** Okay. So for these things to reach a judgment, the claim must have been there a long time because given how our courts usually take a while to get to that state. What about the HR Manager situation, was that resolved? I heard a lot of comments about where there was an absence of a HR person for quite some time. Has that been resolved?

**Mr. Cox:** Yes. We have an HR Manager.

**Dr. Henry:** All right. I just probably missed it. Right? And there is also been a relatively a high turnover of staff of all kinds. What is going on in the company that could explain such a high turnover?

**Mr. Cox:** Through the Chair, it is difficult to explain. Well, we have a number
of resignations at the level of senior—we have a senior manager, a couple of management staff has left for a number of reasons.

**Dr. Henry:** Have there been recent resignations since the new board, since the Mr. Vasquez board came in?

**Mr. Cox:** Our last resignation was in May. Yeah. We had a number of resignations in May and a number of non-renewal of contracts.

**Dr. Henry:** Okay. And I think I will pause here for now.

**Mr. Chairman:** Before I give the floor to MP Karim, I just have a quick follow up on Sen. Henry. In your documentation supplied to us, I think, this came out of the question that we asked at the last hearing. You have read a list of terminated employees and we did not have the dates because, I mean, I am seeing Chief Executive Officer; Chief Operations Officer; Implementation Manager; Division Manager of Finance; Manager Repairs and Maintenance; Procurement Manager; Senior Engineer. This is a list of terminated employees. So that, I mean, from the CEO all the way down to the Senior Engineer, but they are all relatively senior persons who have been terminated by the company. So, I do not want you to respond, but could you help us to understand the rationale reasoning? Because, and then the dates? Yeah?

So that we will accept it in writing. We will accept it in writing, because deliberately I did not call the names of the persons, I called the positions. But we would like to understand the rationale and the dates, because when you look at this listing, it is a troubling list from CEO, divisional managers, procurement managers, the lowest person is a senior engineer. So it seems to have a lot of senior people, not resigned, but have been terminated. So there must have been a reason for what seems to be a mass termination of persons here at very senior levels of the company and the Committee would like to get an understanding of
what happened here?—not for the public record, but at least provided to us in writing, we will appreciate that. I now give the floor to MP Karim.

**Mr. Karim:** Thank you very much, Mr. Chairman. Mr. Cox, throughout this morning you have more or less alluded in many ways to the deficiencies of contractors. Can you tell us whether you have found any instances of fraudulent practices by contractors? And if you have, can you give us a sense as to what that might be?—number of contractors, the quantum of money that is concerned?

**Mr. Cox:** Through the Chair.

**Mr. Chairman:** Suspected fraudulent.

**Mr. Cox:** No. We have not identified, I, and EFCL have not identified any such incidents.

**Mr. Chairman:** Not one?

**Mr. Cox:** No.

**Mr. Chairman:** Interesting.

**Mr. Karim:** Okay. You mentioned as well the lack of submission of completions certificates. Can you tell us how many projects have been challenged?—you cannot open schools or you cannot utilize facilities. How many such instances of non-submission of completion certificates by contractors and what quantum of moneys are we talking about involved?

**Mr. Cox:** MP Karim, through the Chair, I cannot answer that at this point time, but I can provide a response in writing.

**Mr. Karim:** Would you say that it is a sizeable amount? There is a concern about the number of projects for which you have not received completion certificates?

**Mr. Cox:** If I were to answer broadly, all the contracts that were suspended would be in a situation we are talking about 94 contracts that have not reached
the stage of—or have not reached a stage of completion. So therefore, there would not be completion certificates with respect to the 94 suspended construction projects.

Mr. Karim: So 94 contractors have not submitted completion certificates?

Mr. Cox: If I were to answer it in the light of suspended or terminated contracts.

Mr. Karim: Of what percentage would you say that represents of the total number of contracts on the average?

Mr. Cox: It could be around 70 or 80 per cent.

Mr. Karim: So 80 per cent of the projects, the contracted work have not satisfied the criteria of completion certificates and therefore, payment?

Mr. Cox: Yes. I can safely say that.

Mr. Karim: You did mention and, in fact, your vision statement of EFCL says that you want to be a project manager of choice. Can you tell us whether you outsource project management services; whether there is a list of approved project managers? So first of all, do you outsource? And if you outsource, what quantum of moneys do you pay for outsourcing?—say for an average of a year, and how does that compare with your revenue stream you receive as a project manager?

Mr. Cox: Through the Chair, I am not in a position to answer the question at this point in time.

Mr. Karim: Okay. I just want to ask and I do not know which one—

Mr. Chairman: Will you be able to provide that in writing to us?

Mr. Cox: Yes, Chair, I will.

Mr. Chairman: Thank you. That is a very important question raised by MP Karim, about the outsourcing of those services. Thank you.

Mr. Karim: That will give you a sense of sustainability of the organization. I want to go into an area that no one has touched on as yet and it is one of your
mandates that is Textbook Rental Management Unit. Could you tell us, if you can, whether publishers are owed; how much they are owed; whether they are being paid; and in the indebtedness when will they will be paid? The sum, publishers—because you have the indebtedness here in the document we got, but I could not extract it, because I would not have known, it did not identify quite apart from the special contractors, 12 of them, I could not have identified who are the publishers. So if you can tell us whether publishers are owed; how many publishers and when will they be paid?

Mr. Cox: In terms of the Textbook Rental Programme, I think EFCL has been doing quite well in that area, in that for 2014/2015 we got an advance sum from the Ministry of Education so that it was easier to contract and to, you know, satisfy contractors in that respect. 2016/2017 however, the textbook publishers they have been very slow in terms of producing their invoices, so we are sort of, you know, limited in that sense in terms of the rate at which invoices are being presented to us for payment.

Mr. Karim: In other words, all the invoices that have been submitted you, they have been paid?

Mr. Cox: Currently, no.

Mr. Karim: So what amounts are outstanding? That is the original question I had asked. How much do you owe publishers, outstanding amounts, quite apart from them not submitting their claims? Of the claims that were submitted, what quantum are we talking about and when will that be paid?

Mr. Cox: Through the Chair, I will have to submit that in writing, if you so wish.

Mr. Karim: Okay. Now, we are looking at a couple weeks just the vacation period to the reopening of school and I know you have an expert on your front desk there with a tremendous amount of experience in teaching and the teaching
service. Can you tell us whether there is going to be top up of textbooks for the September term?

Mr. Cox: Can I defer the question to the Ministry’s person?

Mrs. Sinaswee-Gervais: Can I provide that information in writing, Sir?

Mr. Karim: Sure, PS, because it really hinges on the fact whether we will have sufficient time, through the textbook evaluation committee and that is a question I want to ask as well. Is there an active textbook evaluation committee as we speak that is looking at the quality, the content and as it responds to the curriculum in the primary, secondary schools? Is there an active evaluation committee?

Mrs. Sinaswee-Gervais: Chairman, yes, there is an active committee recently appointed earlier this year. I believe they submitted an initial report however, I was on vacation leave so I have not seen the report, but I know an initial report was submitted.

Mr. Karim: Okay. I know you would not have seen it, but I do not know if the Deputy PS could answer whether there are any recommendations for the issuance of new textbooks under this unit for the coming September term?

Ms. Jaisir: Unfortunately, I am not able to answer that. Textbook is on another side remit. I deal strictly with infrastructure, so I cannot say if there is, but we can source the information and provide it.

Mr. Karim: Okay. So can I say that at this point in time you are unable to indicate whether there will be a 10 or 15 per cent top up of textbooks for the commencement of the September term?

Mrs. Sinaswee-Gervais: I believe there will be a top up, yes, but I would prefer to provide that information in writing, Sir.

Mr. Karim: Okay. EFCL, Mr. Cox, you indicated that this facility is working well. Can you tell us because there seems to be some concerns in various schools
with the issuance of the textbooks, but more importantly in terms of the retrieval of the textbooks for future use? Can you tell us whether there is a problem with the retrieval or what percentage of the issuance of textbooks are received upon the completion of each academic year?

Mr. Cox: Through the Chair, we at the EFCL our focus is procurement of the textbooks. We are not involved in the rental process. The rental process is at the level of the Ministry of Education.

Mr. Karim: So when you are procuring, are you really concerned or ask any questions in respect of: why are you procuring so many more of the same textbooks? Because there seems to be, and I can tell you from investigation, there is a concern about the non-retrieval of these textbooks and what might very well be happening in a time of scarcity is that you might be continuing to top up which could have been saving you money if you had a proper retrieval system?

Mr. Cox: I am in full agreement.

Mr. Karim: Okay. Mr. Chairman, I just wanted to ask another question with respect to in terms of the textbook rental. Since you were in the procurement textbooks or issuance in the schools, are you satisfied with the quality of the textbooks that you are procuring?

Mr. Cox: Through the Chair, again, EFCL, our mandate is limited to the procurement and we do not extend ourselves beyond that unfortunately.

Mr. Karim: I just wanted to go back to the issue of the audits. Have you had any reports, it may have been in the document you sent us, but have you had any reports with respect to outcomes of the PwC audit, the most recent one?

Mr. Cox: Through the Chair, to date no reports have been received by the EFCL on that.

Mr. Karim: And have you been advised of any such reports from the Ministry
of Finance or the Office of the Attorney General and Legal Affairs?

Mr. Cox: In respect to the Ministry of Finance, the audit is in process at present. With respect to the PwC audit report, I am informed that it has reached the Office of the Attorney General and Legal Affairs and we await the response from the Office of the Attorney General and Legal Affairs.

Mr. Chairman: Thank you, Sen. Baksh.

Miss Baksh: Okay. In your response to questions around customer service feedback process you state and I quote:

Currently no statistical data of complaints are collected by either the EFCL or the Ministry of Education at this time.

But it was then stated, again, that on average 20 complaints are resolved by the EFCL on a monthly basis. Can you just inform the Committee how was the average arrived at?

Mr. Cox: Yeah. Through the Chair, what we did we looked at the number of claims, the number of complaints we received through an Internet arrangement and we monitor, the person who is managing the query, there is a query file and we look at the number of responses based on the number queries submitted. So out of 100 queries, we would see probably 20 on average have been dealt with in terms of a feedback given to the—when you say dealt with, a feedback given to the person making the query.

Miss Baksh: Okay. I just have one more question. You have also indicated that, well, you actually listed five subcommittees that were established in order to facilitate the achievement of the mandates of the board. All right? Can you kindly provide to the Committee in writing the members of these subcommittees?

Mr. Cox: Through the Chair, I so do.

Mr. Chairman: Thank you very much. I have a quick question for Permanent
Secretary Phillips. In your understanding or your experience, is it normal for the Corporate Secretary of a state enterprise to have a limit that allows them to procure goods and services? In part of the submission from EFCL there they indicated the Corporate Secretary of the company has the authority to, up to $100,000, to procure goods and services. Is this something that is usual or normal?

Ms. Phillips: I have seen it before, but I do not think it is a practice that we would like to encourage.

Mr. Chairman: I am of your view that the Corporate Secretary is supposed to be somebody who is away from the average run of the mill parts of the operations, and I am perturbed and in particularly now the Corporate Secretary is not here to respond, but it is part the rules and procedures of the company regarding, it is part of their tenders rules. And again, I suspect, I am not sure this would have been submitted to the Ministry approval or vetting, but it is part—and it is very old vintage 2007, so it is not a recent procedure. But to have the Corporate Secretary to be able to procure goods and services up to $100,000 seems unusual to this Committee. And we have no problem with the CEO having a limit or even the divisional managers, but the Corporate Secretary seems a bit unusual. But if you said you have seen it before perhaps this Committee—

Ms. Phillips: It is something that we can look at. We are revising the performance monitoring manual and we will certainly look at that.

Mr. Chairman: Thank you very much, Madam Permanent Secretary. Sen. Mark, you have the floor.

Mr. Mark: Yeah. Thank you very much. Mr. Cox, in light of the PwC’s report whenever that was finally submitted, we understand there are over 20 claims actively being pursued at the level of the courts, maybe you can tell us if there are
more as we speak. The question here is, how much moneys are being expended by EFCL in order to deal with these claims thus far? And could you also advise on the number of attorneys and maybe legal firms that have been recruited by the EFCL to address this suite of claims that have proffered against the EFCL? May I also—would you like to respond or just supply these things in writing?

**Mr. Cox:** I will supply in writing definitely.

**Mr. Mark:** All right. I also looked at some of the findings of the PricewaterhouseCoopers under “Payables Management” that is on page 45 of your submission, and I think that would come under Appendix C, if I am not mistaken. It is stated here that:

> The Finance Division has at times been instructed to pay contractors without receiving funds from the Ministry of Education and that these contractors would then be paid from the EFCL’s revenue accounts.

Now, could you indicate to this Committee who would instruct the Finance Division to pay these contractors without receiving funds from the Ministry of Education? Could you clear that for us?

**Mr. Cox:** Through the Chair, in terms of use of the revenue fund, there are certain situations that may arise or do arise and, for instance, a court judgment and a company is coming to seize the asset of the company. This is a real situation, a decision through the management would be recommendations to the management would be to the board that one way of treating with that situation is to use our revenue fund to forestall the closure of the company or the physical closure of the company in terms of the execution of a court judgment. So in such situation we do, in fact, the recommendation of the management and the approval of the board, we would use the revenue fund through advance a payment pending receipt of the funds from the Ministry of Education.
Mr. Mark: But would you not say that it would be better to follow the advice of PwC and establish a contingency fund or account rather than going into your general revenues?

Mr. Cox: I would, you know, I appreciate the recommendation of PwC and it is a practical way of treating with it and we would look at that.

Mr. Mark: Would you be effecting that recommendation?

Mr. Cox: Through the Chair, definitely, Sen. Mark, definitely.

Mr. Mark: May I also ask, you know, Mr. Cox and maybe the Ministry of Education Permanent Secretary, a number of allegations continue to swirl around this company as it relates to their tendering process. Would you say that, and this is to maybe the Ministry of Education Permanent Secretary and the Ministry of Finance Permanent Secretary, it is alleged that the tendering process at this company has been deliberately manipulated, it is alleged in the issuing of awards of contracts, and that this has been manifested by the changing of the tendering process. Have you been able to conduct any enquiries or investigations in order to verify these claims that the tendering process has been deliberately manipulated by this company to award contracts to their favourites? That is what has been alleged and they have changed the tendering process, and I do know if you are aware of it. And could you tell us whether the Ministry as the line Ministry and the Ministry of Finance in the case of the Permanent Secretary, have looked into this matter having regard to the seriousness of these allegations?

Ms. Phillips: We have not done any preliminary investigations, but what we have done, as the Committee is aware, we have sent out the central audit committee to do an in-depth investigation into procurement practices of the EFCL.

Mr. Mark: May I ask of the Permanent Secretary in Ministry of Education as
the direct line Ministry with responsibility for EFCL, what has the Ministry done to deal with this particular perception based on serious allegations, particularly these things that have been published in newspapers, particularly the *Trinidad Express*?

**Mrs. Sinaswee-Gervais:** Through the Chair, because the company is wholly owned and under Corporation Sole, we expected that the Ministry of Finance would deal with the audit, and as we have all been told the audit has commenced. The Ministry of Education has not taken any steps to conduct any audit.

**12.10 p.m.**

**Mr. Chairman:** Mr. Chairman, may I also enquire as to—I do not know in Mr. Cox or Mr. Vasquez would be able to deal with this. Could you tell us what was the tendering process, the system of tendering that existed prior to the introduction of the two-envelope system?

Could you explain to us what was the system of tendering that you had at EFCL? Or do you still have that system in existence—whatever that is—and you have now introduced, I understand, a two-envelope system? Could you share with us if that is true or that is false, and could you tell us for instance what was the previous system you had in existence, and if that system has been changed, or if the two-envelope system has now been added to the system that is in existence, or that was in existence prior to the introduction of the two-envelope system? Anybody could answer it.

**Mr. Neptune:** Through the Chair, I would attempt to answer the question, Sen. Mark. Both the Chairman and I have been what I consider recent entrants into the EFCL family. We are not aware of what was then. I am particularly aware of the two-envelope system that is in place right now. However, there are two sets of audits being conducted to sort of quell or to bring to closure those
allegations that are out there in the public domain. So, I think we all can await the outcome of those.

**Mr. Chairman:** If you would permit, Sen. Mark, I want to reference a newspaper publication ad put out by the company on the previous weekend, “Setting the record straight”. I have just listened to the response about there is audits going on to deal with the things that is going on. Why did the company see it necessary to run a full-page ad in two of the three daily newspapers? I know that it only ran in two of the three, I do not want to ask why the third one was not included, because I am sure that as a good corporate citizen and as a State owned entity you would apply an even hand. I would expect that you would apply an even hand in the way in which you are spending Government funds. If you are putting ads in the newspaper you put in all, but I would not ask you about that. I just want to know what would have driven the board—I suppose the board would approve this, I suppose so, I could only surmise, or at least Mr. Cox, the manager—I do not see the company running an ad like this without the board approving. So, the only person who could really help us with that is Mr. Vasquez. You are still quoted here as a member of the board, so this article called, “Setting the record straight”, Mr. Cox has told us that the company understood there is a series of activities going on to try to deal with all of the things that is in the public. Why did the company still find it necessary to do this? And what is the approval process for this? Mr. Vasquez, could you help us?

**Mr. Vasquez:** Through you, Chair. Another thing to set the record straight, I could speak on behalf of myself, Mr. Clyde Permell and Mr. Dean Burgin. We were all at that meeting when that particular document was suggested and we did not consent to it.

**Mr. Chairman:** Really!
Mr. Vasquez: We did not consent to it. Subsequent, I had asked, why did our names go out on a newspaper article when we specifically said we will not consent to anything leaving EFCL without our permission, and yet we found out, just like yourself, articles were published in the newspapers on behalf of the company. I subsequently launched—

Mr. Chairman: How? How? How?

Mr. Vasquez:—an investigation, and of course the Corp Sec is not here to answer that also.

Mr. Chairman: How convenient that is?

Mr. Vasquez: I did get a partial report on how it was done, and I can submit that report to your committee.

Mr. Chairman: We would appreciate the report, but what I am trying to get at, you indicated that the board sat, a draft of this document, I suppose, was presented to the board, yourself and a couple of other members of the board indicated that they are not in agreement, so I am trying to understand what happened. Is it that the majority of other members present agreed to go?

Mr. Vasquez: There was no decision at that point in time. It was supposed to be circulated to us for a consent and approval, and for some reason how it happened, orders came from the then HR committee together with the Corp Sec which was disseminated to the Communications Special Projects Manager, and the ad was published.

Mr. Chairman: Well, I understand what you are saying Mr. Vasquez, and I do not want to put you on the spot, but it cannot just be published. There has to be a process and an approval process—

Mr. Vasquez: Well, the approval came from the Corp Sec, just to answer that.
Mr. Chairman: But, if the board did not agree, under what basis would the Corp Sec approve it? *[Laughter]*

Mr. Vasquez: Again—

Mr. Chairman: *[Laughs]* I am hearing you, and this is where—again, I am not driving directly at you, but it speaks to a complete breakdown. If the board met, something was presented to the board, the board had no agreement, am I correct?

Mr. Vasquez: Correct.

Mr. Chairman: And what you are suggesting is that the Corp Sec proceed with it?

Mr. Vasquez: Correct.

Mr. Chairman: But the Corp Sec is not here to defend herself? But somehow or the other it got into the newspaper. That is where, the Committee, we have concerns on two levels: The process by which this got to the newspaper, and then the fact that your line Ministry had initiated a series of audits to try and treat with these issues, yet somebody, in spite of the board not agreeing, agreed to proceed with this. So, something is completely awry.

Mr. Cox, I would not put you on the spot, because I suspect you may have gotten instructions, because it seems that some parties were able to do whatever they want. Because to place an ad, someone has to do the copy, someone has to get the quote, someone else has to process the invoice. There is a whole series of steps, and this cannot happen without a series of approvals. So what is being suggested to us is that the Corp Sec, perhaps, may have been the person who put this through, but she is not here to defend herself, so we do not know what conclusion to take. And it is deeply concerning to us. And I hope under your stewardship Mr. Vasquez, that if the board sits and agrees not to proceed with something, that no officer should have the authority or the temerity to go against
the board’s decisions. It cannot be.

**Mr. Vasquez:** Well, I thought so. I thought so, but for some reason it still went through the system.

**Mr. Chairman:** Amazing. Well what we will do, the Committee will request some information. You indicated that that the board members had no agreement, the Committee is going to request an extract of the board minutes that reflect same, because there needs to be some type of reporting to this Committee to understand how this happened.

**Mr. Vasquez:** That is a next thing, it is a report at this stage. The minutes for that particular meeting was not confirmed by the former Chairman.

**Mr. Chairman:** Well, you have someone, you would have had a note taker in the meeting; they would have draft minutes.

**Mr. Vasquez:** Well, the Corp Sec was the one who did the—*[Laughter]*

**Mr. Chairman:** So, everything seems to revolve around the Corp Sec who does not know how to answer her phone? It just gets more and more interesting, but the Committee is trying to understand the process, understand where we are going.

**Mr. Vasquez:** Of course.

**Mr. Chairman:** The process, so that if it is that the board, as you indicated, did not agree to proceed, how could a state enterprise put a full page ad in the newspapers running two days on the weekend and the board specifically said not to proceed. So, who is running the company? Who is running the company? And we are trying to understand the process to make sure things like this do not happen in the future. That is where we are going. So, we are here to help you with that. Sen. Mark, forgive me for interrupting your flow, but I wanted to treat with this matter. Sen. Mark.
Mr. Mark: Mr. Vasquez, does that in any way explain the decision to award hefty increases in allowances to the Corporate Secretary, who I understand was promoted to the post of Senior Legal Officer? This, what you have just described, as well as the Assistant General Manager, who would have been given a hefty increase amounting—she got $13,000 increase, whilst the Corporate Secretary whose substantive post was Legal Officer, became a Senior Legal Officer, and went up by some $14,400—and I think the Chairman was making the point earlier, that if you are going to increase the salaries or the allowances of your staff, it should be done—and we have a trade unionist next to you—across the board. There should be a proper job evaluation exercise done, or a proper exercise done for increases across the board, but in this instance we are being told that one or two persons were identified and given special treatment.

So, it reemphasizes the point that the Chairman is making, that the board, it appears, was not, or some members of the board were in charge and others were just being taken along, and then you had a very powerful Corporate Secretary, who has now conveniently resigned. That is my submission. It appears to me to have conveniently resigned, and you are now telling us that a lot of things took place, even you as a director and a member of the board, without your authority, without your knowledge—so, what was really, and what was going on at that board level? I mean to say, we need some clarification, maybe from your good self, so that we ourselves in generating this report we can bring the Parliament up to speed.

Mr. Vasquez: Through the Chair, I am really unable to answer your question pertaining to rationale on increases of salaries. It was before my time, so I am unable to answer that question.

Mr. Chairman: Mr. Chairman, I do not want to weigh, we understand. You are
new to the board, this is new to you, but the key message the Committee is driving is that you see what has gone wrong, we have outlined it, we would like to make sure that you as the Chairman drive through the process that these things that have happened in the past do not repeat going forward. That is the common theme that we are going with now. You have a new board, you have bright perky faces ready to go, but we like alignment. This Committee likes alignment. We want you align on the view that the bad practices that have gone on before by previous members of both the board and management we try to fix those going forward, so we will have a tighter, leaner, more efficient, more effective EFCL going forward. You are the guy in front, so you have to lead the charge, but if you need support from this Committee, we are here to help.

Mr. Mark: Mr. Chairman, if I may have Mr. Vasquez or Mr. Cox, are you aware that there is a vacancy in the office of the Procurement Manager? In other words, there is a vacant post in the establishment of the EFCL titled Procurement Manager, are you aware? And could you tell us, because of the significance and importance of this office to the tendering processes, the procurement processes of the EFCL, how soon would this vacancy be filled? And, maybe as I am on that point, may I also enquire whether there is in existence a management tenders committee at the EFCL level?

Mr. Neptune: First of all, the position of Procurement Manager is in fact vacant, through the Chair, Sen. Mark. The person holding the position contract expired at the end of May, I think. We have not yet occupied the position in terms of recruiting anyone, or renew the contract of the incumbent.

Secondly, in terms of the management tenders committee, based on the reconfiguration of the organization structure that took place sometime last year, the names of the position in the tenders committee document is different from
the—what I should say, the new position created is not reflected in the tenders committee document, so the board will have to amend the tenders committee document in line with the new configuration of the organization’s structure. For instance, CEO position is no longer there, you have a General Manager; Divisional Manager is no longer in the new structure, what you have is Assistant General Manager. So, based on these changes in the organization structure, we will have to amend the tenders document so that it would reflect those changes.

**Mr. Mark:** Could you tell us if the Procurement Manager resigned? Or was dismissed? Or the contract—could you tell us whether the position of Procurement Manager and that office holder, did the person resign? Was the person dismissed? Or is a case of the contract not being renewed? And if it was not renewed, for what reason? Is there anybody who can provide us with any answers to this one? Because this is a very important office in the whole scheme of things within this company called EFCL, so could you share with us what could have or may have happened?

**Mr. Neptune:** The contract of the Procurement Officer expired, and management is yet to make a decision—the board that is—as to filling that vacancy. What we see in fact, that the role of Procurement Manager is critical to the mandate of EFCL, or the operations of EFCL.

**Mr. Mark:** Mr. Cox, could you tell this Committee whether there is favouritism, nepotism, cronyism at the level of that company where some persons when their contracts expire, these contracts are renewed? And there are others when their contracts expire, they are not renewed? What is the basis for some being renewed and some not being renewed? It will lead the ordinary person to believe that there is a certain kind of unevenness existing in that company as it relate to decisions being taken by the management and not being approved by the
board. I do not know if Mr. Vasquez or your goof self could help us there?

Mr. Vasquez: I will try my best to answer that question, through the Chair. Personally so far I have not seen anything, what you have just described. It is a new environment, and we are trying to—our committees are set up and we are now going to be investigating the overall performance, and possibly restructure how things are done in the sense of proper reporting, proper evaluations. I know that the HR Manager has some new evaluation forms that she has brought to our attention—actually, we met on Corpus Christi to start getting things organized, and surprisingly the management—a tender committee issue came up at that point in time also. So, we are making sure that we look at everything and review everything very effectively and efficiently in the near future. I hope that answers your question to some extent.

Mr. Chairman: All right, we are close to 12.30, I know MP Karim has a couple, but could you keep it just to one question, please, so we could wrap up on time?

Mr. Karim: Okay. Thank you very much, Chairman. Mr. Cox, are you aware of the terminology, “Contractors of interest”?

Mr. Cox: Through the Chair, I heard the term but I cannot explain or know what the explanation is, really.

Mr. Karim: Was it mentioned in the PwC report, of which you have a copy?

Mr. Cox: Yes, it was mentioned in the report.

Mr. Karim: Did you see it there?

Mr. Cox: Through the, Chair, if you look at Appendix C in the document, there is a note there which explained that the forensic reports conducted by PwC were not included in the package, because these reports are subject to legal privilege.

Mr. Karim: And finally, has any contractor been awarded a contract by EFCL who was not on your approved list?
Mr. Neptune: Through the Chair, I am not aware.

Mr. Chairman: Thank you very much. Well, we are right on schedule. I want to start to close this proceeding today, if only not because we run out of questions but we have run out of time, because I only scratched the surface with my questions, but we understand the executive time in this room is significant. So, I would like to invite the Chairman of EFCL to give us a few, short, brief closing comments before we end this proceedings.

Mr. Vasquez: Through the Chair, would you consider Mr. Permell giving that closing remarks?

Mr. Chairman: If you are willing to give way to Mr. Permell, the Committee has no objections, whatsoever.

   Mr. Vasquez: Thank you.

   Mr. Permell: I just wonder why, Mr. Chairman.

   Mr. Chairman: Because you—as we discussed the last time Mr. Permell, you seemed to be quite well brought up, and the Committee appreciates that. [Laughter]

   Mr. Permell: Okay. Thank you, Chairman, for the opportunity to make some closing comments for and on behalf of EFCL. Chairman and members of the Joint Select Committee on State Enterprises of Parliament, Permanent Secretary of the Ministry of Education and her team, Permanent Secretary of the Minister of Finance and her team, members of the media, and members of the viewing public, I am grateful for the opportunity afforded EFCL to present ourselves to account to this august body for our management of construction and repairs of Government and government-assisted schools in accordance with EFCL’s stated mandate. The meeting today was indeed a learning experience for myself, and I can safely venture for the entire EFCL team, because it is virtually a completely
new team. Many relevant points have been made, and I am certain that as a team, EFCL will strive to make its operations more effective and efficient in delivering service in the field of education.

Chairman, members of the Joint Select Committee, on behalf of the board and management and staff of EFCL, I thank you for having us. Also, I take this opportunity to thank our line Ministry, the Ministry of Education and the Ministry of Finance, represented by PS Angela Sinaswee-Gervais, and her team, and PS Lisa Phillips and her team, for their presence and continued support to EFCL. Thank you.

Mr. Chairman: You are most welcome. And I want to on behalf of the Committee to thank everyone for being here, Mr. Vasquez and your team, Madam Permanent Secretary Phillips, Madam Permanent Secretary Sinaswee-Gervais, we appreciate your time. And here is why it is important for us to recognize this, you all are very senior civil servants, you have recognized the importance of this enquiry, and you have cleared time on your calendars to be here, and it is no small appreciation from the Committee to you to be here. We recognize how busy everyone is, but this is dealing with the state resources, and while we are here to conduct an enquiry, we are here to help. The Committee is here to help in any way possible to make these entities, including those who are before us, operate in a more efficient and effective manner. I want to thank the members of the viewing and listening audience, and the members of the media who are sitting with us here today, and all the support team from the Parliament, and I would now wish to advise that this meeting is now suspended. Thank you very much.

12.33 p.m.: Meeting suspended.
VERBATIM NOTES OF THE TWENTY-SECOND MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE ARNOLD THOMASOS (EAST), LEVEL 6, (IN CAMERA) AND IN THE J. HAMILTON MAURICE ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, NOVEMBER 20, 2017 AT 9.35 A.M.

PRESENT

Mr. David Small  Chairman
Dr. Lester Henry  Vice-Chairman
Mr. Wade Mark  Member
Mr. Adrian Leonce  Member
Mr. Fazal Karim  Member
Mr. Brian Caesar  Secretary
Miss Sheranne Samuel  Assistant Secretary
Miss Krystle Gittens  Parliamentary Intern
Miss Vahini Jainarine  Legal Officer I

ABSENT

Brig. Gen. Ancil Antoine  Member [Excused]
Miss Allyson Baksh  Member [Excused]
Mrs. Cherrie-Ann Crichlow-Cockburn  Member [Excused]

EDUCATION FACILITIES COMPANY LIMITED

Mr. Ricardo Vasquez  Chairman
Mr. Denis Cox  CEO (Ag.)
Mr. Marvin Gonzales  Director, EFCL

MINISTRY OF FINANCE
Mr. Chairman: Good morning, apologies for the late start, but I thank you for our patience in bearing with us. I would like to reconvene this meeting and welcome everyone here and the viewing and listening audience to the eleventh public hearing of the Joint Select Committee on State Enterprises. The purpose of this meeting is to continue the examination into the efficiency and effectiveness of the Education Facilities Company Limited in managing the construction and repair of government and government-assisted schools and to explore what may be some of the possible solutions to challenges being faced by the company.

The role of this Committee is, firstly, to examine the issues which arose based on EFCL’s written responses to the Committee’s questions and, secondly, to help EFCL in improving its operations resulting in a more efficient and effective organization.

This meeting is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 FM and the Parliament’s YouTube channel, ParlView. Viewers and listeners can participate by sending comments related to today’s engagement with the Education Facilities Company Limited via email to parl101@ttparliament.org or via our Facebook page at facebook.com/ttparliament or on twitter@ttparliament.

I would like to welcome now the officials of EFCL and I would like to invite you to introduce yourselves.

[Introductions made]

Mr. Chairman: I would like to invite the representative of the Ministry of Finance to introduce herself.

[Introduction made]

Mr. Chairman: Thank you very much. I would like to remind members that I would like all members to make sure their phones are either switched off or on vibrate or silent, and please remember to put on the mike whenever you want to
make a contribution when you are responding to questions.

I want to acknowledge that the Committee is in receipt of submissions from EFCL, and I want to thank the officials for the written responses that have been received by the Committee. I would like now to ask officials present, the Chairman of EFCL, to make any brief remarks before we dive right into the hearing. Mr. Vasquez, we would like you to join the floor and make a brief opening comment.

**Mr. Vasquez:** Thank you, Mr. Chairman. Good morning, Mr. Chairman, again, Mr. Small, and members of the Joint Select Committee on State Enterprises of the Parliament of Trinidad and Tobago, Permanent Secretary, Acting, Ms. Suzette Lee Chee, in the Ministry of Finance; our team, Mr. Marvin Gonzales, Director; Mr. Denis Cox, Acting CEO of the Education Facilities Company Limited, members of the media and the viewing and listening audience.

Firstly, I would like to give a brief overview of EFCL to place the foregoing deliberation in perspective. EFCL is a wholly owned state enterprise limited formed in 2005 under the Companies Act with the corporation sole, Minister of Finance, its shareholder and the Ministry of Education, its line Ministry—the principal from an agency perspective. EFCL’s mandate is as a project manager and is responsible for the following: The construction of schools at three education levels; ECCE, primary and secondary, repairs and maintenance of schools, outfitting and furnishing of schools and procurement of textbooks for the said schools.

As Project Manager, EFCL receives formal instructions or authorizations from the Ministry of Education to embark on any project within its stated mandate. Through EFCL’s procurement tendering process contractors are sourced and engaged to undertake projects for and on behalf on the principal, the Ministry of Education and, by extension, the Government and people of the Republic of Trinidad and Tobago.

With the change of administration in 2015, the board of EFCL was faced with
a number of school constructions which were either suspended or terminated or left in a state of flux. Amounts owing to contractors and consultants, project manager, we were more than $750 million or three-quarter billion and an audit firm, PricewaterhouseCoopers was asked to conduct valuation exercise to ascertain the validity of the amounts claimed by contractors. Following the PwC exercise, Cabinet was asked to authorize the change of use of existing funds, approximately $221 million held by EFCL to pay valid claims together with the consultancy and the associated costs. We continue to receive funding from the Ministry to reduce these outstanding debts.

In the last couple months, with the dramatic fall in prices of both oil and gas, the Government has found great difficulties in funding these school construction projects which are at various degrees of completion or non-completion. Notwithstanding, the EFCL continues to work closely with the Ministry of Education in carrying out its mandate especially to respond to critical areas to ensure that the school plants are kept in state of repair to prevent closure of schools and to facilitate the student learning.

Further, EFCL project management fees are depending on contractors’ billings, hence non-payment to contractors directly impact on EFCL’s operations and its ability to maintain a cadre of core personnel.

Finally, as Chairman, I wish to assure you that EFCL team is present and ready to give clarity and explanations to this Committee as the proceedings progress. Thank you very much.

Mr. Chairman: Thank you very much, Mr. Vasquez. The Chairman, in his urgency to proceed, I omitted to ask the members of the Committee to introduce themselves. We know who you are, and let us make sure that you know who we are. So I am going to ask the members on my right to introduce themselves and then we will go around the table.
Mr. Chairman: And I am David Small, the Chairman of the Committee. Once again, I want to welcome you to this meeting and this meeting is called for us to try to put in place and understand some of the things that have happened at the EFCL in the past so that we could try to make recommendations to improve its performance going forward.

Now, before I proceed directly into the questioning, the Committee has agreed that I be allowed to make a comment on a couple of issues. There are two persons who would have been invited to attend this meeting today and they were not able to attend. We actually, as a member of this Committee, as Chairman of this Committee, I noted in the newspaper very early this morning I saw that one of those persons, the information that that person was not attending was in the press, but the actual document was only received by this Committee in terms of us seeing it, subsequent to that. You know, the Committee is challenged by that. The Committee does not communicate its intentions in the public. That is not how we do business, it is not how we do things. So the Committee is disappointed in the way in which the communication that you are not going to attend ended up in the newspaper, certainly before we saw it. So the Committee is concerned about that and it is not something we would like to see happen again.

But, here is what. This Committee is here to do work on behalf of the people of Trinidad and Tobago. That is what we are here for. We are trying to understand how best to help, and the fact that we try in our best endeavour to be courteous and respectful to everyone who appears before us, we were kind of hoping to get that back. Courtesy and respect is a two-way street. So that our position is, we give it and we are hopeful to get it back. That is how we do work here. We also intend to be fair.

The Committee wishes, in terms of persons not being able, for whatever
reason, to attend the Committee meetings, we view that those persons who would have been invited who could not attend are critical for us to be able to get the work done. This is an expensive cost here of Executive time around the table here to be here. What you are seeing here, there is a meeting that happened before we start this. So a lot of time goes into preparing for these meetings and persons who are not able to attend, we want to make sure that we give every person every opportunity to attend and be able to share with us their views or comments on various things that have transpired or have been reported to this Committee.

So, I want to draw members’; the board present and the public’s attention to Standing Orders of the Senate. The Committee has discussed this matter and the Committee intends to give yet another opportunity to those who could not attend to attend this Committee to give their side or their version or their story in terms of the things that have been presented to this Committee.

In the Standing Orders of the Senate, 102 at subsection (12), it says:

“A Select Committee may require, by Order, that a summons be issued to any person—

(a) to attend before that Committee to be examined and give evidence; and

(b) to produce papers and records in that person’s possession, custody or control to that Committee.”

So when it says “any person” whether a current member of an entity or a previous member, so that it does not apply necessarily to persons who are only current, but it applies to any person that in the Committee’s view possesses important information that we would like to hear that person’s commentary on the information that is being presented.

So it is the Committee’s intention to issue a summons under section 13 and it will be signed by the Clerk on behalf of the House and served by the Marshal of the
Parliament under the President’s direction, at least, seven days before this evidence is required. So this is the Committee’s way of saying, in the past and for today, persons have not been able to attend for varying reasons. We do not want to replay the history, but what we are trying to get is to get to the facts.

We have a documentation supplied to us like, we would like to hear the oral evidence that allows us to be able to come to an informed conclusion or allow us to have an informed position, and we can only do that if persons who have been invited chose to appear. In this way, the Committee will give them yet another opportunity.

The date, they will be duly informed of the date, but this is a procedure under the Standing Orders and the Committee intends to try to see if we could encourage them to come join us, sit in the wonderful room here and let us have a discussion about what some of the things that have been reported about the EFCL or would have transpired at EFCL so that people could be properly informed. That is what this is about. This is part of our democratic process and the Committee is very, very, married to that. This is part of our democratic process. Persons who are in charge of state resources at any time have the obligation. Citizens should demand that they be accountable. You cannot want to sit in a place where you are controlling hundreds of millions of dollars of the State’s resources and then when you are asked the question to come before, we would at least like to hear your side. That is all we are trying to get at, and if we do not have your side then our work is going to be difficult and we are trying to make our work not as difficult as we go forward. So I would like to move on.

So, once again, I would like to welcome everyone who has appeared, and I want to go to Madam Permanent Secretary, PS Lee Chee. Good morning, a special welcome to you. I know you are a very busy lady and I really appreciate you taking the time to come and sit with us today. Now, I am going to go straight to it because the Committee is aware that this is the third hearing, I believe, we are having with
EFCL, so there is a lot of background things that have happened before.

10.45 a.m.

I would like you, Madam Permanent Secretary, could you confirm for this Committee the receipt of a report from the General Manager, Mr. Cox of EFCL, regarding issues regarding the operations of members of the board of EFCL? Could you confirm that such a document was received by you?

Ms. Lee Chee: Yes, I did receive a letter from Mr. Cox outlining some matters.

Mr. Chairman: Could you give us a date, an estimate of when you received?

Ms. Lee Chee: It would have been early in November 2016. I believe it was the 3rd of November, 2016.

Mr. Chairman: Early in November 2016. Could you answer for this Committee, and for the public’s general information, could you inform whether members of the former board of EFCL were non-executive directors?

Ms. Lee Chee: I am not generally responsible for the state enterprises so I will not be able to confirm whether the status of the board of directors at that point in time, but I can get that information to you, subsequently.

Mr. Chairman: Yes. Because what we are getting at, Madam Permanent Secretary, is that directors—it is our understanding, the Committee’s understanding that the members of boards of state companies are non-executive directors, is that your understanding?

Ms. Lee Chee: Yes, that is my understanding.

Mr. Chairman: Good. And for clarity, in terms of being a non-executive director how would you, as a Permanent Secretary, expect that a non-executive director, whether chairman or a vice-chairman, or otherwise, in terms of how they interact with the management of the entity, how would you like to say or describe that relationship between non-executive members of the board and you have that full executive team running the company?
Ms. Lee Chee: Well, my understanding is a board of directors is focused on strategic objectives of the corporation and there is a link between the board and the staff, normally through the corporate secretary to the board, and any other officers, office staff that would have attended board meetings from time to time. So there is a link, but it is a formalized link, and it is very structured.

Mr. Chairman: Madam Permanent Secretary, I am going to make a statement and you will give me whether you agree or disagree with my statement. Members of the board of any entity are not supposed to be directly involved in the day-to-day operations of the running of the entity.

Ms. Lee Chee: Yes, I can confirm that is so.

Mr. Chairman: And the Chairman is being deliberately pedantic here because this is something that I want to get pellucidly clear because perhaps some of the things that have happened, not only at the EFCL but are probably going on in other places, members of the board of directors are not supposed to be involved in the day-to-day running of the business. They are not supposed to be there from 8.00 to 4.00, 9.00 to 5.00 issuing instructions to managers. That is my understanding, and I am happy that the Permanent Secretary confirmed same. So, Permanent Secretary, if you as Permanent Secretary received a report that perhaps members of the board are overstepping their boundaries and are in fact issuing instructions to managers, or directly interfacing in negotiations, how would you treat with that, Madam Permanent Secretary?

Ms. Lee Chee: Well, we do have a structure within the Ministry of Finance to treat with matters such as those. Firstly, you would have to bring it to the attention of the Minister of Finance as Corporation Sole, and then the Ministry of Finance, including the Investments Division, has structures in place to investigate matters such as these, which is the Central Audit Committee, which I can confirm have been investigating the EFCL. They have completed their fieldwork and they are in the process of
Mr. Chairman: So I am circling back, Madam Permanent Secretary. In the letter to you by Mr. Cox, early November, did Mr. Cox’s letter identify any matters that demonstrated a crossing of the line by these non-executive directors?

Ms. Lee Chee: Yes, he did. I can categorize the complaints in four broad categories.

Mr. Chairman: Thank you so much because that was my next question, so I appreciate that.

Ms. Lee Chee: All right. So it was situations of the board encroaching on the responsibilities of the staff of the EFCL. There were situations where the board approved unqualified personnel for appointments. There were improprieties in the procurement process, and there were situations where board members were abusing the resources for the EFCL, and using these resources for their personal purposes. That is the broad categorization.

Mr. Chairman: Could you, Madam Permanent Secretary, just go through your list again one more time, let me just get it, because these are serious allegations. So could you just bear with—could you work with the Chairman, just repeat that list again.

Ms. Lee Chee: Situations of the board encroaching on the responsibilities of the staff of the EFCL. That would be what you were alluding to earlier. Situations where the board would have approved unqualified personnel for appointments, which I think it is related to the first point. Improprieties in the procurement process, and situations where the board members were abusing the resources of the EFCL for personal purposes.

Mr. Chairman: Madam Permanent Secretary, the obvious next question is, when you were faced with these statements, or these allegations made in a letter from the Chairman, how did the Ministry team respond?

Ms. Lee Chee: Am I permitted to bring a little perspective before answering?
Mr. Chairman: Certainly.

Ms. Lee Chee: Okay. So, I am one of four Permanent Secretaries in the Ministry of Finance, and, normally, my responsibilities as it relates to EFCL would be limited to EFCL’s borrowing portfolio, specifically their government-guaranteed borrowing portfolio. At the time of this particular incident, the senior Permanent Secretary, who is the one with overall responsibility for all matters related to the Ministry of Finance, was out of the country on government business and I was acting in that capacity. In addition, I believe the Permanent Secretary with responsibility for state enterprises was also not available.

So on the date in question, an officer from the Investments Division would have brought four officers of the EFCL, including the CEO, to my office, and that is when the officers proceeded to relate to me a number of irregularities of the board. And during the course of the meeting I felt that it was matters that maybe should be addressed directly with the Minister. The Minister, unfortunately, was not in office at the time so the decision was made that the matters raised would be put in a letter that we would subsequently address at the Ministry of Finance.

The letter was provided, I think, the same afternoon, and I eventually raised the issue with the Minister of Finance, and was advised that the issues that—there was an awareness of the issues at EFCL at the Ministry of Finance, but not having, not being my normal area of activity in the Ministry I was not aware, and that there was a meeting of the board scheduled at some time prior to that. When the substantive PS returned, shortly thereafter, I would have briefed him on the issue, and, essentially, that ended my responsibility for the oversight of this matter. The Ministry of Finance, I have subsequently learned that the Ministry of Finance’s Central Audit Committee was asked to investigate. They have completed their fieldwork and is in the process of finalizing their report on the matter.

Mr. Chairman: Madam Permanent Secretary, I appreciate the fullness of your
response. I did not expect anything less, and I am pleased. The Committee is pleased with the fullness of your response because we want to try to get at the heart of what the issues are so that we could try to make sure we fix it to prevent these types of things from happening. And some of those things you have mentioned, in particular the issues around things that occurred within the tendering process have particular interest to this Committee. This Committee is in receipt of many, many, many, many, many reams of documentation showing on the company’s letterhead some unusual occurrences. The speed at which the EFCL board at that time seemed to operate was amazing—the speed at which the board operated in terms of approving tenders for some issues, and we would just like to try to understand why, on some issues, it seemed that they were able to turn tenders over in a day and then some took months. So that these are the things that the Committee is trying to get at, but I would reserve my questions for now. I will yield the floor to MP Karim. MP Karim.

Mr. Karim: Thank you, Mr. Chairman. Madam Permanent Secretary, you indicated that there were some irregularities that were identified subject to the letter from Mr. Cox, and the Chairman in his opening remark stated that there were some—PwC was conducting some valuation exercises to ascertain the value of the contracts. Mr. Chairman, or Permanent Secretary—I think I will address it to the Chairman first—can you say whether there were any irregularities found in that PwC exercise in terms of the verification of contracts that were awarded, and if so, could you give us some details of it?

Mr. Vasquez: Committee member, Mr. Karim, through the Chair, I outlined what PwC conducted, but pertaining to the report, I was not privy to the report.

Mr. Karim: Can you say what is the status of this report? Where is it? Is it completed? In whose hands this report is lodged?

Mr. Vasquez: The report is at the Attorney General at this time.

Mr. Karim: And from your knowledge, has there been any concern with respect to
the veracity of the claims?

**Mr. Vasquez:** At this point in time, most of the claims are within our legal department.

**Mr. Karim:** As chairman of the company, can you say that there is a concern with respect to the some of these claims that would have been presented for payment?

**Mr. Vasquez:** At this stage I prefer not to comment on that particular subject at this point in time, because there are going matters in the court right now, on arbitration.

**Mr. Karim:** Okay. Since your opening remarks and the last time we met, can you say what are the outstanding liabilities? You gave some figures here, I would like you to restate what are the liabilities owed to contractors, and since we last met how much has been paid and what is still outstanding?

**Mr. Vasquez:** At this present time, I cannot give you the exact figures, but we did submit to the joint committee, at that point in time, something in the vicinity of $765 million. However, in the last month or two—well, I should not even say the last month—within the last month we have been getting some releases, so we do not have that reconciliation at this point in time to give you, but there has been a substantial amount reducing that present figure.

**Mr. Karim:** If you had to identify—I am saying “top” in the context of the largest amounts—five contractors, could you identify, tell us some of those and not the amounts outstanding? Because people have been clamouring both in terms of—and I am sure communicating with you and in the public domain about the impact of these non-payments of contract sums to their operations. So, can you give us a sense as to what are these kind of figures that are outstanding to some of the major suppliers?

**Mr. Vasquez:** Presently we are in litigation with one contractor who was given almost 58 contracts amounting to close to nine hundred and something million dollars in excess. We have other contractors, so overall our litigation situation is
about $1.2 billion at this present time, and we are trying our best to see how best we could manage that situation.

**Mr. Karim:** Since 2015, let us say October, could you indicate to the Committee how many selective tendering or sole-select tenders have been awarded contracts?

**Mr. Vasquez:** I cannot really give you that information.

**Mr. Karim:** Did you have any instances such as those?

**Mr. Vasquez:** I could only speak on what I have been privy to in the last few months, which would be 2017, and we probably had just a few, because most of it would be under the repair and maintenance programme because we did not have any major new construction within the last few months; everything else would have been before my time.

**Mr. Karim:** Okay. So can you say within the last two years how much such moneys have been owed to persons based on those selective or sole-select tendering, whether it is for maintenance or repairs, or whatever it is?

**Mr. Vasquez:** I cannot answer that off the bat.

**Mr. Karim:** Will you be in a position to tell the Committee, for the last two years whether any construction of any school or schools has been undertaken and completed, the value?

**Mr. Vasquez:** We have construction that we undertook but it is not competed as yet, and that would be with the THA at this point in time.

**Mr. Karim:** Are you in a position to tell us the status of the Belmont Primary, Rose Hill Primary, and Point Cumana Primary schools in terms of their status of completion? And there seems to be a differentiation between the original price and the completed price. Can you say whether that is so, and if you can give us some details, please?

**Mr. Vasquez:** Is it possible that I could pass that question on to Mr. Cox?

**Mr. Chairman:** Certainly.
Mr. Cox: Good morning, again, to the Chairman and members of the Committee. With respect to Belmont, the school is practically complete; however, we have not completed in terms of the final accounts from the contractor.

Mr. Karim: Might you be able to say what was the original tendered price and what is appears to be at this point in time?

Mr. Cox: We are awaiting the final accounts from the contractor which would give us an idea of the final position in terms of costing.

Mr. Karim: What would have been the original price?

Mr. Cox: I do not have that figure right now, but I can provide that information to you.

Mr. Karim: Can you tell us about the other two schools I asked?

Mr. Cox: The other two schools, I do not have the information right now, but I know they are in a state of incompletion, and we also have to do final accounts based on the fact that these are either suspended or terminated. So the contractual has to be the final.

Mr. Karim: By what time you estimate that these will come to completion and you will have the final accounts?

Mr. Cox: I cannot say at this point in time; however, I can speak with my technical team and we can get a report on those.

Mr. Karim: All right. With respect to school construction, could you tell us how many incomplete schools, as a result of their incompletion, are now using denominational boards’ premises, whether it is a mosque, a temple, or a church, or even a civic building? Could you tell us how many of those are on shift as well, as a result of this construction activity?

Mr. Cox: As you mentioned in terms of incompletion, we have a situation in Longdenville where we have to—well, through the Ministry of Education they have to reassign the students to other premises, and the Ministry of Education has
identified the Longdenville Community Centre, which, through EFCL, we had reconfigured to accommodate the students of the Longdenville school.

**Mr. Karim:** That is the only one that you can recall?

**Mr. Cox:** Presently, yes. There is also a situation of Siparia, Siparia Union, which was affected recently by a fire. We also have to reassign or relocate the students until such time EFCL has completed the renovation work. There is also a school under construction there which has been suspended which we cannot address at this point in time.

**Mr. Karim:** Which school is this?

**Mr. Cox:** The Siparia Union Presbyterian, I think it is.

**Mr. Karim:** What is the status of the Reform Hindu School, the Arima Hindu School, and the Princes Town East Secondary School? You said that there are a few that you could remember but there are some more that I can recall.

**Mr. Cox:** I am not too familiar with those two, but I can investigate.

**Mr. Chairman:** Perhaps you could request those in writing, member.

**Mr. Karim:** If you can give us a full list of those schools that are using denominational board properties, as I indicated, and what is the status of the completion of the school, and when do you expect them to be fully utilized? And I gave examples like the Arima Hindu School, the Reform Hindu School—I know there were some electrical issues in Princes Town, and there are a number of other schools, but you will be in a better position than I am in to list those schools. And also I would like to have the original tender price for the three schools I asked about, and as soon as you have the final completion price, we would like to know what that variation is. In addition to which we would like to know whether there were any concerns from PwC, as early as we can, with respect to the veracity or ascertaining the value that was claimed.

**Mr. Cox:** Through the Chair, member Karim, I will provide the information in
Mr. Chairman: Yes, thank you very much, MP Karim. I have a couple of questions for Mr. Cox. Mr. Cox, in your submission of October 24th, the most recent submission, we noted a large amount of legal matters. I have almost $150 million in arbitration claims. I have almost $100 million in the way a default judgment was issued against EFCL. I want to just understand, because this is taxpayers’ money, so what happens that causes EFCL to have—someone makes a claim and there is a default judgment issued against EFCL—I am not asking any particular issue but, in general, what could cause this?

Mr. Cox: Through the Chair, recently we are faced with, we are bombarded with a number of claims, and in some cases we identify where the claimant, the contractor through his attorneys, they had filed motion against the EFCL, and without consulting with our legal counsel, and, unfortunately, judgment was given in favour of the claimant. EFCL took the position to ask for the judgment be set aside and that we be given time to make representation on behalf of EFCL on those claims.

Mr. Chairman: But I have to interject, I am struggling, if a party files a suit against EFCL, given the speed at which the normal judicial process operates in Trinidad and Tobago, is it not that the company would have been communicated that there is a matter against you in the courts? Because what you are suggesting to this Committee is that files where claimed, you did not know about it, and by the time you hear about it, it is because a default judgment has been given, and then you are trying now to claw back that by asking for more time and have been asking for the judgment to be put aside. But I am going back a couple of steps—if a company files an action against EFCL, is it that you never find out about it?

Mr. Cox: Through the Chair, there were cases, specific cases where during the transition period where we had the resignation of the Corporate Sec, Senior Legal Officer, and the appointment of a temporary Corp Sec. We had certain
correspondence “being delivered” to EFCL, which we had no record of, and I think that was critical in one of the judgments, where the information was sent to the Corporate Sec and named Corporate Sec, and we were not in a position to be given notice or to respond to such situations and judgment was given against the EFCL. You know, it is, if I would say, it is curious in that these judgments, or these issues were deliberated in such a short space of time that if that precedent were to be followed, the courts in Trinidad and Tobago—

**Mr. Chairman:** I want to stop you there. Mr. Cox, I want to stop you there. I want to protect you, and I also want to make sure that—we all have your views on it but I would like to stop you from going down that road.

**Mr. Cox:** Thank you, Mr. Chairman.

**Mr. Chairman:** So that let me be clear, the arbitration matters—I want to understand, it is a lot of money here. I want to ask a question, Mr. Cox, the Committee has some information before it that some of those claims arise from contracts that have been awarded, so the company has gone through the tender process and has identified a contract to be awarded, but the contractor is not able to start work, and some of the reasons include that there are problems with the actual site being available. So I need to understand, if the site is not available why is the company awarding the contract? The company should not award the contract, in our logic, before the site is fully available. And then the other element of that, there is an accumulation of costs because the contractor is claiming, or whatever, the site is not available.

I would like you to tell this Committee what type of costs that the companies are claiming. We are seeing numbers in the $25,000-a-day range for companies saying, the site is not available, we have costs, and we are claiming TT $25,000 a day from EFCL, Monday to Sunday. So I want you to help us with that because that is serious. So the first issue is contracts being awarded before the site is ready, and
then in the instances when this occurs what type of range of costs are these companies now saying that EFCL owes them?

Mr. Cox: Chairman, to answer your first question, I was not at the time engaged with EFCL. And for the second question, with respect to the second question, there is the issue of the model used in terms of EFCL, the financial model. EFCL, over the years, has operated with funding by way of a bond initially, a $400-million bond, and later a bridging loan of $285 million, I think, thereabout, and there was the fund there that is existing, and then EFCL will get instructions from the Ministry of Education, our line Ministry, to undertake or to embark on certain projects, construction projects in particular.

However, over time, these funds had been exhausted in terms of trying to manage. We were looking at about 108, the construction of 108 schools. The average in terms of the quantum, it ranged from $45 million to $120 million per school depending on the physical space. With that original model, where you have the funds in your bank account, you know, we, EFCL, were in a position to contract with those contractors and execute accordingly.

However, over time, with the exhaustion of those funds, EFCL—well, when I say those funds, especially the $400-million bond, EFCL found itself entering into contract without fund moneys in the bank, you know, and that led to a number of issues, in that when the contractor, based on the letter of award, we make requests for payment or advances, there were no funds available. And we found ourselves, as the chairman indicated in his opening remark, that the downturn of the economy, the sudden downturn of the economy, you know, impacted negatively in terms of our ability to fund—sorry—the ability of the Ministry of Education to release funding for EFCL to continue those projects.

Mr. Chairman: So, Mr. Cox, what you are saying, in the short version of what you just said, is that the company awarded contracts and they did not have money in the
bank to start paying?

Mr. Cox: Yes, Sir.

Mr. Chairman: So I just take it back a step. Could someone not make sure that money was in the account before the contract was awarded? Because this is simple business logic, you are awarding a contract, and then what you are saying what transpired, the short version what you have just said is that we award contracts and then we do not have the money to start the contract, and the contractors are, of course, billing us.

So all I am saying, go back a couple of steps. Before you award the contract, there should be at least a verification step: we award a contract for $5 million, do we have money left after all of the other contracts? That seems to be pure business logic. So you have helped the Committee with one of its recommendations in terms of how we treat with that going forward, if we have not already fixed that already. All right, let me stop there, the Chairman has a few questions, but I want to give other members the opportunity to join in. I have Sen. Mark who has requested the floor. Sen. Mark.

Mr. Mark: Yes, thank you, Mr. Chair. Good morning to everyone. Madam Permanent Secretary, I just wanted to ask a couple of questions for my own clarification. Could you tell us what is the name of the Permanent Secretary that is responsible for state enterprises within the Ministry of Finance?

Ms. Lee Chee: Currently it is Ms. Lisa Phillips, but she is due to retire soon, so most likely it will be Mrs. Michelle Durham-Kissoon after December 1st.

11.15 a.m.

Mr. Mark: I just wanted to also ask you, in your earlier submission you said that this letter that was sent by Mr. Cox, which you happened to have received because of certain circumstances, would have been raised with the Minister of Finance. Would you care to share with us when that was raised, what day?
Ms. Lee Chee: I believe it was raised the very same afternoon that I received the letter.

Mr. Mark: Could you tell us what was the Minister’s response?

Ms. Lee Chee: As I indicated, his response was that he was aware that there were questions at EFCL and that the matter was being addressed. Essentially that was it, and there was to be a meeting with the board at some point in time.

Mr. Mark: From my estimation it is now five months since we were informed that the Central Audit Committee had begun its enquiry into procurement, human resource management and Government practices at the EFCL. Could you indicate to us when you anticipate a final report to be submitted to the Minister?

Ms. Lee Chee: I will be unable to give a specific date, but as I said earlier the field work has been completed and the committee is drafting a report. I can subsequently provide an estimated date by which the report is due to be completed but I do not have that with me right now.

Mr. Mark: Do you believe from your understanding of the Central Audit Committee’s activities that that committee is under-resourced and undermanned, from your perspective, and if so, what would be your recommendation to strengthen that Central Audit Committee?

Ms. Lee Chee: Not having direct responsibility for the Central Audit Committee, I will not be able to give a comprehensive response to that question, but I can say that I am aware that they are understaffed. I believe there have been moves to strengthen the unit, but I will not be able to give you the details of that. That too I can supply subsequently.

Mr. Mark: Now, the effective monitoring of the state enterprise sector would be the responsibility of that Permanent Secretary that you mentioned?

Ms. Lee Chee: Yes.

Mr. Mark: And that person is not available at this time and is about to retire, and
therefore you will not be in a position to shed light on the role of that division in monitoring, let us say, a state enterprise like EFCL?

Ms. Lee Chee: No I will not be able to provide any significant detail on that.

Mr. Mark: You know about the state enterprises performance manual?

Ms. Lee Chee: Yes I do.

Mr. Mark: Do you think that that manual which provides some good, positive, excellent guidelines to state enterprises, the time has arrived for that document to be translated into a legally binding document? Do you think that the time has come for it?

Ms. Lee Chee: Personally I believe so, yes.

Mr. Mark: Do you think that we should attach appropriate penalties for flouting and violating those guidelines which would then be legal?

Ms. Lee Chee: Yes I do.

Mr. Mark: May I turn, Mr. Chairman, briefly to the Chairman of the committee, Mr. Ricardo Vasquez. Mr. Vasquez, I just wanted to ask, we are in possession of a report dated August 14, 2017, which made a lot of serious allegations against a former assistant manager. Could you tell us if you are in receipt of such a report?

Mr. Vasquez: Through the Chair—

Mr. Mark: It was written by a concerned citizen, 52 pages long, and addressed to you.

Mr. Vasquez: I have no idea about that report, Sir.

Mr. Mark: You have no idea of that report. May I also ask the following question: In your submission dated June 13, 2017, the Committee noted the following findings by PricewaterhouseCoopers, and I want to quote what was stated in that report:

It should be noted that the Public Services Negotiations Committee is responsible for setting and approving executive management compensation. However, the actual salaries are not within this approved compensation
structure and was approved at the board level.

Could you tell this Committee whether the salaries have returned to a level that adheres to the approved compensation structure that would have been approved by the board prior?

**Mr. Vasquez:** Through the Chair, Mr. Mark, I will have to make some checks on that.

**Mr. Mark:** So, you are not sure?

**Mr. Vasquez:** I am not sure.

**Mr. Mark:** Could you indicate whether the practice of the board approving salaries without the approval of the Public Services Negotiation Committee would have been discontinued?

**Mr. Vasquez:** I can assure that nothing of that nature ever reached the board pertaining to salaries or negotiating salaries at this present time.

**Mr. Mark:** If it were to reach your board, what would be the stance taken by your board if that were to happen? Would you follow the procedures that PricewaterhouseCoopers outlined, consistent with the body that is responsible for setting terms and conditions, which is the Public Sector Negotiation Committee?

**Mr. Vasquez:** I would most definitely say yes, we would follow any guidelines that are outlined by the PwC report. But as I said before, we do not get involved. Management normally are the ones that normally get involved when it comes to salary negotiation and stuff like that.

**Mr. Mark:** As you know, the Chairman did indicate that prior to your arrival in the Chair that you now occupy, I think you were the Deputy Chair, prior to that, and the EFCL took decisions under your watch, when you were Vice-Chairman that completely violated and breached standing, well-established practice in the public service as it relates to how people should be compensated in terms of salary increases. There was a lot of favouritism as you are aware. So that is why I am
asking the question, having regard to that experience where the board apparently directed management to do certain things, whether that practice under your leadership will be discontinued. That is the question I am asking.

**Mr. Vasquez:** Yes.

**Mr. Mark:** And may I also ask, Mr. Chairman, through the Chair, is there a whistleblowing policy within EFCL, or is there intention of the EFCL to have such a policy established?

**Mr. Vasquez:** At the board level, yes we are discussing that whistleblowing policy, but it is still in the early stages.

**Mr. Mark:** Do you have any idea when it will be completed?

**Mr. Vasquez:** Not at this time, because we have so many different things that we are moving along very quickly with to get as part of our policy, which is our strategic plan. There are many things that were not the focus of the past board, and we are now trying to restructure and make it the right way forward.

**Mr. Mark:** Mr. Chairman, my final question for this round. Do you have a strategic plan, and if you do not, how soon would you embark upon such a document, and if you have begun that exercise, could you indicate to this Committee what is the time frame for its completion and ultimate approval? Once that is done, would you be kind enough to make a copy available to the Secretary of our Committee?

**Mr. Vasquez:** I hope this answers all aspects of your question. We are in the selection process and we are hoping that maybe by early January we should be able to be starting that process in the organization.

**Mr. Mark:** When you say “selection process”, through you, Mr. Chairman, are you talking about a consultancy that you are going to establish?

**Mr. Vasquez:** Yes.

**Mr. Mark:** Do we not have the competencies and the talent and ability within the managerial structure of that organization to fuel such a plan? Why do we have to
spend hundreds of thousands of dollars on consultancies to establish and to formulate a plan when that is the responsibility of the management? Do you think we still have a paucity of managerial talent within the EFCL?

**Mr. Vasquez:** To answer your question, we just want to do what we think is right, the best practice. Yes, we do have great talent within the EFCL and they are also contributing towards the strategic plan.

**Mr. Mark:** That is it.

**Mr. Chairman:** Thank you. I now give the floor to Dr. Henry.

**Dr. Henry:** I do not have much because I have to leave in a few minutes, but I just want to clarify. You said one contractor got as much as 58 contracts, in one of your comments? I was just trying to clarify what, and the sum had totalled about $900,000, if I heard you correctly. And that led me to one of the questions that arose out of your last submission in terms of the splitting of contracts into small amounts so that it remained at the management level. Could you clarify the information first and then explain what has been done to stop that, if anything, from happening?

**Mr. Vasquez:** Through the Chair, Dr. Henry, first to begin it is $900 million and not $900,000; that is first and foremost. Secondly, most of these contracts were inherited in this new board term, this new administration term. So we do not know what was the policy then, how they went about awarding contracts, but it seemed—of course it was not the policy or the practice in the past of EFCL in awarding contracts, hence the reason why there was so much controversies and situations where PwC had to step in to do verification and validation and so on.

So that practice no longer exists in the sense that we get, as I said in my opening remarks, approvals from the Ministry of Education to go forward on any particular contract. So without approvals we do not enter in any tendering process or anything else.

**Dr. Henry:** And that is for all contracts, not above a certain amount?
Mr. Vasquez: No, that is for all contracts.

Mr. Chairman: Thank you, Dr. Henry. Now I want to address the Chairman, Mr. Vasquez. Mr. Vasquez, at the beginning of this hearing I posed some questions to the Permanent Secretary regarding the way in which the board is expected to interact with the management. So I would just like to get your confirmation now, tell me whether my comment is correct or incorrect. Would it be a correct statement to say that the current members of the board are operating professionally and do not give directions to the current management of EFCL in terms of the day-to-day operations?

Mr. Vasquez: Presently the other members of the board do not interface with the day-to-day operations of the EFCL.

Mr. Chairman: Thank you very much. Mr. Cox, given your very early letter to the Permanent Secretary indicating very, very serious allegations or statements, or recollections of experiences regarding the way in which the previous board had been conducting themselves,—your experience from then to now—could you help us with your experience from then to now? I do not want to put you on the spot.

Mr. Cox: Chairman, there has been a vast improvement in terms of the relationship between the board and the management team, and also staff. If you want to permit me in terms of the letter to the PS, that letter really was not meant to be placed in the public domain. It was a situation which I felt should have been treated within the confines of the Ministry of Finance, and that matter would have been resolved within the confines of the Ministry of Finance, Corporation Sole. However, it is a done situation.

Mr. Chairman: Thank you, Mr. Cox. The good patriot that you are, we appreciate your response. I want to lay out a situation, and I want a response from the Permanent Secretary. Madam Permanent Secretary, if I were to relate to you as some documentation provided to this Committee suggests, that the previous board of EFCL for a particular tender, put out the tender, completed the tender exercise.
At the end of the tender exercise, the party to whom the contract was to be awarded, the board took a decision not to award it to that company, and decided to award it to another company. Now, here is the challenge that I have, because the company has documentation for which we really are struggling to understand how bad things are.

So you had a public tender; the companies that tendered would have tendered. On one day, a few days after the board took the decision not to give the contract to the company that won the tender, another company, probably the same contract company submitted a document with a tender for the same contract on day one. Let us call it March 5th just for being pedantic. On March 5th, after the tender would have closed, let us say the end of February or the middle of February, and the board the next day on March 6th issued a letter of award of the same tender to that company. So you have a situation where a public tender went through the entire process. The company that was successful on the basis of the evaluation was not given the tender.

Another company submitted a letter saying, here is my tender, and 24 hours later they receive a letter of award of the contract. Would you consider that sort of circumstances to be very disturbing?

**Ms. Lee Chee:** Yes, most certainly.

**Mr. Chairman:** And here it gets worse, Madam Permanent Secretary, this is what the committee is struggling with. When you look at the documentation provided to this Committee by a good concerned citizen—another patriot, Mr. Cox, not you, but another patriot—the documentation suggests that the board in approving the tender award, approved the tender award for a sum—whatever the sum is—inclusive of VAT and contingencies. But when you look at the letter, the submission from the contractor—excuse me, exclusive of that—but the contractor’s submission is inclusive of. So that if it is $3 million, the contractor says it is going to cost $3 million all inclusive. The company’s award letter says $3 million exclusive of VAT and contingencies. Something is wrong; something has gone radically wrong.
For the Committee it is deeply troubling that while on another level we can say that a company able to turn around a tender process in 24 hours is amazing, you can probably take the positive from that. But the negative inference there is serious, because you have a company submitting a tender on one day and then getting a letter of award on the next day. I am not going to call the name of the company, because these are things that the Committee is still trying to understand, and this is just one of many contained in a 52-page letter to the Committee about things that have happened at EFCL.

In the work that PwC has done or has completed doing, I want to understand from Mr. Cox or Mr. Vasquez, in terms of the work, did they look at the company’s history of how it awarded tenders? I know you do not have the report, but they certainly would have interfaced with your company in terms of what they were looking for, because instances like this would easily jump out at anyone. A contract being awarded one day after the letter of submission of the tender was submitted, and it is not for insignificant money. So I just want to understand from Mr. Vasquez and/or Mr. Cox, in terms of the work that PwC has engaged themselves in or completed, did they look at the company’s history of award of tenders in terms of the tender procedures, and whether there was any breach of the tenders’ rule? Would anyone be able to comment?

Mr. Cox: Through the Chair, I will attempt to answer the question. Yes, in fact, in terms of the audit process they would have engaged the Procurement Division. They would have engaged the Technical Division and also the Finance Division in terms of trying to gather audit evidence so that they could draw their conclusions thereon. So, in fact, in principle in terms of the processes or the methodology used by the auditor, they should have engaged the procurement process, the technical process and accounting process in terms of coming to a conclusion.

Mr. Chairman: Would that have included the work of the board tenders
Mr. Cox: Yes.

Mr. Chairman: That is critical. Madam Permanent Secretary, in terms of the work that the Central Audit Committee is doing, are you aware whether or not their work includes a look at the way in which the company has gone through its tendering process, particularly activities at the board tenders committee, where something seemed to have not happened in a good way? Are you aware whether or not part of their remit was to look at the way in which the company was awarding tenders?

Ms. Lee Chee: I will not be able to confirm specifically, but I expect that was part of their remit.

Mr. Chairman: For this Committee’s information, could you at least provide to this Committee what are the terms of reference of what the Central Audit Committee is looking at, so we could understand, because these are deeply troubling activities and these are things that we have on EFCL’s headed paper and on the company in question headed paper, and when you look at the dates, the dates are just amazing. Some things have happened that are not—while we would all be happy to see things happen quickly in the civil service or in state entities, when things happen this quickly I think more questions arise from it.

I want to stop there; I have a few more questions, but I want to give another member the floor. MP Leonce, you have the floor.

Mr. Leonce: Thanks, Chair. You addressed some of my questions. Just going back, either the CEO or the Chairman could answer. Just to be clear, you said that you all are going to hire a consultant. Is this consultant to do a strategic plan?

Mr. Cox: The answer is yes. As a matter of fact, I probably could elaborate a little bit there. We had invited public tenders for consultants to respond to our request for a firm to conduct the strategic planning process—well, to prepare the strategic plan of EFCL. We received a number of responses and we are in the process of evaluating
and selecting a consultant.

Mr. Leonce: In your tendering process, when is this person expected to start and what is their deliverable? When do you expect they would be able to deliver this strategic plan? Mr. Cox: From our advertisement, our notice, we had indicated to consultants, I think, to indicate the time frame in which they would complete the exercise. That was a critical element of the proposal. I have not seen the documentation per se, but I know the technical evaluation was completed. We had about 11 firms’ proposals that we had evaluated, and we have shortlisted nine. In other words, nine of the consultants have met our qualifying criteria. In terms of the time frame, we expect to do the financial evaluation within the next two weeks, and by January 2nd we should be able to have the strategic planning process initiated or started.

Mr. Leonce: Has there been a dedicated fund put aside for this process?

Mr. Cox: We have not set aside a fund as yet, because we are opening the financial package. We looked at the technical package, now we are going to open the financial package so we would have an idea what these guys are proposing to charge, the cost. When we complete that second stage we would be in a position to make submission to the board to set aside the funds to meet the cost of the strategic plan.

Mr. Leonce: But is there not some anticipation of what you would expect to pay for this strat plan?

Mr. Cox: In our budgeting process we had identified a sum, but we will only know whether it is realistic, the actual amount, when we open the bids.

Mr. Leonce: Just one last question. In lieu of the strat plan, what is the current structural arrangement for operations based on the deficiencies that you would have indicated in your last submission?

Mr. Cox: Through the Chair, I just want to inform the Committee that recently the board has taken a decision to restructure the organization and to reclassify positions
in the organization. That is one of the recommendations coming out of the PricewaterhouseCoopers report on HR management. We are also looking at the other three PricewaterhouseCoopers reports which gave recommendation for the board to implement in terms of going forward. These recommendations form the framework which we are going to use in terms of our strategic plan. So we can use the recommendations of the PricewaterhouseCoopers reports to more or less chart the way forward in terms of our operation, to make it more efficient and effective, while at the same time we have the strategic plan process taking place. So we can document and consolidate in terms of the way forward or the road map to take us where we are supposed to be.

**Mr. Leonce:** The proposed org structure, are there new positions? Because also in your last submission you indicated some vacancies that may have disrupted or reduced your efficiency in terms of operation. Is the org structure you are speaking about from the PricewaterhouseCoopers report, and if yes, has that structure been fully populated?

**Mr. Cox:** The new organizational chart has been confirmed by the board at the last meeting, and one of the recommendations coming out of the PricewaterhouseCoopers report and further validated at the last Joint Select Committee’s session, was to have an internal audit function. We have, in fact, introduced a senior internal auditor and an internal auditor in the new chart so that we will have a functioning internal audit—to have the internal audit function effected.

We also have introduced general manager support so that we can have a general manager managing the human resource, information/communication technology functions and also the facilities management function.

We also looked at creating a general manager position to manage the technical function, which currently has a number of senior project managers and project managers. So we would have a general manager overseeing that function.
11.45 a.m.

We also look futuristic in terms of creating a marketing and communications specialist function so that in terms of treating with the mandate of EFCL we may have to broaden the mandate which would seek the permission of the Ministry of Finance and also the Ministry of Education in terms of widening the mandate for EFCL in order to create new streams of revenue.

And finally, in the chart we also look at the procurement manager or procurement officer which will be aligned with the new procurement Act, so that we will have a specific person treating with procurement to conform with the Act. I think the Act uses the term procurement officer, but because we currently have procurement officers at the lower level in the organization in the procurement department, we will have to tweak with that at the time, you know, when the procurement Act is proclaimed.

Mr. Leonce: Are all those positions you have just indicated filled?

Mr. Cox: The answer is, no. And we have vacancies in terms of internal audit, we have vacancies in terms of legal, and we have sent out invitations advertisements for recruit recently to recruits to fill these positions.

Mr. Leonce: Just the last question, Chair. Sorry. When do you expect the full complement, based on your plan for a strong structure, when do you expect to have these positions filled?

Mr. Cox: We can project the filling of these vacancies I would say February/March 2018.

Mr. Leonce: Okay. Thank you.

Mr. Chairman: Thank you, MP Leonce. I now give the floor to MP Karim.

Mr. Karim: Thank you very much, Mr. Chairman. Mr. Chairman, can you just share with us, you mentioned this in the beginning, but I just want to get it very clear. How many contractors have sued the EFCL and for what sums of money in totality,
and when did this suit begin, the litigation?

**Mr. Vasquez:** Through the Chair, MP Karim, would it be possible that I could get this information back to the Committee?—that detail. I can just give you an—

**Mr. Karim:** If you can give us an idea as to how many contractors?—and a ballpark figure, so that we get a sense as to the indebtedness.

**Mr. Vasquez:** As I said, it is roughly probably about $1.2 billion.

**Mr. Karim:** And how many contractors that will amount to who are suing for $1.2 million?

**Mr. Vasquez:** It could be roughly about 20 contractors.

**Mr. Karim:** Okay. So 20 contractors, approximately, suing the EFCL for the outstanding amount of $1.2 billion that have not be paid to them for works that were completed.

**Mr. Vasquez:** Not work that has been completed, work that has been suspended and, as I said, some of it might be controversial.

**Mr. Karim:** Some of it might be controversial. And is that with respect to the PwC verification exercise as well?

**Mr. Vasquez:** Not really, it would be based on our findings through the legal aspect of it.

**Mr. Karim:** Are you able to share any those findings with us?

**Mr. Vasquez:** Well, I do not have all the details with me, but I can—

**Mr. Karim:** But if you can give us an idea as to what might have caused you your concern, with some of those claims?

**Mr. Vasquez:** Well, some of the claims would have been jobs incomplete, but they are suing for the full amount, and some jobs were never started. As I said, we are in arbitration with a lot of information at this point in time, and we are trying our best to manage the situation.

**Mr. Karim:** Do you have a situation where contractors are on site and continue to
ramp up bills for which they are suing you as well? No work is being done, but they are on site. Do you have a situation like that?

Mr. Vasquez: I cannot give you that specific detail, but I am sure that there are some jobs that were suspended, and there is a possibility that there is some form of security and other things that are pertaining to those sites.

Mr. Karim: Okay. Let me ask you, I just want to go down quickly to two other things. The EFCL, have you been involved in any technology-based project in these schools?—in terms of, and I am using it broad-based, not necessarily in terms of the laptop and the computer rooms and labs. Have you secured the provider of service for any technology-based project in schools? And if so, what is the value of that? And have these people or has this provider been paid; is there an outstanding sum? Could you tell us about that project?

Mr. Cox: Through the Chair, I will attempt to answer the question. In recent times I was made aware that there was project embarked on by one of the service providers, telecommunication service provider through—

Mr. Karim: Is this TSTT?

Mr. Cox: No.

Mr. Karim: Oh.

Mr. Cox: All right. Another provider.

Mr. Karim: Oh, because you said telecommunications. Okay. The provider.

Mr. Cox: Yeah. Not TSTT.

Mr. Karim: All right.

Mr. Cox: And that project, we do not have the information in terms of—I know it never got off the ground, and right now we are looking to gather data in terms of what sort of information we have in-house and at the Ministry of Education with respect to that project.

Mr. Karim: Are you aware that work has been done in schools through this
provider?

**Mr. Cox:** I am not aware of that, but it is possible.

**Mr. Karim:** It is possible. And you do not have an idea as to the value of the work contracted?

**Mr. Cox:** No. But we are investigating that matter.

**Mr. Karim:** But is it not that you all are responsible for that, the EFCL on behalf of the Ministry of Education?

**Mr. Cox:** This is before my time. This is why I am doing the investigation so that we can see documentation as to who instructed and what letter of awards were issued, if there are any, and we are investigating that matter, and we should be in a better position to give this august body the information.

**Mr. Karim:** But since your time, have you been made aware that work is going on in terms of this technology project?

**Mr. Cox:** Through the Chair, no.

**Mr. Karim:** Okay. The last thing I want to ask is with respect to the school textbook rental which is another responsibility and a function of the EFCL. Would you say that there is some concern about the level of wastage with respect to school textbooks in schools?

**Mr. Cox:** Through the Chair, member Mr. Karim, I cannot answer that question because the textbook programme is under the auspices of the Ministry of Education.

**Mr. Karim:** Are you responsible for——

**Mr. Cox:** We are the principal agent to source the——

**Mr. Karim:** Okay. So you are responsible for doing what?—sourcing the textbooks?

**Mr. Cox:** Yeah. To procure——

**Mr. Karim:** Okay.

**Mr. Cox:**—on behalf of the Ministry.
Mr. Karim: On behalf. Would you say that in terms of sourcing that all schools have received their top-up supplies for the last two academic years?

Mr. Cox: Our remit does not go beyond procurement of the textbooks.

Mr. Karim: Okay. So what is the value of your remit in terms of procuring textbooks for these schools for the last two years?

Mr. Cox: I do not have the exact figure, but a ballpark figure I would say in 2016 it was approximately between 18 and $20 million for 2016.

Mr. Karim: And 2017?

Mr. Cox: 2017, we did not get any instruction with respect to the textbooks.

Mr. Karim: When you procure these textbooks, you will have some way of knowing that these are the books that are appropriate to be used in the delivery of the curriculum in schools?

Mr. Cox: Again, through the Chair, our remit is strictly to procure. We do not get into the details in terms of the pedagogical issues in terms of why the choice of certain text. We, you know, follow instructions to procure and deliver.

Mr. Karim: From your experience, the textbooks that are being procured are they basically the same text over the period that you have been there for the last two years? Has there been any changes then or is it the same recommended textbooks that you are procuring?

Mr. Cox: Through the Chair, at my level sometimes I do not get involved in terms of the technical, you know, the nitty-gritties in terms of the textbooks, you know. So, I must apologize, I do not have that information.

Mr. Karim: Okay.

Mr. Cox: But I can obtain the information and submit it to the JSC.

Mr. Karim: Okay. Because you see this is a very critical and important aspect. You have been told that these are the books, procure them. And I am really asking whether they are the same books that you have been procuring for the last two years.
all the time? And if that is the case, you are not in a position to tell us whether all
schools have received their top ups through your procurement process.

**Mr. Cox:** It is really the Ministry of Education that would provide that information
in detail. The Ministry of Education would normally give us a listing of the required
texts and we would look at—we would contact the publishers and give them the
quantities.

**Mr. Karim:** All right. Let me ask the follow-up question: Can you indicate to us
of these publishers or suppliers how much do you owe them? Have you paid them
or do you have outstanding debts? How many persons and how much money is
owed to these textbook suppliers?

**Mr. Cox:** Through the Chair, in terms of the textbook suppliers, fortunately the
Ministry for 2015 had advanced the money to us, so we were in a position to pay on
the 2015 for the textbooks in total. However, there is, I think, one claim of one of
the publishers for 2016. There is a situation there which, I think, I do not have all
the details, but there is a situation in terms of delivery or the distribution. Because
in order to get paid you have to submit your distribution by the school, that the
schools certify that they have received the textbooks, the quantity, and based on that,
we would, you know, put forward the payment.

**Mr. Karim:** So the only thing that you are aware of is that there is one supplier who
is in negotiation for settlement?

**Mr. Cox:** Yes.

**Mr. Karim:** No other persons are owed, as far as you recall?

**Mr. Cox:** Yes. So far as I can recall.

**Mr. Karim:** All right. Okay.

**Mr. Chairman:** Mr. Cox, I want you to help this Committee so that we can help
you. Given—what is your estimate of the currently active projects that EFCL is
currently managing? I am speaking strictly on construction projects or repair
projects?—just a rough number.

Mr. Cox: Okay. Well, I can speak through the Chair. I speak from the most recent projects that we were based in terms of instructions, we were given 144 projects to repair schools during the July/August vacation period.

Mr. Chairman: My follow-on question: in the current structure of EFCL even within the recommendation of PwC, is the contract management—persons who are assigned to managing these contracts, do you think that resource is adequate to do the job in a way in which we put a focus on value for money making sure we get the best value for the money and also understanding that we are operating with a scarce resource in these stricken times? Do you think that the EFCL has the resource to manager this within the context of those two factors, to manage it effectively?

Mr. Cox: Chairman, the answer, firstly, is yes. And however, during—there are some peaks and troughs. During the peak period which will be the vacation periods we are assigned a number of projects to be completed within a short time frame and that is, in fact, well you know it puts a strain on the resources at hand. However, during the lean period which is outside of the vacation period, we have sufficient resources to sort of maintain the emergency jobs and the contracts that, the routine contracts or projects that will occur during those times.

Mr. Chairman: And I am continuing in my line, because my line of questioning is about the capability of EFCL to really do the job that it has been asked. Mr. Cox, I look in your submission here something called terminated projects. I want you to help this Committee and the citizens of Trinidad and Tobago to understand. If you have a project that is 82 per cent complete, but it is terminated. What does the contract being terminated mean? Does it mean that somebody else has been asked to complete the works? I need to understand because while it is good information here, I need to understand well, if you have spent 82 per cent of $10million, what happens?
Mr. Cox: Chairman, I think that question is very pertinent to this session in that a lot of when—contracts are terminated from observation. Now, these contracts, in fact, were terminated for basically three reasons. There was insufficient funds available to meet the work done to date, this is the reason for the termination, and therefore, no funds are available to complete the projects. So a project might be 82 per cent complete in physical infrastructure being laid down however, in terms of the cost, in terms of meeting the cost, it might 1 per cent or 10 per cent because the contractors would be doing periodic building or interim building. Because of funding, EFCL is not in a position or was not in a position to meet these interim payments so therefore, the contractors, you know, suspended the contracts for reasons.

Mr. Chairman: For suspension, because you have terminated, you have suspended, so I want to deal with terminated. So if a contract is terminated, as you have described for the situation that you have run out of funds, the status of what the works, what are you suggesting that—I want to understand what happens? A contractor does the work, it is 38 per cent complete, is it that you just leave it at 38 per cent complete until we get money?

Mr. Cox: In some cases the contractor may suspend, meaning, you know, job stop with a view that, you know, payments will be forthcoming. In some cases we have termination where the contractor says, listen that is it. All right.

Mr. Chairman: So termination is on the contractor’s end, not at EFCL’s end.

Mr. Cox: Both parties.

Mr. Chairman: Both parties. Okay.

Mr. Cox: All right. So when you have the termination the contractor would forward his final billing and we will have to negotiate and meet and settle on the final billing, that is contractor, our consultants and they would agree on a final payment certificate—
Mr. Chairman: But this is inefficient, Mr. Cox.

Mr. Cox: —and we do not have the money to pay.

Mr. Chairman: This goes back to my earlier question about making sure before at the beginning of the award, we have the money, because we have gone along a road starting projects and not have the money to complete them and you end of with a whole set of spreadsheets here of terminated and suspended projects at various stages of completion, and that is not an efficient use of taxpayers’ money. And this is not about blame, this is just about stating what the facts are. It is the Chairman’s view that is an extremely inefficient way of using taxpayers’ funds.

So let me ask a different question. So the projects that have been terminated or suspended because we have two sets there: Is there any plan, is it that we are going to say, listen when we get money are we going to complete some of them or we are going to just leave them? I would like to understand what is the plan because we have invested money up to a certain point, they get something along the way, do we just leave it hanging or is it that we prioritize? I have no idea. What does EFCL do now?

Mr. Cox: Chairman, just for clarity in terms those projects I must state, that we inherited those situations in terms of the new board and management, but I am not trying to make excuse as the—

Mr. Chairman: No. We are in move forward mode here.

Mr. Cox: We inherited, as I said earlier on in terms of the model used, the models that I would recommend that you have the funding in a bank account in place and then you issue awards.

Mr. Chairman: Inclusive of contingency.

Mr. Cox: Yes, inclusive of contingency. Without that, you know, without utilizing that model we would find ourselves in situations like that especially where we have a declining revenue stream.
In terms of what we are going to do futuristic in terms of these contracts, those contracts that are 70 per cent or even 80 or 90 per cent, we are urging the Ministry to source funds be it by a Cabinet Note through Cabinet so that we can satisfy all these outstanding payments. It may not be possible under the normal budgetary allocation to the Ministry of Education however, we would still approach the Ministry to approach the Ministry of Education to approach the Ministry of Finance to present a Note to Cabinet so that we can treat with those outstanding payments.

Mr. Chairman: I just have one quick follow up.

Mr. Cox: As a citizen of Trinidad and Tobago, we are all concerned in having the completion of those schools especially those that are 90 per cent—

Mr. Chairman: Yes. I see there are several at 99 per cent, 98 per cent, 94 per cent come down.

Mr. Cox:—to increase the physical learning environment.

Mr. Chairman: I have a question, I want to be clear. When a job, a project is suspended, does it mean at that point in time there is no more financial exposure from EFCL regarding the contractor? Am I correct?

Mr. Cox: Chairman, the answer, yes there are financial considerations, exposure there, in that the consultant may not suspend, and consultant will continue although there is no project to manage.

Mr. Chairman: So, they will not get money without doing the work.

Mr. Cox: Yes. And we have the situation where suspension means that we are not terminating, but we—and then there is security of their resources, the physical resources on the project or the site, these are some considerations. Sometimes it is better that the contractor stays on the job to protect looting and vandalism of the physical, the plant.

Mr. Chairman: This is troubling because it is an extremely inefficient way to operate. We start projects, we do not finish them and then we are running up moneys
to the contractors, and then we still have to probably pay them more to finish the job. So that it is very likely that the beginning cost for a project, when you get the total cost it may be a multiple of the initial cost, and that does not do justice to the citizens of Trinidad and Tobago particularly in this economic environment. All right. The Chairman will stop there. I have Sen. Mark who will lead off. Sen. Mark.

**Mr. Mark:** Thank you, Mr. Chair. Mr. Cox, you know that many of us are overwhelmed with our workload so it could have been a case of genuine oversight on your part, but when my colleague Mr. Karim asked a short while ago whether we had any outstanding payments for the textbook suppliers, you said apart from one everything seems to be okay. Well, I just want to remind you based on your submission to us, October 2017, there is an outstanding amount of $9.4 million and there are 12 suppliers involved, with the highest outstanding amount owed to Mohammed’s Bookstore at $6.4 million. So as I said, we are sometimes overwhelmed with our work and I do not think that you were misleading our Committee. But I am saying for the record that you have submitted that there is some $9.4 million outstanding and this a submission that was made by the Education Facilities Company Limited October 2017 and there is no—it is page 10. So could confirm if this is so, so that my record will coincide with your record?

**Mr. Cox:** Through the Chair, Sen. Mark, I would confirm the outstanding at that point in time. However, subsequent to that, I know we received moneys from the Ministry of Education in the vicinity of $11 million which should, you know, reduce that amount. I will however make the submission through this august body in terms of the current state.

**Mr. Mark:** So what you would have submitted in October was correct, but you are saying subsequent to this submission you have received funding which will clear this backlog.

**Mr. Cox:** For the record, through the Chair, yes, Sen. Mark.
Mr. Mark: And would you be kind enough to make available to the Secretary the final accounts in terms of outstanding?

Mr. Cox: Yes. Through the Chair, Sen. Mark, I will do that.

Mr. Mark: Thank you very much. So he is confirming on this, it is correct, but at the time it was correct, but since then we have had some changes.

The second question, Mr. Chairman, and maybe I will ask the Permanent Secretary and the Chairman of EFCL. Madam Permanent Secretary, I was alarmed a short while ago when Mr. Cox, I think it was not Mr. Cox, the Chairman repeated a number that my colleague asked earlier, and I am just trying to clarify again. One contractor was given 58 contracts at a value of $900 million. Is that a fact?

Mr. Vasquez: Through the Chair, member Mark, that is what we have in litigation with that contractor.

Mr. Mark: With that contractor.

Mr. Vasquez: With that contractor.

Mr. Mark: So one contractor is claiming via litigation that he or his company—

Mr. Vasquez: He did work for 58.

Mr. Mark:—for 58 projects that properly received.

Mr. Vasquez: Yeah.

Mr. Mark: He is claiming that.

Mr. Vasquez: Claiming. Yes, correct.

Mr. Mark: Would you want to share with us the name of this contractor?

Mr. Chairman: I sense some hesitation. Could you on this issue what I have tried to do is to try to not personalize or call out anyone. So could you provide that information in writing? Also details of the contracts, each contract; when it was awarded; whether it was fully completed; and the current status? So that you could provide that in writing to the Committee.

Mr. Vasquez: Yes, Chair.
Mr. Chairman: Thank you. Sen. Mark.

Mr. Mark: And Mr. Chair—

Mr. Vasquez: I am sorry.

Mr. Mark: You wanted to speak, Mr. Vasquez?

Mr. Vasquez: No. I said I am sorry.

Mr. Mark: No. I was just adding to what the Chairman said. The period of time that the contractor is claiming that these 58 contracts would have been awarded between what period and what period? Could you provide that in writing as well for us?

Mr. Vasquez: Yes. I will.

Mr. Mark: And what?—the purpose. [Crosstalk] Yeah.

Mr. Vasquez: Yes.

Mr. Mark: Let me just ask another question, Mr. Chairman. I am sorry Mr. Cox is not here and maybe he would be the proper one to answer this. It appears to this Committee that PricewaterhouseCoopers seems to be the preferred auditor of choice of this Education Facilities Company Limited. I have before me where within a period of September 01, 2016 to the 13 March, 2017; a period of let us say seven months, Mr. Chairman, PricewaterhouseCoopers was issued, provided, “given” six contracts to perform audits for EFCL at a value of $3.1 million.

Could you advise this Committee, Mr. Chairman, and now that Mr. Cox is returning he can help us. Mr. Cox, as you are back may I just repeat: I have before me contracts for auditing purposes being issued within a seven-month period, six of them to the auditing firm PricewaterhouseCoopers at a value of $31 million over a seven-month period. I am asking, how was this or how were these contracts awarded? Were they done on a sole selective basis? Were they granted on a competitive bidding? How was it done? And as I said it seems like they have a preferential treatment because within seven months, they lucky to land six contracts
at a value of $3.1 million. Would you want to share with, Mr. Cox or the Chairman, what is the process of tendering that was involved in the awarding of these six contracts?

12.15 p.m.

And there is a seventh one which you need to clarify for us, when there was a leak and they were brought in—leak of information—to conduct an audit, or a forensic audit, as to who were the whistle-blowers in this context, and we are yet to be told whether the report has been completed, what was the value of that report, and whether that report could be made available to this Committee. Mr. Cox, maybe you can help us in your own way?

**Mr. Cox:** Through the Chair, Sen. Mark, firstly, I started on August 15, 2016, and at that time these engagements had been ongoing with respect to Pricewaterhouse. As a matter of fact, I saw a lot of documents—those four audit documents that we submitted, those were there when I joined the organization. To my knowledge and with discussion with members of the management team, there is no evidence that—well, the procurement process was basically sole select. There is no evidence that an advertisement was placed in the press or selective group of consultants or audit firms were used. Okay? So, I can conclude that it was strictly a sole select because there is no evidence to show otherwise.

**Mr. Mark:** Mr. Chairman, could the Permanent Secretary indicate to us, given your understanding of the state enterprises performance manual, is this in clear breach and violation of the state enterprises performance manual as it relates to the awarding of contracts to companies, be it the auditing company or other companies? Could you guide us on this matter?

**Ms. Lee Chee:** Well, there are clear guidelines on the award of sole selective tenders, so there are specific criteria for the award of sole selective tenders. I am not sure of the specifics in this matter, but there are clear guidelines, and it is authorized
by the Central Tenders Board.

**Mr. Mark:** Well then, may I then follow up, Mr. Chairman, by asking Mr. Cox and Mr. Vasquez whether they can provide this Committee in writing the criteria consistent with the state enterprises performance manual? Could you provide us with information as to the criteria that would have been used by the Education Facilities Company Limited to award PricewaterhouseCoopers seven contracts at a value of over $3 million using the sole selective process? Could you provide us in writing? And, Mr. Chairman, could Mr. Cox or Mr. Vasquez indicate to us that the forensic audit into the leaking of information at the EFCL, whether that audit has been completed? If it has been completed, could you tell us what is the value of that particular audit? And, finally, Mr. Chairman, could you make a copy of that audit available to this Committee?

**Mr. Cox:** Through the Chair, Sen. Mark, that audit was done prior to department of the chairman on the last board, but I was apprised—through Pricewaterhouse, a billing was sent in to us for $47,000, and the accountants were asked to investigate who originated the audits, and through email, email contacts, we were informed that it is an ongoing audit. It forms part of an ongoing audit. That was the email response. To date, we decided that we cannot recognize that invoice for payment because we do not have sufficient evidence to substantiate or to effect that payment.

**Mr. Mark:** So that particular audit, for all intents and purposes, is a dead audit as far as you are concerned, and the value of that audit thus far, based on your own enquiries, $47,000 has not be paid by the EFCL. Is that what you are confirming?

**Mr. Cox:** Yes, I am saying that the $47,000 invoice, we have not paid that, and we had initiated an investigation as to the origination of that audit exercise. It certainly did not come from me as acting general manager at the time, and my concern is that Pricewaterhouse has to respond as to who initiated that audit. And from the email response we have in possession, PwC indicated that it forms part of an ongoing audit
investigation. I repeat, an ongoing investigation.

**Mr. Mark:** You have any idea where that audit investigation has reached? This ongoing audit investigation, where—

**Mr. Cox:** Through the Chair, Sen. Mark, I have no idea.

**Mr. Mark:** You have no idea. Okay, Mr. Chairman, I pause.

**Mr. Chairman:** At that stage, Mr. Cox, your last set of comments is what continues to trouble the Committee about the operation of the EFCL, that clearly things had happened before you joined the company, and then the supporting documentation you would expect that PwC is conducting work for the company there would be some sort of documentary trail to support that, and they have submitted the invoice and the document, in the same way as which legal documentation should have come to the company alerting to know that claims have been filed in the High Court against you and it did not get to those who—so something is fundamentally broken. Not wrong—broken—within EFCL, and I do not envy you the task of trying to rebuild it and fix it.

Again, this company is here to work, but we are here to help EFCL. That is what we are here to do, to try to help you to identify what those problems are, to see how we can help you and make recommendations to put structures in place to fix those things that are broken.

So, I am going to suspend the hearing here. I would like to invite Mr. Vasquez to give us a brief closing comment before we begin to wrap up.

**Mr. Vasquez:** Through the Chair, would it be possible, I could pass that on to our director, Mr. Gonzales to—

**Mr. Chairman:** Certainly.

**Mr. Vasquez:** Thank you very much.

**Mr. Gonzales:** Thank you very much, Mr. Chairman and members of your Committee. On behalf of the Chairman, the board, management and staff of EFCL,
I wish to express profound gratitude for this opportunity to account to the Parliament, and by extension the people of Trinidad and Tobago, for the opportunity to give an account of the management of this state enterprise. This is by no means an easy task, but we take this responsibility with solemn humility and an enduring resolve to do right and to restore EFCL to an institution that we can all be proud of—a company that subscribes to the principles of good corporate governance. After all, the success of EFCL is pivotal to the success of an efficient education system in Trinidad and Tobago, and we remain committed to this noble task. Thank you very much.

**Mr. Chairman:** Thank you very much from the EFCL. And as I begin to close this hearing, or suspend this hearing, two key words struck me, Mr. Gonzales, in your statement there, “governance”, and failure of governance leads to bad things happening in entities. Is not that people are bad, but when governance starts to go awry the whole system unravels. That is well documented in the annals of corporate history, not only in Trinidad, but around the world; when you have failures of governance all sorts of bad things happen.

And those lessons should have been learnt from the days of Enron, WorldCom going all the way back, which led to the evolution of something called Sarbanes-Oxley. I probably have a lot of history understanding how corporate governance, how important it is, and when it is weak or it is worse, it causes the entire system to go bad. So I like in your statement you are focused on trying to make sure there is proper governance in the company. That is so, so important. It is a particular area of focus of me personally and professionally, but certainly of this Committee.

I want to also alert that, as I had indicated earlier, the Committee wishes to give everyone who has been invited to come to this Committee, every opportunity to come and share their views and their comments with this Committee. So there will be another hearing of EFCL at a date that will be advised. And again, the Committee wants to give every opportunity to all who have been invited to come
and help us to understand some of the things that have happened in a particular time frame for which the Committee—as you can see around the table we have masses of documents for which we are trawling through those papers, and we want to understand what happened. At least get another side or another version of what transpired so we can try to be complete with the work that we are doing.

So, I want to thank the media, the viewing audience and the members here for their patience in putting up with us, and I would like to say that this meeting is now suspended. Thank you very much.

12.26 p.m.: Meeting adjourned.
VERBATIM NOTES OF THE TWENTY-THIRD MEETING OF THE JOINT SELECT COMMITTEE ON STATE ENTERPRISES HELD IN THE J. HAMILTON MAURICE ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON MONDAY, DECEMBER 11, 2017 AT 10.13 A.M.

PRESENT

Mr. David Small  Chairman
Mr. Wade Mark  Member
Brig. Gen. Ancil Antoine  Member
Mr. Ronald Huggins  Member
Mr. Fazal Karim  Member
Mr. Adrian Leonce  Member

Mr. Brian Caesar  Secretary
Miss Sheranne Samuel  Assistant Secretary
Miss Krystle Gittens  Graduate Research Assistant
Miss Vahini Jainarine  Legal Officer I

ABSENT

Dr. Lester Henry
Mrs. Cherrie-Ann Crichlow-Cockburn  [Excused]

OFFICIALS – EDUCATION FACILITIES COMPANY LIMITED

Mr. Denis Cox  General Manager (Ag.)
Ms. Gullis Noel  Human Resources Manager
Ms. Danielle Campbell  Corporate Secretary/Senior Legal
Mr. Chairman: Good morning to everyone. I would like to welcome all the various persons attending here today. We are here to reconvene the meeting and I would like to, again, state that the purpose of this meeting is to continue the examination into the efficiency and effectiveness of the Education Facilities Company Limited (EFCL) in managing the construction and repair of government and government-assisted schools and to explore what may be some of the possible solutions to the challenges faced by the company. And I want to be clear, the role of this Committee is firstly to examine the issues which arose based on EFCL's written responses to the Committee's questions and, secondly, to help EFCL in improving its operations.
resulting in a more efficient and effective organization.

I would like to inform that this meeting is being broadcast live on Parliament Channel 11, Parliament Radio 105.5 FM, Parliament YouTube Channel, ParlView. Viewers and listeners can participate by sending comments relating to today’s engagement with the EFCL via email to Parl101@ttparliament.org, or on our Facebook page at facebook.com/TTparliament, or on our Twitter@TTParliament.

I would like to welcome everyone to this session and I would firstly like to, as per the normal proceeding in this meeting, I would like to begin by asking for opening comments beginning with the Permanent Secretary, Ministry of Finance.

10.15 a.m.

Ms. Durham Kissoon: Good morning. Thank you, Chair. Thank you members of the Committee. The Ministry of Finance welcomes this opportunity in the continued enquiry of the operations of the Education Facilities Company Limited as it offers us the opportunity to partner with this Committee in the reinforcement of the principles of value for money, transparency and accountability in the conduct of public affairs. So thank you. Thank you for welcoming us.

Mr. Chairman: Thank you very much. And before I go on, the Chairman has erred. There is a process where I should have invited all the members present to introduce themselves and then I introduce the members of the Committee. So let me go back in the agenda, if you will permit the Chairman—and we are all human people. Sometimes things do not go the way we want it to go. So, Madam Permanent Secretary, I am going to begin with you to firstly allow you to introduce yourself and members of your team from the Ministry of Finance, and then we would go to the Ministry of Education, the EFCL current and then the EFCL former.

[Introduction of Ministry of Finance officials]

Mr. Chairman: Thank you, Madam Permanent Secretary. I would now like to invite the Permanent Secretary of the Ministry of Education.
Mr. Chairman: Thank you very much, Madam Permanent Secretary. I would like to now invite the officials of EFCL, current first, to introduce themselves to the Committee.

Mr. Chairman: Thank you very much and former member of the EFCL board, please introduce yourself, for the record, for the Committee.

Mr. Piggott: Good morning Chair and members of the Committee, I am Arnold Piggott, private citizen of the Republic of Trinidad and Tobago.

Mr. Chairman: Thank you very much. I would like now to ask the members of this Committee to introduce themselves, beginning on my right.

Mr. Chairman: Good morning. My name is David Small. I am the Chairman of this Committee. All right. I am trying to get back on the agenda here this morning. We have a full agenda. I would now like to call on the lead official from the EFCL to give us, as usual, a few brief opening comments.

Mr. Cox: Thank you, Chairman. Good morning, Chairman and members of the Joint Select Committee on State Enterprises of the Parliament of the Republic of Trinidad and Tobago. Permanent Secretary, Ms. Michelle Durham Kissoon in the Ministry of Finance and her team; Permanent Secretaries Mrs. Lenor Baptiste-Simmons and Mr. Kurt Meyer of the Ministry of Education, our line Ministry and your team; Mr. Arnold Piggott, former Chairman, EFCL, Education Facilities Company Limited; representatives of the management team, Ms. Gullis Noel, HR Manager and Ms. Danielle Campbell, Temporary Corporate Secretary/Senior Legal Officer; members of the media and the viewing and listening public.

Firstly, I would like to give a brief overview of EFCL to place the foregoing deliberation into perspective. EFCL is a wholly-owned state enterprise established
in 2005 under the Companies Act. With the Corporation Sole, Minister of Finance being the sole shareholder, and the Ministry of Education, its line Ministry, our principal in respect to the agency principal or perspective.

EFCL per se is a project management company whose principal activities involve the following:

- the construction of schools at the three education level: ECCE, primary and secondary;
- repairs and maintenance of school;
- outfitting and furnishing of school;
- procurement of textbooks for the said school;

As project managers or project manager, EFCL receives formal instruction or authorization from the Ministry of Education, as I said before our line Ministry, to embark on projects within the stated mandate. Through EFCL’s procurement processes, contractors are sourced and are engaged to undertake projects for and on behalf of our principal, the Ministry of Education and by extension, the Government and people of the Republic of Trinidad and Tobago.

With the change in administration in 2015, EFCL was faced with a number of school construction projects which were either suspended, terminated or left in a state of flux. Further, there are instances where contractors on these very same projects received advances in the form of mobilization fees but have not done any work as per our records. Amounts owing to contractors, consultants, of course EFCL management fees, as at December 31, 2015, stood at about three-quarter billion dollars, unaudited, for which a validation exercise was commissioned by the EFCL. Following the validation process, Cabinet was asked and authorized the change of use of an existing fund, which we call the Abercrombie Fund of approximately $221 million held by EFCL, to pay valid claims, together with consultancy fees and associated costs.
Having examined the records of EFCL, I was particularly impressed by the initial business model that was effected in 2009 by the raising of a $400 million bond, which was a first tranche, to provide funding for school construction programme, followed by a second tranche in the form of a bridging loan of $285 million to advance the said programme in 2014.

With adverse changes in the economic landscape of Trinidad and Tobago over the last two years, primarily due to the drastic fall in prices of both oil and gas, the Government has found itself in grave difficulty, inter alia these school construction projects were at various stages of completion or non-completion, with respect to funding those projects. Notwithstanding, EFCL continues to work closely with the Ministry of Education in focusing on the repairs and maintenance programme to ensure school plant is kept in an acceptable state of repair to impact positively to the student learning environment.

As regards the roles and functions of key stakeholders in the state sector, namely the Ministry of Finance Investments Division, line Ministries, the board of directors, chairmen, sub-committees of boards, executive management of state entities, I make reference in particular to pages 6 to 15 of the State Enterprises Performance Monitoring Manual; a document to which I feel proud—

Mr. Chairman: Mr. Cox, we would like you to try to wind up.

Mr. Cox: Yeah, I am wrapping up. “Ah wrapping up.”

Mr. Chairman: You have exceeded the allotted time, so could you please just wind up—

Mr. Cox: Yes, I am wrapping up—to which I feel proud to be a contributor as the guidelines contained therein lay the foundation for inculcating good governance with the state sector.

Finally, I wish to assure you, Chairman, EFCL team is present and ready to give clarity and explanation to the best of our ability to this august body as the
proceeding progresses. Thank you.

**Mr. Chairman:** Thank you very much, Mr. Cox. I now call on Mr. Arnold Piggott to give a few opening remarks and brief opening remarks. Mr. Piggott, you have the floor. Could you please press the mike? Thank you.

**Mr. Piggott:** Good morning, Chair and members of the Committee, Permanent Secretaries in the various Ministries, Mr. Cox, Acting General Manager and other support staff of the respective Ministries.

Mr. Chairman, I am appearing before this Joint Select Committee today voluntarily, notwithstanding the advice by Senior Counsel that the Parliament does not have the authority to summon me. I would like to assist, despite my observations that some of your proceedings have sometimes degenerated, and I say at the outset that I shall not participate if I am not afforded the courtesies and respect which I think I deserve.

Having disengaged from EFCL in May 2017, I shall have to rely on my memory at best and what other support I may have been able to garner. As a citizen in private life, I have no access to persons, papers nor records sent for by the JSC nor do I have any knowledge of what the EFCL may have transmitted to the JSC between May 27th and today.

Mr. Chairman, I am in full support of the concept of Joint Select Committee to review the efficiency and effectiveness of state enterprises. I am also in support of the view of the right of the public to know. To assess properly the performance of EFCL, permit me to give a little background. One must take note of the context within which the board of directors came into governance of the state company in 2015. There was an extensive period when there was an absence of a chief executive officer and management of EFCL arising from the termination of seven senior managers in early 2016 and the subsequent suspension and termination of the temporary executive head, Mr. Louis Frederick on contract.
The board was further constrained from hiring an executive head due to ministerial instructions that no action be taken with respect to the tenure of Mr. Frederick until advice is received from the Attorney General. This was a written directive given by the Minister of Education. In the absence of an executive head during the period of seven months therefore, the chairpersons of board committees had to interface with the heads of units directly.

A substantial amount of influence peddling in the affairs of EFCL was taking place, as well as interference in corporate policies and board decision-making, which had the potential to significantly compromise the efficiency and effectiveness of the company. There were interventions by the Minister of Finance. A meeting of the board was summoned by the hon. Attorney General on August 16, 2017, the day after Mr. Frederick was suspended; and there were interventions by the line Minister.

Mr. Chairman, I propose to speak on the state of operations of EFCL on my board’s entry into the company, in terms of improvements made under our watch, ministerial interventions, challenges and misconduct by staff, including issues of possible tampering and extraction of information by the information technology staff and indiscipline within the human resource division.

The EFCL, under my watch, assumed governance in a company which was reputed to have an image of collusion, bid rigging, corruption, nepotism and favouritism and to have been contaminated and riddled with political interference. On assumption of responsibility, the EFCL board sought to immediately assess that which we inherited from the previous administration of 2010 to 2015. Based on immediate physical evidence of some of those practices, including the discovery of a mill room, the board identified an urgent need for forensic auditors with specialized skills, tools and technological capabilities. The board engaged the services of PWC on a sole select basis in keeping with the authority under the EFCL tender rules. Arising from the examination of the existing EFCL records, the following, among
others, were unearthed. A substantial list but I would do a truncated version:

- a mill room in which fake invoices were being generated under direct guidance of senior executive;
- 160 cheques drawn in favour of contractors for $33 million to various contractors in a cabinet in the office of the Finance Division;
- records showing in excess of 120 contracts to one contractor for some $40 million, and another with 42 contracts for some $825 million were found.

And, Mr. Chairman, that which we inherited, 108 unfinished schools for which contracts had been awarded in excess of $2 billion and requires now some $1.5 billion to complete those 118 schools, I am told.

Upon meeting a situation in the middle of November therefore where 20 primary schools with a total population of over 8,000 students remained closed, emergency action was taken by the BTC, Board Tenders Committee, under the existing tender rules to ensure that all those schools would be opened by January 04, 2016.

Mr. Chairman, we have had a legacy at the EFCL but I will not go through all of them. Permit me, though, to put on record that one of the achievements that we believe that we have done is that we have been able to introduce discipline within the tenders and procurement process, measured through a non-conformance report. The board was thus able to avert areas of possible wrongdoing and misrepresentation, which reared its ugly head under the stewardship of the Executive Manager, Mr. Louis Frederick who was on contract.

Examples of wrongdoing were also seen in proposed award of contract for the Five Rivers Secondary School for an award value of $4.495 million. Another was at Aranguez North Secondary School, wrongdoing that we identified, where a contract award was determined and the contractor mobilized on August 11th, even
before the date of submission of the internal quantity surveyor’s report. That award was for $6.611 million and made without the approval of the Board Tenders Committee and the board of directors.

With respect to awards in respect to three schools at Barrackpore, New Grant and Granville, those two contracts were valued at $5.6 million, as per the MOE, Ministry of Education, $6.4 million and $4.9 million, respectively. Those matters took place in August and persons were held to account for their wrongdoing.

In January 2016, all 20 closed schools as referenced earlier were reopened and for five consecutive school terms, all schools reopened for the first time in several years in the Republic of Trinidad and Tobago. We were able to get the schools in Barrackpore built, the one in New Grant built and the one in Granville built in record time, in time for school opening in September. Those are parts of the facts, these are not conjecture, Mr. Chairman.

Contrary to what has been ventilated in the public domain, I wish to note that the EFCL board was responsible for the governance of a billion-dollar company and in 17 months, under my chairmanship, dedicated many long difficult hours to correcting the many deficiencies that existed when we assumed office. Mr. Chairman, I thank you. Those are my opening remarks.

Mr. Chairman: Thank you very much, Mr. Piggott, for your opening comments and remarks. Much appreciated by the members of the Committee and I am sure everyone was listening. Okay, I want to, again, thank everyone and welcome everyone here. I want to begin by addressing some preliminary questions to Mr. Piggott and I want to take off my initial questions from where you just left off about the board. Mr. Piggott, I would like to enquire, was it clear to you in your role as a non-executive director that that is fundamentally different from that of being an executive director?

Mr. Piggott: Very clear.
Mr. Chairman: And would you say that the members of the board understood this?
Mr. Piggott: Yes, Sir.
Mr. Chairman: How would you describe the modus operandi of a non-executive director?
Mr. Piggott: Directors are to set policy and ensure they are pursued and followed.
Mr. Chairman: And what is your view of how the other members of the board understood what you have just described?
Mr. Piggott: Exactly what I have just described.
Mr. Chairman: All right. I have a couple more preliminary questions because I want to set the frame for going forward. Could you, Mr. Piggott, describe for the Committee your view of the board’s action with the management of EFCL?
Mr. Piggott: Which management, Sir, may I ask?
Mr. Chairman: The General Manager and other senior officers of the company. How would you view their—was it an interaction that was a professional interaction where they understood, just as you have detailed, that the board’s rule is for policy and ensure that policy is driven as opposed to getting involved in operational areas?
Mr. Piggott: That is my understanding.
Mr. Chairman: And would you say that your board members were—that you made that clear to your board members, your colleagues?
Mr. Piggott: Yes.
Mr. Chairman: Thank you very much. I would like to ask a straightforward question again, given your responses to date. Given your responses to date, to the best of your knowledge, was there any board interference in the operational management of EFCL during the period you were there?
Mr. Piggott: I am not aware of any interference, I am aware of interaction.
Mr. Chairman: Good, thank you very much. I would now like to open the floor to questions from members. I have request from MP Karim to take the floor. MP
Mr. Karim: Thank you, Mr. Chairman. Good morning, Mr. Piggott.

Mr. Piggott: Good morning, Sir.

Mr. Karim: You have just indicated in your opening remarks that you were there for about 17 months. Might you be able to indicate to us during that period of 17 months, how many contracts would have been issued, awarded under your watch and the value of those contracts?

Mr. Piggott: My knowledge would recall that there are 347 repairs and maintenance jobs and there were probably four other jobs.

Mr. Karim: Might you be able to—

Mr. Piggott: I believe the 347 jobs were for about $96 million.

Mr. Karim: Ninety-six, okay. Out of those awarded and the amount of money that you would have indicated, can you say up to your time—because that is the period of time that we are asking you these questions—whether all of these debts would have been paid or were they outstanding amounts that you would have left unpaid and if so, how much?

Mr. Piggott: Naturally, there would be some unpaid.

Mr. Karim: Might you be able to indicate—

Mr. Piggott: I cannot speak—

Mr. Karim: All right. Out of those that might have been naturally unpaid, did you have any litigation from any of the contractors who may have wished to have their moneys paid and outstanding?

Mr. Piggott: I am not aware but I doubt, from the 347.

Mr. Karim: Okay. During the period of time that you would have been there, would you say that there were any irregularities in the awards of any of these contracts during that 17-month period?

Mr. Piggott: I alluded to, I think, four of them in my opening remarks.
Mr. Karim: Might you be able to give us any details to what these irregularities might have been?

Mr. Piggott: In the case of the Five Rivers, an unsolicited bid for $4.495 million was received at the office. That bid, the details of that bid were caused to be recorded on an EFCL template, the template that they would ordinarily use to submit bids having gotten the quantity surveyor’s report. The quantity surveyor, I have been told, was caused to be typing the information into the computer while the then Executive Manager was dictating the information from that bid and that is grossly irregular.

Mr. Karim: What would have been the outcome of that situation that you noticed or that you came about?

Mr. Piggott: We caused a PWC investigation to be prepared and which the result was clear breaches of the tender policy, tender rules.

Mr. Karim: As a result of PWC audits, did you have justification, cause, to terminate any employees and if so, how many?

Mr. Piggott: I could not confirm now but I know the quantity surveyor resigned immediately.

Mr. Karim: Maybe somewhere I might have read that there were about five managers whose contracts were terminated. Does that ring a bell with you in terms of the number?

Mr. Piggott: As a result of this?

Mr. Karim: Yeah, as a result of the PWC forensic audits.

Mr. Piggott: I would be stretching my memory if I can answer that but—

Mr. Karim: Okay. Do you know, for example, during that period of time that you were there, where any of these managers sued the EFCL for wrongful dismissal?

Mr. Piggott: In respect to this matter?

Mr. Karim: In respect of your tenure that you were there and as a result of the
forensic audits.

Mr. Piggott: There were claims in the High Court in respect to terminations.

Mr. Karim: Okay. Do you know whether any of these matters were settled?

Mr. Piggott: Well up to when I left, none was settled.

Mr. Karim: Okay. I get the sense that when you gave your opening remarks that there may have been some challenges that you faced as the Chairman of the EFCL. Am I correct in interpreting it in that way?

Mr. Piggott: Yes, sir.

Mr. Karim: Might you be able to elucidate for us what are some of these challenges that you experienced? And I will ask a subsequent question when you indicate those.

Mr. Piggott: Well, we had a situation—more current was a situation where the HR Manager was not responsive to discipline for herself or for discipline in respect to employees.

Mr. Karim: Was that manager terminated?

Mr. Piggott: No, that manager resigned but I am told is still with EFCL.

Mr. Karim: Okay. I got the sense as well from when you spoke that you indicated interference of sorts, maybe from other persons, unsolicited interference from the line Minister or Ministry. And did this happen under your watch?

Mr. Piggott: Yes, Sir.

Mr. Karim: Could you give us a little idea as to what kind of interference and how—I do not know if that may have precipitated your departure after 17 months but could you give us an idea as to what were these kinds of interference?

Mr. Piggott: Well if you take an example, Sir, of being told not to take any action against an employee or contract worker who you are clear or where the board has lost confidence in that worker, then that is interference, Sir. That is one example.

Mr. Karim: Was there any other political interference?

Mr. Piggott: I cannot recall what else there would have been. I know that there
is—or, there was a meeting on August 16th, the day after Mr. Frederick, the executive head, was suspended. There was a meeting summoned by the Attorney General.

**Mr. Karim:** Was this direct instructions to you of sorts?

**Mr. Piggott:** Enquiry.

**Mr. Karim:** Okay. But never any directives as to what action you should follow and possibly which you did not follow?

**Mr. Piggott:** No, not in that regard.

**Mr. Karim:** You also mentioned—I will give my colleagues the opportunity and I will return. You did mention—and I wrote it down here—that there was significant influence peddling.

**Mr. Piggott:** Well, it appears that at least two people in the organization had the ear of politicians and felt empowered to deal with matters within EFCL based on that empowerment. One was the HR Manager, Ms. Gullis Noel and one was Louis Frederick.

**Mr. Karim:** Mr. Piggott, I know you, many years ago, as a senior Cabinet Minister. Did you feel that one of the challenges you faced was that because of this influence peddling that you were relegated to second position and there are other persons who were more or less determining the operations of the EFCL to your knowledge?

**Mr. Piggott:** Well, we did say when we were asked to reinstate Mr. Louis Frederick after he had walked off the job that had he returned, the board will be handicapped and he did return after being requested to reengage him. And perhaps, that should have been my last call.

**Mr. Karim:** So would you say that that precipitated your decision to exit the organization in terms of—

**Mr. Piggott:** It is a combination of things that would have precipitated it but that would have been one, yeah.

**Mr. Karim:** Okay. So it was as a result of you not feeling comfortable to lead an
organization and having been led by others because of political interference and influence that may have caused you to exit the organization. Am I correct?

Mr. Piggott: It was a major ingredient.

Mr. Karim: Thank you.

10.45 a.m.

Mr. Chairman: Thank you, MP Karim. Before I give the floor to Sen. Mark, I just want to ask a quick follow-up to Mr. Piggott. I have been listening intently. Could you advise this committee—you indicated a short while ago that you were requested to re-engage Mr. Frederick—of the form of that request?

Mr. Piggott: By way of correspondence.

Mr. Chairman: Correspondence. So there was a written request.

Mr. Piggott: Two written requests.

Mr. Chairman: Two written requests to re-engage Mr. Frederick.

Mr. Piggott: Yes.

Mr. Chairman: And that would be in the company’s records.

Mr. Piggott: I presume so.

Mr. Chairman: Okay, good. Thank you very much for that, because the question or the concern of this Committee, one of the major concerns, is about governance. And where it appears that governance is being compromised then when bad things happen lower down in the system no one should really wonder what went wrong. Because if governance is compromised the whole system collapses. I will now give the mike to Sen. Mark.

Mr. Mark: Yeah. Thank you, Mr. Chairman. And let me join in welcoming the team and Mr. Piggott to this very important enquiry into the EFCL operations and activities.

Mr. Piggott, the first question I would like to ask you is simply this: Why did you resign as Chairman of the EFCL?
Mr. Piggott: I resigned as the Chairman of EFCL against the backdrop of what I answered to MP Fazal Karim. I was not asked to resign, which has been put in the public domain.

Mr. Mark: So you, would you say that there was absolutely no pressure brought upon you?

Mr. Piggott: Absolutely none.

Mr. Mark: Let me just ask another question. Do you take instructions, directives, or requests from Balisier House?

Mr. Piggott: No, Sir.

Mr. Mark: If I were to produce an email with evidence showing that an email was sent to you on the 28th of July, 2016, at 14:53 hours and the subject is entitled “Contractors’ Information”. It was addressed to one Heather Joseph and it simply reads:

Please see the…

I guess—

…attachment as requested by Mr. Piggott. Thank you. Cynthia Joseph.

And on that listing there are eight contractors being sent from Balisier House, based on a request that was made by your good self. I have the names of the contractors here. If you want me to read them out, I will read them out. I have the contact numbers for each of those contractors. So I am giving you another opportunity to tell this Committee if you, when you occupied office for those 17 months, on the 28th of July, 2016, did you receive correspondence from one Mrs. Joseph, as it relates to a request made by yourself from Balisier House concerning a list of eight contractors. I just want to give you another opportunity to clear the air, because this is an email that I have here. So I just want you to clear the air because I do not want things to be misinterpreted, please.

Mr. Piggott: Sen. Mark, are you saying that you have in your possession an email,
or may I ask Chair, that you have an email addressed to me?

**Mr. Mark:** I am saying, Mr. Chairman, I am just asking Mr. Piggott, through the Chairman, do you take instructions, or do you take requests from Balisier House, to provide contracts to contractors whilst you were Chairman of the EFCL? That is all I am asking.

**Mr. Piggott:** I do not take requests from Balisier House. I do not follow instructions from Balisier House and I have not done any such thing at reference.

**Mr. Mark:** All right, well I will proceed, Mr. Chairman. Thank you very much for your clarification.

**Mr. Chairman:** Before you proceed, Sen. Mark, seeing that the Committee members are at a disadvantage, in terms of that document you referred to, I would be grateful if you would share with us at an appropriate time.

**Mr. Mark:** Yes, thank you very much.

**Mr. Chairman:** Thank you very much.

**Mr. Mark:** May I also ask Mr. Piggott, and I will preface my statement—and again, Mr. Piggott this is dealing with information and evidence that have been proffered before this Committee. And I am glad that you took the opportunity to come so you can clear the air on these allegations. We have received information with strong evidence that suggests that there were numerous incidents of reckless behaviour, misconduct in office, poor performance, bid rigging and victimization, among other things, during your tenure as Chairman. Our Committee understands that these allegations were formally brought to your attention.

I would like to ask the following question: During your tenure as Chairman were you ever made aware of any such incidents whilst you were Chairman?

**Mr. Piggott:** I am not aware.

**Mr. Mark:** So you are saying that you are not aware of these things? May I ask Mr. Chairman, whether Mr. Piggott is aware of any irregularities and concerns
surrounding the Scarborough RC Primary School? Are you aware of any irregularities or concerns that would have been brought to your attention concerning this particular school?

Mr. Piggott: I am not aware of any irregularities. I am aware that we have submitted reports to the Ministry of Education and to the Attorney General’s Office in respect to the award of the Scarborough RC School.

Mr. Mark: May I also ask: Are you familiar with a company by the name of Watts Electrical and its owner Phillip Watts?

Mr. Piggott: I know of the company Watts Electrical.

Mr. Mark: Do you know whether, under the period that you served, how many contracts and guaranteed payments would have been enjoyed by this particular company during the 17 months that you served as Chairman of EFCL?

Mr. Piggott: I am not aware of how many contracts. I know that that name came up as a contractor.

Mr. Mark: Thank you. Can you explain to us or clarify for us whether there is a policy within the EFCL operations for repairs and installation of electrical maintenance or electrical works that would warrant the issuance of, let us say, a payment guarantee or a guarantee of payment? Do you know if, in the case of this particular organization, that was extended to that company, and if that took place, was that a policy of the EFCL, as far as you recall?

Mr. Piggott: I am not aware of any guarantee given to Watts Electrical.

Mr. Mark: Now, you mentioned this mill-house, could you tell us the documents that were discovered there, have these documents been handed over to law enforcement and an appropriate report made to law enforcement as it concerns this secret mill-house that you mentioned in your opening remarks? Do you know if any formal report was made to the police?

Mr. Piggott: Through you, Mr. Chair, I am not sure that I got the one question.
Mr. Mark: All right, the one question simply is, you in your opening remarks spoke about a mill-house, which was almost like a secret house that was processing all kinds of things, I am asking, having regard to the nature of the irregularities that would have been taking place there, was a report made to the police?

Mr. Piggott: Yes.

Mr. Mark: Could you tell us when that report was made?

Mr. Piggott: I could not say when the report was made but the ACIB was involved in the activity.

Mr. Mark: And the final question I wanted to ask before I come back to you to further clarify issues: could you tell us, PricewaterhouseCoopers appeared to be the auditing firm of choice under your stewardship as Chairman. They may have gotten between five and seven opportunities to investigate a series of matters that would have been requested by your board. Would you want to share with this Committee whether there was any tendering process involved, as it relates to public advertising for auditing firms? Or was it a decision simply taken by the board to have PricewaterhouseCoopers sole select for conducting a number of enquiries and investigations under your watch?

Mr. Piggott: Pricewaterhouse was engaged on a sole select basis, in keeping with the authority of the EFCL tender rules. They were engaged on that basis with the urgency of a mill room and having to take possession with immediate effect.

Mr. Chairman: Thank you very much, Sen. Mark. Let me, let the Chairman, seek to give Mr. Piggott some time to gather his thoughts.

Mr. Cox, could you inform this Committee, in terms of the tendering process at EFCL when you met it, what would you say is the period of time from the receipt of a—from the company deciding that it wants to do a piece of work and issuing the tender, to the time the letter of award would go out? Give us an average or, depending on the size of the contract it might take longer. Could you give us some
guidance on that please?

Mr. Cox: Through the Chair, morning again. In terms of the time frame for the tender process, it depends on the nature of the project. For instance, repairs and maintenance project and the textbook programme, you would find the tender process could be within 10 to 15 days. However, where we have new construction which requires more sophisticated documentation, in terms of requests for proposal, et cetera, it can take a longer period, say about two, roughly two to three months.

Mr. Chairman: So, given that response, Mr. Cox, would you say, and you would help the Committee, if you—we have documentation showing a contractor submitted their bid on one day and the letter of award was issued the next day, would you say that that is unusual?

Mr. Cox: Through the Chair, from what I described earlier on, yes.

Mr. Chairman: Just to be clear, I will come back. I have some follow-up questions on that. I want to engage now, if you permit the Chair. I know I have a couple of requests from the floor, but just allow me to engage now Madam Permanent Secretary, the Permanent Secretary at the Ministry of Education. I want you to help this Committee, because you are the direct line. We understand the Ministry of Finance, you know, has a key role. Could you describe for this Committee, the events leading to the change of the board of the EFCL?

Mrs. Baptiste-Simmons: Hon. Chair, I must admit I would have been on leave. I would have returned in September. I would have to write and provide you with the answer.

Mr. Chairman: Is there anyone in your team here who would have been there at the time, who could have helped us with the chain of events that led to the—because you need to help us.

Mrs. Baptiste-Simmons: I know.

Mr. Chairman: Let me help you. A decision was taken to change the board. What
we are trying to understand is what led to it. So that, in the normal course of your operations, what would have led or contributed to the Ministry having a discussion with—because I am going to ask the same question to the Ministry of Finance. What would have led— you have a line entity under your jurisdiction and what would have precipitated the Ministry, in your experience as a Permanent Secretary, the Ministry looking at the operations of a board and deciding perhaps or making a recommendation that this board be changed? I have rephrased the question to help you.

Mrs. Baptiste-Simmons: Again, hon. Chair, again it would have been a new experience for me and I, again, I was on vacation. I did not enquire. When I returned it was the end of the financial year and I just tried to complete that process. I really did not ask because there was a Permanent Secretary in place. She proceeded on vacation leave and I stepped in. Again, I would have to ask PS Durham if she has any experience to assist me here, but—

Mr. Chairman: Well I will now move to Permanent Secretary, Ministry of Finance and I will ask my first question again. The Committee is trying to understand what would have led, what would have precipitated the decision to change the EFCL board, bearing in mind that that board would have been in place at that time less than two years. So, we are trying to understand what would have triggered the decision to change the board.

Mrs. Durham-Kissoon: Thank you, Chair. As far as I am aware the information does not reside in the Ministry. So I am sorry, I do not think we have that information.

Mr. Chairman: Well then the Committee is concerned, because I recall Mr. Piggott’s opening comment that EFCL is a billion-dollar company, and I would have thought that changing the board of a billion-dollar company would be something for which there would be appropriate consideration and documentation available. And
even if you were away on leave and something like that happened, I would have thought you would have liked to understand what happened to cause it. So now, given the inability of the two PSs to provide any oral evidence, the Committee will have to respond and request some clarification in writing. Because there must be some documentary trail that would have led to the decision. We are not here to query the decision. All we are trying to understand is the process and what would have triggered the decision to replace the board of EFCL.

So, the Committee will request that information, both from the PS, Finance and the PS, Education; whatever information you can share with the Committee to help us understand. Because from where we sit we are struggling to understand. We believe that that action seems to be certainly out of character and out of, certainly in terms of the experience of this Committee, that does not happen very often unless we have, you know, a change of administrations where you completely change the board, save and except one person. So we will forward a request in writing and we look forward to your response.

I think I have Sen. Huggins asking for the floor, Sen. Huggins.

**Mr. Huggins:** Thank you, Chair. In the EFCL’s submission dated December 07, 2017, you provided a list of 129 sole select tenders awarded by repairs and maintenance division. What were the reasons for awarding these contracts via sole select tenders?

**Mr. Cox:** Chair, if I may choose to answer the question. There are a number of reasons that give rise to the selection of a sole tenderer. Basically, under the EFCL procurement process or procurement rule we are allowed, in emergency cases, to fast-track the process by, you know, treating with a sole contractor. In other cases, there are situations where we conducted the normal tender process and we did not get any satisfactory bid. Okay.

Then there is the third instance where, under a special programme, which we
call the Laventille Improvement Programme, a number of contractors expressed fear, due to crime, of doing work in that particular environment and in such cases only certain contractors, you know, asked to take the risk to go into these crime-ridden areas, where we have, you know, we have actual evidence of people being shot at, people being injured in those areas. Thank you.

**Mr. Huggins:** So, to the best of your knowledge, this is a long-standing practice?

**Mr. Cox:** Yes it is, through the Chair.

**Mr. Huggins:** And what mechanisms are in place for monitoring and evaluating this practice of sole select tenders, especially since you said in cases of emergencies? I am seeing 129 here.

**Mr. Cox:** Now, if you look at the 129, it is over a time frame, eh; a long time frame.

**Mr. Huggins:** Yes, sure.

**Mr. Cox:** And what we find, in recent time, since 2015, we had a lot of repairs and maintenance contracts rather than any new construction. So these are small jobs, you know. In some cases it might be $5,000, you know, the value of the contract. In some cases 20,000/25,000. But these are basically small projects. Okay?

To answer your question, in terms of monitoring these, we have—in terms of before you arrive at a sole select tenderer, we have the procurement manager, involvement of the procurement manager, the technical manager and also the general manager being involved, in terms of, you know, working through the merits or demerits of selecting that particular contractor and it is usually conducted at the level of the general manager or the management tenders committee level.

**Mr. Chairman:** I have a couple of requests but I now have a follow-up question for Mr. Piggott. Mr. Piggott, I recall, during your opening comments and submission that you noted when the board took office you inherited a situation where there were some recorded issues with how the company manages its tender process and that your board instituted some structures and some procedures to try to bring some
control and proper shape to that, words to that effect. If I am incorrect, please correct me. I want to ask: During your time were you aware of, or had any concerns that the tender approval process at EFCL was compromised?

**Mr. Piggott:** Yes, and we had lost all confidence in the process.

**Mr. Chairman:** How did you find out that the process was compromised? Could you please put on your mike?

**Mr. Piggott:** We had lost all confidence in the procurement arrangements at EFCL. We got wind that budget sums approved by the MOE, by the Ministry of Education, were being leaked to contractors from inside of EFCL, thus putting certain contractors in an advantageous position in their bid submissions.

**Mr. Chairman:** And to be clear, Mr. Piggott, I do not want to interrupt you but I want to—that is a critical piece of information you have put out there. It is important for the viewing and listening public to understand. The company would have done an internal budget, an estimate, for the works and what you are saying is that the internal estimate for the works, or the estimate that you have at the company for the works was shared, apparently with potential bidders. Is that what you are saying?

**Mr. Piggott:** The way it works is our internal quantity surveyor would go out and spec the work and price it. That would then be put on a template, as I referenced before, submitted to the Ministry of Education. The Ministry of Education, through people like Mr. Cupid, would do a second check, so to speak, on that submission and then somewhere along the line we would get an approval or a variation or a question in respect to the budget.

The Ministry of Education then confirms to us the budget sum. So if there is a sum for $500,000 we will get that information coming. We may have sent in something for 600. They may have sent it back with 500 or 550. It is somewhere between the Ministry of Education and EFCL that there are leaks. But we were satisfied, and Mr. Chair, with all due respect, do not ask me for the evidence. But
we were satisfied that there were elements of wrongdoing going on in that area.

**Mr. Chairman:** Well the Committee appreciates your frankness, Mr. Piggott. This is what we were trying to understand, clear statements as to what was going on and the Committee continues to appreciate that.

Now, the obvious question arises. Now that you have found out that, you know, you had these challenges, what strategies, how did you and your board and in discussions with the management, try to mitigate these things that were happening at EFCL?

**Mr. Piggott:** We introduced the nonconformance type of reporting where, when the tender submissions are made to the board subcommittee for tenders they will go through that with a more detailed look than at first and raise queries as they deem appropriate. And in that process they would have found whether there were people dodging or whatever else was happening. So there was an introduction. And one of our directors is a very experienced director having worked at British Petroleum (BP) and Amoco. He was the Chairman of the procurement division. So, we had a good person in there to look at it.

**Mr. Chairman:** Thank you Mr. Piggott. That leads directly to my next question, and I appreciate again, your frankness in your responses so far. Would you be surprised, Mr. Piggott, the document, we have some documentation in front of the Committee, that a tender was issued by EFCL in, I think June of 2016 or July, I think, of 2016. The tenders committee, as you have described, would have met and evaluated the tenders and made a recommendation and we have the letter of recommendation. However, after the recommendation was made, another tender was received for the same works and one day later the letter of award was issued to that contractor. To be clear, that contractor who received the award was not part of the original process that was engaged, in terms of the request for proposals. Would you be surprised to hear that this happened after going through the process of the
board tendering?

How could that happen where you have a, as you have just described, a rigorous process? You have a tenders committee board looking at these tenders. How could it be that the committee made a recommendation and then a tender was received by a different contractor and then one day later, literally less than 24 hours later, according to the documentation we have, in August 2016, a letter of award was issued to that contractor for works totalling just about close to $7 million? How could you explain or help us to understand what could have gone wrong? Because what we are trying to get at Mr. Piggott is, what went wrong?—so we could try to plug those gaps.

11:15 a.m.

Mr. Piggott: Chairman, if you would give me more detail as to the name of the company, I might be able to help.

Mr. Chairman: The contract was to do with the provision for the Barrackpore Vedic School and for the New Grant School for the provision of containerized units and minor—New Grant Primary School and the Barrackpore school providing installation, supply and commission of containerized units and minor retrofitting works at these schools. This would have been done in August 2016. I do not want to put the name of the contractor out there—that is not what—we are not here about trying to create—we are trying to deal with the process.

Mr. Piggott: Yes Chairman, and I did not intend to mean the name of the contractor, but intended to mean the project, and in that regard there were three projects and I referenced it in my opening remarks. Barrackpore and New Grant were referenced. The Board Tenders Committee, seized with information, determined that a particular contractor, deemed to be a preferred contractor by the Executive Manager and his team, was not an appropriate contractor to execute the works with value for money, on time delivery and with questionable reputation.
As a consequence, communications were held, discussions were held with the Minister of Education on the possibility of an award to a contractor, who it was felt could execute the works within a three-week period. On the directive,—on the approval, sorry, of the Minister of Education, who advised that he had consulted with the acting Attorney General, we were advised that we could proceed to award the contract, to be expedited to ensure that the three schools which were deemed unfit for habitation would be done—would be ready for opening. So that three schools: Barrackpore, Granville and New Grant were deemed not suitable, not fit and therefore the kids in that school would not have been able to go to school on September 5th or thereabouts.

On our own volition the EFCL, using its authority under the tender rules, could have done it. Out of an abundance of caution, this Chairman contacted the Minister of Education and got approval, agreement, to proceed with the project. In the interest of the teachers and the students of the Republic of Trinidad and Tobago in the areas of Granville, New Grant and Barrackpore. That is how that would have happened.

**Mr. Chairman:** Well I—your responses again, Mr. Piggott—want to thank you for your frankness in your response. The Committee appreciates that. Your response troubles the Chairman because, while I understand that there are competing requirements, I think that having—while I understand that you would have received and gone through a particular chain to make sure that you got the requisite approvals, I think that the concern I have is that you would have engaged a process by doing a public tender, and then abandoning that process, and there may be very good reasons, and I am not arguing the reasons.

But that process was abandoned, but the new tenderer was issued a letter of award 24 hours after he submitted his tender. So you know, I am happy for you to join in to help me, because this is where we have a disconnect and the Committee is
just trying to understand. Right? So we understand that you wanted to—you had a
time pressure, you went through the chain. But where the concern is, how did you—
what process was engaged to say we received—we think this guy can do it. But let
us make sure he could do it. What was the review process of his tender or her
tender?—forgive me.

**Mr. Piggott:** Mr. Chairman, maybe I went too fast. The preferred tenderer for those
two schools were the preferred tenderer of the Executive Manager and his team.
Based on information available to us, and as revealed in a particular report, that
contractor, there were question marks over value for money issues—that is, may I
explain, that is whether he can do the job or whether the job is overpriced; on time
delivery, whether the delivery could be done on time and because of the reputation
and other risks.

Now, that contractor to which you referred to in terms of the process had had
awards of contracts, in excess of 120 contracts in the period 2010 to 2015 for a value
of $40 million. My board and under the BTC committee—and those projects were
largely incomplete, those projects were largely incomplete. Therefore the BTC took
the decision that this was a risk that we are not about to enter with a three-week
delivery to ensure that the students of three schools are educated in those premises.

**Mr. Chairman:** Thank you very much, Mr. Piggott. I will pause my questions on
this—but again I want to thank you for your frankness. I now give the floor to Sen.
Mark.

**Mr. Mark:** Mr. Chairman, may I also pursue the line that you had ended on and to
ask Mr. Piggott whether he had a similar occurrence at the Scarborough Roman
Catholic Primary School? Did you receive instructions from the Attorney General,
acting, and the Minister of Education to fast-track the awarding of, let us say, a
tender award to a particular contractor? Even though that contractor did not feature
when they tallied the scores, by this particular consultant.
Are you aware, or could you share with us your knowledge as to how a particular contractor under your watch in Tobago was able to win an award when the tenders committee had approved two other contractors, who would have gone through the process and they would have satisfied all the criteria and requirements set out by the EFCL, let us say “system”, whether it is tender rules, the valuation reports, the tenders committee report—could you share with us, Mr. Piggott, if a similar situation like Barrackpore, that you mentioned New Grant, took place in Tobago involving the Scarborough RC Primary School, was there a similar situation?

**Mr. Piggott:** No similar situation occurred in the case of Scarborough RC—

**Mr. Mark:** Well then, could you—

**Mr. Piggott:** Neither did the board nor its committee take any instructions from anyone to award a contract, specially.

**Mr. Mark:** Then, could you recall from your memory and your recollection the process that was involved in eventually awarding the tender to Yorke Structures by your board when two other contractors were properly determined to have won and instructions were issued by the Tenders Committee that there should be some negotiations with those two contractors in order to find a reasonable arrangement within the price range, I think it was about $16 million or thereabouts? Could you share with us what may have happened, in the case of the Scarborough Primary School in terms of Roman Catholic school in this particular instance?

**Mr. Piggott:** Sen. Mark, I am unable to recall that. I am not a member of the Board Tenders Committee. The Board Tenders Committee submits their proposals to the board based on the recommendation put forward. What I can tell you though Sen. Mark is that the process that was observed in respect to the award of the contract to the Scarborough RC was recited to the Minister of Education and to the Attorney General. And that is over a year ago. As we understood it, there were no issues to
be queried, there was no wrongdoing. That school I am now advised is about 90 per cent complete and I am so happy, being from Tobago, that that school is being built.

**Mr. Mark:** So as far as you are concerned that whole process was a fair process and the company that eventually won that contract would have been a fair—there was a fair process as far as you could recall as chairman during the period when that award would have been granted. Would you say that it was a fair process?

**Mr. Piggott:** Sen. Mark, the process for the details I am not a functionary in that. However, I am saying to you that the reports that came to us, and the reports that were submitted to the Minister of Education and the Attorney General in this regard because I suspect that somebody raised a query. One of the contractors perhaps, but I could not help you any further with that.

**Mr. Mark:** All right, I will pause and come back to you in a short while. May I ask the Permanent Secretary in the Ministry of Finance? We were told that on November 20th by PS Lee Chee that the Central Audit Committee had completed their fieldwork on this matter of the EFCL and they were in the process of finalizing a report. Could you tell us whether the final report has been submitted to Corporation Sole?

**Ms. Durham-Kissoon:** Through you Chair, let me ask the Director of Central Audit to clarify, please? Thank you.

**Mr. Mark:** Thank you.

**Mr. Herbert:** Good morning, that report was submitted for review by myself. It is still in the process of review. Once the review is finalized, it will be passed on to the Deputy Permanent Secretary and then to the Corporation Sole afterwards, but the review has not been finalized as yet.

**Mr. Mark:** Would you want to share with this Committee, given your busy schedule and your other commitments, what time frame you anticipate you would be able to conclude your review and have this outstanding report submitted to the Deputy Permanent Secretary for onward transmission to Corporation Sole?
Mr. Herbert: I expect the review to be finished by Thursday/Friday for the latest.

Mr. Mark: Okay, we were also told Madam Permanent Secretary, through the Chairman, that there were certain moves to strengthen the unit, because we were then told that there were some challenges faced by that Central Audit Unit. Could you provide this Committee with, let us say, any kind of status report on actions that might have been taken to strengthen the Central Audit Committee of the Ministry of Finance?

Ms. Durham-Kissoon: Through you Chair, I am aware that that process is ongoing to be finalized.

Mr. Mark: When you say ongoing to be finalized, could you share with this Committee what time frame this ongoing will come to an end, so that we will have a strengthened Central Audit Committee?

Ms. Durham-Kissoon: Let me ask my Deputy Permanent Secretary to give some details, please.

Mr. Mark: Thank you.

Ms. Lutchman: Good morning to the Chair. At this moment we have all the positions filled except for the Deputy Director and there are two officers yet to assume, but they will be assuming in the next three weeks. And all of the persons who have been recruited, they are on board and they are at present conducting audits.

Mr. Mark: Could you therefore provide in writing what was the strength of the Central Audit Committee, prior to those actions and therefore we will have a past organizational structure to compare with what is the current situation arising out of the commitments given? Could you submit that?

Ms. Lutchman: Yes, certainly.

Mr. Mark: Mr. Chairman, may I go back to Mr. Piggott? Mr. Piggott, it was on the 16th of June we had an oral submission by the new Chairman of the EFCL when we asked him about a newspaper report entitled “Setting the record straight” and we
were told at that time that he was at that meeting when the particular document was suggested. But no consent was given for its publication; that is what we were told and that is in black and white on the *Hansard* records. If the board did not agree to the issuing of this press statement—which would have cost, I would imagine, a tidy sum to the company—could you tell us under whose instruction was a full-page ad published? Could you share with us, on whose instruction was that ad published?

**Mr. Piggott:** I am not aware, Sen. Mark, that it was not approved.

**Mr. Mark:** You were not aware of what?

**Mr. Piggott:** I was not aware that the ad was not approved.

**Mr. Mark:** So as former Chairman, would you like to clear the air for us and indicate whether this particular publication was approved under your chairmanship when the board met?

**Mr. Piggott:** As far as I recall, it was agreed for that publication to be issued.

**Mr. Mark:** So there was agreement at the board level for that ad to be published?

**Mr. Piggott:** As far as I recall, Sir.

**Mr. Mark:** Yes, may I also ask Mr. Chairman to Mr. Piggott. We have been advised via a record by PricewaterhouseCoopers that during their human resources audit assessment, dated the 14th of January, 2016, that salary adjustments were made in and I quote:

> A piecemeal manner and not based on a sound salary survey as required by policy. We were further told that actual salaries are not within the approved compensation structure and was approved at the board level. We also took note of the following increases for the period October 01, 2016 to May 31, 2017. The Project Manager got an increase by 67 per cent; the General Manager/ Acting CFO 62 per cent; the Assistant General Manager, Technical Services 45 per cent; the Junior Accounting Assistant 36 per cent; the Senior Legal Officer 21 per cent; the Human Resources Manager 20 per cent; the
Accounting Assistant 10 per cent; Quantity Surveyor 5 per cent; and the Executive Assistant 5 per cent.

Now, in light of what I have just provided, could you indicate to us, in the absence of a compensation survey not being completed to determine salaries, what would have informed the decision of your board to approve those salary increases in 2016? Because we are told by PricewaterhouseCoopers that was not supposed to take place, since it was not within the authority of the board to do so. So could you advise us, how you were able to approve these salary increases for the category of staff that I have outlined?

Mr. Piggott: Sen. Mark, perhaps I omitted in my opening statement to indicate that there had been significant contamination of information of occurrences under the 2010–2015 administration. And that of the 2015–2017. Perhaps, I omitted to say that the bulk of the PwC reports covered the period 2010–2015, except for the one or two that I mentioned in my report about the Five Rivers project and the Aranguez project, which happened under our watch and we were determined for it not to happen under our watch.

That survey, that record relates to the 2010–2015 period as far as I recall. All the PwC reports except two, the one for Aranguez and Five Rivers where they found gross irregularities, and the IT—you omitted that one as well—and the IT investigation by PwC, where the IT Manager’s laptop was wiped clean when PwC took possession of it. The IT Manager, Sen. Mark, working in the organization, has a computer that is clean. Our understanding is all you need to do is to put a certain CD into your computer which, on a keystroke, can eliminate all the material on your computer.

Given that we considered that there was some kind of data mining going on at the EFCL—irregular data mining, stealing of information from the computer system—and given that we thought that the board room was bugged, that IT
Manager, I do not know how he could be still at EFCL. He was on suspension, but re-engaged immediately as my board left, on the basis of a headline the next day which says “IT Manager cleared”. IT Manager was not cleared, the computer was cleared. Mr. Cox can report on it perhaps.

**Mr. Mark:** Could you indicate whether there were salary increases that were not within your purview as the Chairman of the board since you had no such authority to do so? Did you approve salary increases for members of staff, for example, the Senior Legal Officer who became the acting Corporate Secretary and the person who got a promotion in terms of the General Manager—Assistant General Manager, Technical Services, just as two examples under your watch as Chairman? Could you tell this Committee whether they were granted salary increases that you as Chairman did not have the authority—that is, your board had no authority to grant? That is the point I am making and the clarification I am seeking.

**Mr. Piggott:** Sen. Mark, I am not aware that the board does not have authority to increase salaries. Sen. Mark, through the Chair, the workers at EFCL are contract, not one of them is a public servant, not one. They are all on contract up to a maximum of two years. They get contracts between three months. In fact, I am told right now, the bulk of them are on three-month contracts. So when contracts are renewed, one can do on the basis of whatever terms and conditions, on the new one. Adjustments can be made.

**Mr. Mark:** You are confirming that your board approved salary increases to workers under your watch because your board had the authority to do so, because they were on contract? Is that what you are confirming to this Committee?

**Mr. Piggott:** I am confirming that the board had the authority to approve increases.

**Mr. Mark:** Did your board approve increases under your watch? That is the point I am trying to clarify.

**Mr. Piggott:** The answer is yes.
Mr. Mark: It did. So, are you aware of a committee within the Ministry of Finance called the Public Sector Negotiations Committee? I am asking you whether you are aware of such a committee.

Mr. Piggott: I am aware of that name.

Mr. Mark: You are aware of that name, but you are not—and do you know that committee is responsible for providing some guidelines to all state enterprises, as it relates to increases or whatever improvements you would want to provide to members of staff? And did your board consult with the public sector negotiations committee before granting those increases to members of staff?

Mr. Piggott: Through you Chair, Sen. Mark, my recall says to me that the HR Manager, Ms. Gullis Noel, was asked to do a survey prior to any adjustments in those salaries and I believe, I verily believe, Sirs, that Ms. Noel, would have done her work properly and be a guide to the human resource subcommittee.

Mr. Mark: May I ask one final question? Seeing that Ms. Noel is here, could I ask through you, Mr. Chairman, to Ms. Noel, could you provide some guidance and clarification to this Committee as it relates to this survey that you were supposed to conduct to determine whether salary increases ought to take place for only certain categories of workers within the EFCL? Could you share with us that?

Mr. Chairman: Could you—one second, Ms. Noel. Where you are, I do not think you have access to a microphone. Ms. Noel: Can I speak loudly?

Mr. Chairman: No, no, we need to have it recorded. So we will just allow you to get closer to a microphone so that we can—apologies for this but, we are all interested to hear all the various views and positions. Ms. Noel, are you closer to a mike now? Can you please press the mike, check one.

Ms. Noel: Sure.

Mr. Chairman: Good. Please, could you respond to Sen. Mark’s query?
11.45 a.m.

Ms. Noel: Certainly. If I can recall, at no point in time did the board indicate to me to obtain survey salary information for those increases that were made to those particular positions.

Mr. Chairman: Thank you. Anything else, Senator?

Ms. Noel: Actually, as HR manager I was instructed to pay those increases.

Mr. Chairman: And what form did those instructions take, Ms. Noel?

Ms. Noel: Verbal.

Mr. Chairman: From?

Ms. Noel: The HR committee.

Mr. Chairman: Of the board?

Ms. Noel: Yes.

Mr. Chairman: The entire committee? How did that work? Help us. You said you received an instruction from the committee, a verbal instruction, so was it from one—the entire committee in unison said this?

Ms. Noel: Yes.

Mr. Chairman: That is interesting.

Ms. Noel: Along with the general manager who would have been part of the HR committee as well.

Mr. Chairman: Any other question, Mr. Mark?

Mr. Mark: Yeah. Mr. Chairman, in light of what—Mr. Piggott, in light of what Ms. Noel has said, would you want to reconsider your submission?

Mr. Piggott: I would want to say that I am not a member of the Human Resource Sub-Committee and I cannot now speak for them. I speak of what information is available to me. I am aware that Ms. Noel got a salary increase and I do not know on what basis then.

Mr. Mark: But, Mr. Chairman, Mr. Piggott, who would have finally approved those
salary increases? Would it not have been your board?

**Mr. Piggott:** Sen Mark.

**Mr. Mark:** No, I am just asking.

**Mr. Piggott:** Respectfully, respectfully.

**Mr. Mark:** Yes.

**Mr. Piggott:** I am a private citizen outside of the EFCL. I made, in my opening remarks, Sen. Mark, through you, Mr. Chair, that I am going to rely on memory. Right? I said I have had no access to persons, records or documents since I left the EFCL on May 31st. Today is December 11th. What I can recall is that Ms. Noel got an increase. I cannot speak any further on this subject, Mr. Chairman.

**Mr. Chairman:** Thank you very much, Mr. Piggott, for your response on that. Mr. Cox, could you help us with this because there is a dichotomy here and, perhaps, you could give us the benefit of your recollection.

**Mr. Cox:** Chairman, I really was hoping that you did not call me but, however, seeing that we are in a very serious session, I would want to state that I was, in fact, invited by the HR committee of the board in terms of the deliberation in the salary increases—matters relevant to the salary increases. The HR committee, in fact, had approved those increases and those increases were submitted to the board for ratification. Thank you.

**Mr. Chairman:** And that seems perfectly fine in terms of the governance process. All right. Thank you very much, Mr. Cox. As always, you tend to be a lightning rod in terms of trying to help us understand what has transpired and how can we move forward. I think now I want to give the floor to MP Karim.

**Mr. Karim:** Thank you very much, Mr. Chairman. Mr. Cox, since you just answered a question, maybe I would start with you. On the last occasion that we were here you indicated that there was only one contractor or publisher that you had moneys outstanding to. Subsequent to that statement that you made I was informed
that there may have been more than one contractor or publishers. Can you tell us whether if any are still owing, how many there are and how much you are owing?

Mr. Cox: Okay. Through the Chair, member Karim, I must confess that at the last session I did err by stating that moneys were paid subsequent to the documentation submitted on the 24th. I did email the Secretariat to that effect making the correction. There are currently, I think it is 11 contractors that are owed in keeping with the document submitted on the 24th of October.

Mr. Karim: Might you be able to tell us the total sum owed to these 11 contractors, when was any payment last made to them and by what time you expect to reduce again?

Mr. Cox: Yes. The current sum is approximately $11 million owed to these contractors. The error made at the last session really was that we received $5 million, I think it was on October 3rd and a further $4 million on October 5th thereabout. We did, in fact, receive subsequent payment but it was not relevant to the textbook.

Mr. Karim: So you expect that very shortly all your indebtedness with these publishers should be cleared?

Mr. Cox: Now, this is dependent on the allocations from the Ministry of Finance through the Ministry of Education.

Mr. Karim: Okay. Thank you. Mr. Piggott I noted intently when you spoke about the IT manager and you indicated to this meeting that the boardroom was bugged—you believe so—and, therefore, you had a concern as well when you stated that as soon as you left the IT manager was reinstated, if I am correct in what you would have indicated. I am wondering whether you felt that there was really a move to frustrate you to have you leave the organization. Do you feel that way?

Mr. Piggott: I am not easily frustrated, but something is wrong with the governance and I think that is a critical thing to be looked into, where on the one hand the HR manager resigns, the IT manager is suspended, they are both reinstated upon our
departure.

**Mr. Karim:** Okay. I want to also remind you of a statement you made earlier on. You said that “we had loss all confidence in the procurement arrangements at the EFCL.” I want to ask you—you stayed there for 17 months or thereabouts—how soon after you assumed chairmanship did you lose all of this confidence?

**Mr. Piggott:** I lost all of the confidence near the end of my term.

**Mr. Karim:** Okay. There was another question I wanted to ask you. You mentioned that there was a particular contractor who would have received in excess or about 120 contracts totalling about $40 million. That particular contractor—you spoke about the period of time, 2010 to 2015—can you say, during your period of time, whether that contractor was given any additional award of contracts and, if so, how many contracts and the value?

**Mr. Piggott:** That contractor was about to be given a contract for the two schools at reference. No contract would have been given to that contractor under our watch. Somebody was pressing—I do not know exactly where the button was—for that contractor to get these two contracts, Barrackpore and New Grant, to the extent that the executive manager, in the face of the board having made it clear that there were concerns of value for money—I think I am saying it for about the fourth time—on time delivery and reputational risk, notwithstanding the Board Tenders Committee rejected the executive manager’s suggestion to go to the Office of the Attorney General to get a dispensation to allow the contracts to be awarded. The BTC, I am advised, I am advised; the BTC has advised that that executive manager sought approval from the BTC to go elsewhere outside of the EFCL to prevail upon them perhaps—this might be one of the areas of empowerment. I do not know. That contractor, therefore, has not gotten any contracts under our watch.

Incidentally, the 24 hours to which the Chairman alluded—I do not know if it is 24 hours. I could not confirm that Chairman—the contractor—let us put it on the
The Ministry of Education approved a budget for $5,603,524. These are figures I kept, because I found it a “lil odd strange”. The budget was $5,603,520 for Barrackpore. The preferred contractor’s submission was $5,948,400. The contractor of 24 hours, which is not 24 hours, Chair, submitted a bid for $3,366,998. Twenty-four hours probably works, Mr. Chairman.

New Grant: the budget by the MoE was $6,405,019. The preferred contractor’s bid was $6,897,402. The 24-hour contractor submission was for $3,198,617. From that simple mathematics, I think the first former—Standard 1, Standard 2—would show that the Treasury and the board that we ran saved the country $6.2 million or $6.3 million in respect to the award of the contracts that are deemed to be 24-hour contracts.

As well, the team advanced to the BTC, I am advised, that in the case of Granville, there were only two people—two contractors in this country who can provide the service, who could have executed those contracts in record time. They were prevailing on the BTC that there were only two. There were five submissions, as I recall, based on my advice which was narrowed down to two who would have passed the technical—and I am sure you are familiar with it, MP Karim and Sen. Mark.

So having passed the technical, the five submissions went through a technical stream. It is determined that only two can go forward, and then the executive manager and his team were telling the Board Tenders Committee that there were only two contractors, but because of an alert to the Board Tenders Committee they knew. They were aware that there were other contractors who can do. They were not just two. It is impossible to just have two who can execute the contract.

So, in their insistence to prevail upon the BTC, they decided to award two of the contracts to that preferred contractor and one contract to another contractor. So New Grant and Barrackpore, they were pressing to get that to the preferred
contractor and Granville, as a “lagniappe nah” take that. They cannot give all to one. Mr. Chairman, at 3.58 p.m. on the 11th when there was a refusal to sign the award for that particular contractor to do the two schools—

**Mr. Karim:** What year was that, you could just give?

**Mr. Piggott:** 2016—a senior project manager at EFCL sent an email to the Corp Sec, indicating that the contractor for Granville did not meet the commitments as prescribed. Two days earlier that Senior Project Manager, Mr. William Roberts, had prevailed upon the BTC that the contractor for Granville could have done it, but on the instant case that the executive head left the office refusing to sign the awards, an email was dispatched at 3.58 p.m. I remember it distinctly on that great Friday afternoon when we were busy.

Mr. Chairman, we were busy looking to see about schools and children and teachers in this land. As you know, I was a politician. I was a Senator. I was a Senator in the Senate on three occasions. I was a banker and here we have people playing games with the children. I was also the Chairman—I am not bragging—of Bishop Anstey Junior School. I know about schools. I know about what should be done. I know about education, and we have people playing games at EFCL, in the name of what? I leave it to you, Mr. Chairman.

**Mr. Chairman:** Again, I want to thank you for your frankness. Allow me MP Karim. I think that this is troubling, again. It is deeply troubling, but we appreciate your frankness, because what is emerging is a pattern of malfeasance in public office. There is a pattern. I am deliberately interjecting here because I want to get a sense from the line Ministry. Did you as the line Ministry understand the depth of the challenges with the tendering process?

The Ministry of Education is charged with providing facilities to make sure that the children of this country are properly educated. What is being described to this Committee here this morning is that those who are supposed to actually do the
infrastructural works, the process has been compromised to the best efforts of those who are charged with governance. Did the Ministry of Education have any sense of what was going on here to help the board? We are trying to understand, because somewhere along the line the system is broken. Could you help us, Madam Permanent Secretary?

Mrs. Baptiste-Simmons: Yes. Again, Chair, good morning. The Ministry of Education, we recognized, even in terms of sometimes the scope—the requirements for the scope of works for the schools—we would have to intervene. So my team, the Education Facilities Division, would be working along with EFCL. The tendering procedures, we would normally request that EFCL follow the manual and they would also give us their procedure.

In recognizing that we had issues, we would have written to the Investments Division, requesting an audit to be conducted. We would have written twice. We were told that we had to wait to get this done. Even for the tendering procedure, once we would have approved, based with the bill of quantities that came in, once the work is scoped, the engineering assistant went out along with the EFCL’s team. They looked at the work to be conducted. The scoping and the bill of quantities would be submitted to my team. My team will review and then they would send a letter with the recommendation for the amount of moneys, based on the fact. Sometimes we will remove some of the activities to be conducted, again, based on our budget, because we have to go to Cabinet. Sometimes we get Cabinet approval, so we work within that margin. We would then resubmit.

The tendering procedure would be sent to us in terms of—we would recognize in the Minutes of what is happening or if the Chairman sends a report to the PS or to the Minister. But in terms of the tendering procedures that are happening there, we would be apprised through the Minutes. We are not part of the team, but we were aware of things that were coming out and we tried our very best. We would meet
with the team.

We set up a meeting every Friday. We were meeting with EFCL to ensure that things were done properly. I will speak to the Chairman, the Chairman will speak to me. We would also, again, we felt that within our remit as line we wanted to get this audit conducted as quickly as possible, but we could not have initiated an audit.

**Mr. Chairman:** I want to be clear, Madam Permanent Secretary. I listened to what you have said, let me try to put it a different way. I think what you are saying to us is that you are aware that there is potentially, the Ministry understood that the tendering process at EFCL was compromised.

**Mrs. Baptiste-Simmons:** Yes.

**Mr. Chairman:** And that in trying to treat with it, one of the avenues you took was to request an audit through the Ministry of Finance, Corporation Sole. Am I correct?

**Mrs. Baptiste-Simmons:** Yes.

**Mr. Chairman:** Is my short version correct?

**Mrs. Baptiste-Simmons:** Yes, your short version.

**Mr. Chairman:** Thank you very much, because at least where we are, we are trying to understand the system and the process. So Mr. Piggott has clearly outlined that there were some things going on, as he would describe it, “playing games”. We have another word for it, but we would not use it here. We are in polite company. It is coming to lunch time, so we would not use that type of word here.

So that I just want to ask now as a follow-up to the PS, Ministry of Finance. Having received the request and the sense from the Ministry of Education, the line Ministry that there is potential that the tendering function at what Mr. Piggott described as a billion-dollar company—the tendering function at a billion-dollar company has been compromised; the line Ministry has said, listen, we need to have an audit because we have the same sense that the process has been compromised or
is being compromised, what was the response of the Ministry of Finance to the request of the Ministry of Education?

**Ms. Durham-Kissoon:** Thank you, Chair. The Ministry of Finance conducted a management audit for the year ended September 30, 2011. An audit was conducted into the award of the contract for HVAC systems after 2013 and an audit on the procurement procedures as we spoke of earlier, procurement procedures, human resources and corporate governance are to be finalized later this week. I think I can probably ask my Director of Central Audit if he has any further details.

**Mr. Chairman:** Thank you. Mr. Herbert, you have our attention.

**Mr. Herbert:** Okay. The request was made from the Ministry of Education to conduct the audit. The Central Audit Committee was severely challenged during that period of time, and there were also competing requests for audits which we could not have done all. We tried to schedule the Ministry of Education as best as possible and as a result of that, they were almost in a queue in terms of priorities of which audits to be completed. So yes the request was made but, unfortunately, because of resources we were not able to go in immediately. We scheduled them as best as we could in terms of other competed audits as well.

**Mr. Chairman:** And what is the status of that audit when it was eventually scheduled?

**Mr. Herbert:** No, well that is the audit we have just recently completed.

**Mr. Chairman:** Just recently completed.

**Mr. Herbert:** Yeah.

**Mr. Chairman:** We look forward to finding out the results of that because, again, we are talking about a billion-dollar company where it is clear on the basis of the information presented this morning that the tendering process was compromised, and the obvious next step now is to address Mr. Cox. In terms of, okay, evidence has been presented here to this Committee on more than one occasion that suggests
that the tendering process is compromised.

Could you help us now with the current status of what your view is of the tendering process at EFCL so we could understand? Has anything changed? I know there have been personnel changes. People go in, people come out. But what we are concerned with here is process. We are managing hundreds of millions of dollars of state resources and we are trying to understand and make sure that a proper process is in place to steward those funds. Mr. Cox you have our attention.

**Mr. Cox:** Thank you, Mr. Chairman. There were a lot of allegations made in terms of the tender process as we all would realize at this point. However, the board, the current board that is, has taken steps to mitigate against those, you know, unintended consequences. One of the steps put in place by the board is the reorganization of the structure and to move the Quantity Surveyor’s function from the technical department and to place it under the CFO, in the finance function so that—if I may explain. The QS reports to the head of technical. The head of technical would be the person who will be interacting with contractors in terms of implementing or carrying out the works.

So, by removing the QS function from the technical function, it allows some level of independence of the QS function to be embedded within the finance function. Because we hear of leakage in terms of scope of works which is vetted and priced by the QS and then submitted to the Ministry of Education. So I think that is a very critical departure from the norm in terms of putting in place a system where we have separation of duties and responsibilities moving the QS function away from the technical function.

**Mr. Chairman:** I want to give back the floor to MP Karim. I have a follow-up on it, but I have impinged on my colleague’s time. If you will bear with me, Mr. Karim, I am giving you the floor now.

**Mr. Karim:** Okay. Thank you, Mr. Chairman. Mr. Piggott, during your
conversation with us this morning there appears to be a situation where some contractors or a contractor may have had preferential treatment. Those are my words. I am not saying that you said that. Could you tell us whether you are aware of a situation where a particular contractor was virtually walked through to receive a cheque for a job done and could you give us some details as to how that happened and in which instance we are talking about? Either you or Mr. Cox, but I am just asking. I am asking any one of you or both of you. There was a particular situation reported where a contractor was walked through to receive a cheque from EFCL. I am asking the question, I am sure there would have been other persons in the queue waiting to be paid. Could you give us the circumstances because I am using the basis that there may have been preferential treatment to a—or certain contractors?

**Mr. Cox:** Through the Chair, member Karim that matter was brought in the public domain. I think it was published in several newspapers, and currently the matter is being investigated by the Integrity Commission. So I would ask the Chair to rest at this point.

**Mr. Chairman:** We will have to protect Mr. Cox on that question.

**Mr. Karim:** Sure, no problem. All right. Let me ask Mr. Piggott. You indicated this morning that on one occasion out of an abundance of caution you had to visit the Minister of Education and the office at that time of the acting Attorney General. Would you have had any more such instances where you would have had to visit these offices and, if so, could you indicate in what circumstance that would have happened?

**Mr. Piggott:** Or maybe I may have gone too fast. It is that the Attorney General held a meeting at our offices, EFCL’s offices. And also, whenever we had meetings with the Ministry of Education those were held at the Office of the Minister of Education.

**Mr. Karim:** Okay. Would you say that the concern that was raised or concerns that
were raised at that time—I am asking whether there were any such follow-up meetings of a similar nature.

**Mr. Piggott:** There was no need for follow-up meetings in that the shop we ran provided for the chairpersons of the various committees: audit and legal, human resources, finance and ICT and HR. At those meetings they are allowed to speak and speak the truth. So those meetings have been—the reports in those meetings are the truth. So that was it.

**Mr. Karim:** Were you satisfied with the outcomes of those meetings, that actions that you would have thought should have been taken were not taken?

**Mr. Piggott:** I am satisfied that following those meetings there was a vicious attack on the Chairman of the EFCL in the media for two months.

12.15 p.m.

**Mr. Karim:** Would you have said that in your view that this was induced by or arising out of the meeting with these officials?

**Mr. Piggott:** I cannot speak except to say subject matters were quite familiar.

**Mr. Karim:** And they would look very familiar in terms of what would have been discussed at those meetings?

**Mr. Piggott:** Yes, Sir.

**Mr. Karim:** I just wanted to ask whether during your tenure you may have seen any, you know, any errors that would have been noticed by an external or external quantity surveyors companies in terms of bills of quantities submitted for payment.

**Mr. Piggott:** Sorry, through the Chair, could you rephrase that, Sir?

**Mr. Karim:** Yeah. I am saying that sometimes you would have had bills of quantities being submitted for payment, you had indicated this morning that you had audits, and so on. Have you come across any situation where there may have been errors of computation by a contractor submitted and subsequently found as an error by a quantity surveyor, external that is?
Mr. Piggott: Well there would be invoices submitted. The invoices after the jobs are done would be going through the accounts department. It would go through technical, first to make sure that the job was done, and all the completion certificates, and so on, are intact, and then if good, passed to finance for payment—for facilitating the payment. And perhaps it is an opportune time, through the Chair, if he allows me to say that—

Mr. Chairman: Yes.

Mr. Piggott:—the process, unfortunately, for EFCL—and I think EFCL might be unique. It is the only institution that we know that gets no subvention from the State. EFCL gets its fees, gets money to run its business from fees on projects. So if there is a million-dollar project, as an example, EFCL, when the payment is being made will get a percentage, either 3 to 5 per cent of that. And it is from those moneys that the operations of EFCL would be run, but to the extent that the Ministry of Education or the Ministry of Finance does not make the payment to the contractor, does not provide the money, EFCL becomes starved of money to run its operations.

So that what we get is an instruction to do a job, we get a commitment that we can go ahead and do the job, but we do not get the money. It is when the project is finished and all the certification, and all the paperwork is done, and we send it through from EFCL to Education to Finance, and following that same route back, that the payment can be effective to the contractor, hence the reason for the large amount of payables to contractors, and it is not a very good model. It is not a very good model for a business enterprise or a state enterprise, because enterprise, I presume, means business. It is not a good model for an enterprise, and we had sought to ask as an example in these lean times, before these lean times for subventions to at least meet our payroll and our operating expenses which we did not get. It never came. So did I answer your question, Sir?

Mr. Karim: Yeah, sure. I just wanted to ask whether during your tenure you had
any experience of deliberate falsification of, or double invoicing.

Mr. Piggott: No. I would say I have not physically seen any. What I can tell you, though, is that part of this great PwC engagement was a validation exercise. So that in the face of the $700 million plus, PwC was asked to look at the invoices, to validate the invoices, to make sure that all—there were five things. I cannot remember what they are now, but there were five things that must be in place in order for the payment to be effective, or before it can go to Education there must be at least five things in place.

And so, PwC would have done invoice validation in that regard and, yeah, they would have found irregularities in there. There were certainly irregularities in there. Yeah, people were paid moneys that they did not do any work for, yes. I think I said that in my opening, as well, that some contractors got as much as 20 per cent of the contract sum but did zero work. I said that in my opening. And one of the things I also want to reiterate is that the State would need to find at least $1.7 billion to complete the 108 schools that are incomplete, and it is a very significant thing. How that would be addressed is a matter for the State.

Mr. Karim: Mr. Piggott, you know, earlier on again you alluded to the fact that under your watch all schools would have been reopened on time for the reopening of schools, but what we had seen and, again, from media reports is that the very schools that were opened on the very day that school reopened, not too long after, maybe in a few days or shortly thereafter would have been closed again for repairs. Are you aware of some of this? And if so, you know, what may have caused that?

Mr. Piggott: Well, there are a number of things that could happen, schools can be closed for varying reasons. They can be closed because there are bat droppings. They could be closed for no water, a whole a range of things. They could be closed for sewer issues. So that you might have done repairs on the infrastructure, but if the sewer system is not working when the school reopens then the school has to
close. Now, there are other issues, MP Karim, that you would be familiar with, you are a politician. So there are other issues within the politics.

**Mr. Karim:** Well, I noticed both of us would have had some tenure there, you and I, but I was really going in the direction of, were you satisfied, and that is the key question, that having opened a school on day one, that very shortly after there would have been a concern in terms of the quality and the integrity, and the claim by contractors.

**Mr. Piggott:** In anything you will have some deviation, I mean, let us face it, even your own house. So when the contract is signed off as complete, you take it as complete, but then there are issues that may arise and, therefore, you will have to find that the school has to close.

**Mr. Karim:** Did you have a situation where if that happened, and on whatever occasions?

**Mr. Piggott:** Well, we would send somebody in right away.

**Mr. Karim:** Right. And would you have noted if it is a particular or a few contractors who are repeat offenders in that way? I am just using that terminology. Have you had a situation like that where, you know, like in our experience we notice some persons who will do a job but soon afterwards, on more than one occasion, we had concerns for the quality of work? And, therefore, as you mentioned in terms of your interest in the education of the children of this nation.

**Mr. Piggott:** Yes. We were not able to track that in any particular—in any scientific or managerial way. We had proposed to the Ministry of Education that we be funded and get agreement to engage in building a dilapidation report. Some people do not like to call it dilapidation report, but, anyway, it is an asset management report so that we could log and follow through, track that which has gone on in school A, school B, and so on. That did not fly, and it is one of my deepest regret that we were not able to get that project going, because we have in excess of 800 schools, I believe,
PS, and to the extent that that system could be introduced, one can monitor and track the schools, as well as track the contractor.

**Mr. Karim:** Would you say that is a deficiency that you admit to?

**Mr. Piggott:** A major deficiency, not I am admitting to. A major deficiency that I am not admitting to. A major deficiency which I said, we sought agreement to move forward and introduce a system, it did not fly.

**Mr. Karim:** In your view, why do you think it did not fly?

**Mr. Piggott:** Funding. Funding would have been the key drawback.

**Mr. Karim:** And it would not have been by any extraneous means other than that?

**Mr. Piggott:** No. It would not have been neither administrative nor other, by way of intrigue, but it is a question of political will to get it done, or PS, Permanent Secretary—if the Permanent Secretary has the influence.

**Mr. Karim:** Was there a political will to continue with contractors who were errant?

**Mr. Piggott:** Say again.

**Mr. Karim:** I am asking, based on what you are saying, and the question I was asking that whether you think there was a political will to continue with those contractors who were not living up to the expectations.

**Mr. Piggott:** No, no, no, not at all. That is a question of governance. Our board was clear that if there was no delivery, or poor delivery, or untimely delivery that, no go, but it is now the call of the new board.

**Mr. Karim:** Well, I just want to conclude with this line in that during your time, or even if Mr. Cox could indicate, whether where we have found contractors like that, wanting, in the sense that they would have been given a job, they would have been given fees; in some cases they worked or did not work, or did not work well that they continued to receive the awards of EFCL for jobs?

**Mr. Cox:** Through the Chair, currently we are looking at—sorry—we have put in place a system whereby contractors are being evaluated at the end of a project. The
evaluation process gives us the opportunity to look at their performances and to make recommendation as we go forward, whether they will be re-engaged or otherwise.

Mr. Karim: Well the question I was really asking is, did you have a situation—I want to end it now—I am asking you straightforwardly, did you have the experience where contractors, after you evaluated them, were not found to have performed to expectation but continued to receive the awards of contracts and work through the EFCL?

Mr. Cox: Through the Chair, MP Karim, I cannot say that I have any evidence of such.

Mr. Karim: Okay.

Mr. Cox: Thank you.

Mr. Chairman: Before I give the floor to the Brigadier, I just want us to know that I am trying to wrap up in about the next 15 minutes, so I am just sensitizing members. I am now opening the floor to MP Antoine.

Brig. Gen. Antoine: This is a follow-up question, reference the compensation structure. The PwC said that the actual salaries are not within the approved compensation structure. So to the General Manager, is there a new compensation structure for EFCL?

Mr. Cox: Currently, EFCL, as a matter of fact, at the last board meeting held on the 23rd of October, it was confirmed—a new structure was confirmed, and we have to take it the next step further in that the salary ranges would be complied and sent to, what we call the Human Resource Advisory Committee, which replaces the PMCD. So we are in the process now of taking the salary ranges, or the salary structure and the associated ranges to the HR Advisory Committee for validation. Thank you.

Mr. Chairman: Sen. Mark.

Mr. Mark: Yes, Mr. Chairman. Mr. Piggott, just again I want to get some clarification. Could you share with us whether to the best of your knowledge, the
EFCL had to pay some considerable fines to the Securities and Exchange Commission because of failure on the part of the EFCL through its Corporate Secretary to make timely disclosures to the SEC? Are you aware as to whether certain payments had to be made to the SEC because of that failure to disclose certain matters on a timely basis?

Mr. Piggott: Sen. Mark, through the Chair, I am aware that there were some penalties imposed by the SEC for late filing, and that is all I can recall at this time.

Mr. Mark: And do you know whether under your watch efforts were made, or measures were taken to have this matter rectified?

Mr. Piggott: Through you, Chair, the loop of under my watch I am not sure about, in the sense that I cannot recall when the penalties, the period for which the penalties were imposed, and I doubt they were imposed all under us, if it was imposed at all. I do know that efforts were made to have the SEC consider a waiver of those penalties, or parts thereof, but I could not say what has been the outcome.

Mr. Mark: Okay. Mr. Chairman, I know earlier on Mr. Piggott you did mention the green light given to your board by the acting Attorney General and the Minister of Education to proceed with certain projects because of the urgency of those projects, and the importance of making sure children attend and receive quality education. Could you share with this Committee whether those directives or instructions, or the green light that were given to you and your board, would that have been given in writing or was that just a verbal instruction?

Mr. Piggott: I could not at this time say whether it came in writing, Sir, but it was agreed, and I know that it was documented in-house by the Corporate Secretary about the conversations which were held, including the time of day that the conversations were held.

Mr. Mark: Well, Mr. Chairman, through you, could I ask Mr. Cox to make available to you and to this Committee, those notes that would have been recorded
as the former Chairman is alluding to so that the Committee could have information on this whole exercise?

Mr. Cox: Through the Chair, yes, we will do that.

Mr. Mark: And I will like to ask Mr. Cox this question: Are letters of guarantee normally prepared for contractors for repair works? Is that a normal practice as far as you are aware at the EFCL?

Mr. Cox: Through the Chair, the answer is, no.

Mr. Mark: And are you aware, from your experience and from the records of the EFCL whether there were instances of letter of guarantee being issued to contractors by the EFCL?

Mr. Cox: Through the Chair, what I can confirm is that letters were written to the bankers on behalf of the contractor stating the outstanding balance, and that we are committed to pay those balances when funds are available.

Mr. Mark: If it is not a normal practice to issue letters of guarantee, in other words there is no policy that you have within the EFCL to effect such an arrangement, would it then be construed as a clear breach if there is evidential material, evidence to show that contractors were in fact issued with letters that guaranteed their payments for works done to repair schools and other facilities falling under your jurisdiction?

Mr. Cox: Through the Chair, EFCL does not have the authority to issue guarantee unless, you know, it is something that was sanctioned by the board, and it is a legal document that you prepare. The guarantees that we would look at are from the Ministry of Finance who would give a guarantee for the wider loan for the operation of the EFCL. But to give a guarantee to a contractor is a legal document and a legal process that you have to enter into. We need to look at it whether we are talking about a legal letter of guarantee or a statement, or a confirmation of amount outstanding.
Mr. Mark: Well, my final question is to the PS of the Ministry of Finance. Given what Mr. Cox has said, do you know of instances where the EFCL would have issued letters of guarantee to contractors for work that they would have undertaken on behalf of the EFCL? And given the fact that he has said that it is not a policy and it is not a practice that was ever undertaken by the EFCL, how would you respond to instances where this was actually done?

Ms. Durham-Kissoon: Chair, we would have to check. We are not aware of that at this time.

Mr. Mark: You would have to check and get back to us?

Ms. Durham-Kissoon: Yes, please.

Mr. Mark: Mr. Chairman.

Mr. Chairman: Yes. As we begin to wind up I have one more round of questioning, but allow me, Sen. Huggins. Mr. Cox, I want to draw your attention to your documentation where the Committee had requested information regarding the contractor and the 58 contracts, and we have noted the response. We have noted the response but we disagree with your response. We are requesting, the information has been provided, and for clarity, the purpose of the Committee is to try to understand the internal processes at EFCL; to try to understand if anything went wrong and to make recommendations. The information we have requested is to help us understand what inside of the process could have allowed or mitigated or caused this situation. We do not plan to put the information anywhere else other than for the internal deliberations of the Committee. So the Committee will be communicating back to you, again, reiterating its request for the information regarding the contractor who got the number of contracts amounting to over $900 million, and we expect that you will receive the information as per the usual cooperation from state entities.

Mr. Cox: Okay, Chairman, we will do.
Mr. Chairman: Good. I now give the floor to Sen. Huggins who would be asking the final question.

Mr. Huggins: Thank you, Mr. Chairman. To Mr. Piggott, this mill-house situation or these falsifying documents that you met when you assumed office, I just want to confirm, in the interest of the public, if after the actions you took in terms of making the necessary reports to the police, and so forth, if this mill-house is indeed shut down.

Mr. Piggott: Through the Chair, most definitely; on the day it was discovered, it is the day on which it was shut down.

Mr. Huggins: Okay.

Mr. Chairman: Okay. As we begin to wind the session up I have one last round of questions for Mr. Piggott. Mr. Piggott, you were not here on the last session, but at the last session—and perhaps for the other members attending—the Permanent Secretary in the Ministry of Finance, PS Lee Chee, outlined in her contributions to this Committee that the Ministry had received some communications from the acting General Manager of EFCL, and in her words, these were the concerns outlined in that documentation: one, that the board was encroaching on the responsibilities of the staff of the EFCL; two, that the board had approved unqualified personnel for appointments; three, there were improprieties in the procurement process—I think we have spoken quite a bit to that today—and that, four, board members were abusing the resources of EFCL and using same for their personal use.

Now, the timeline for this would have been November of last year, so just about a year ago. So, I would like to get a response from you on these matters that were outlined by the PS Finance, Ms. Suzette Lee Chee, at the last session, because these were communicated in writing to the PS by the acting General Manager. Do you have a response or a comment on these? If you would like me to repeat any of them I will be—
Mr. Piggott: Yes, please, Chair.

Mr. Chairman: Okay. The first one is that the board was encroaching on the responsibilities of the staff of EFCL; two, that the board approved unqualified personnel for appointments within the company—

Mr. Piggott: Unqualified?

Mr. Chairman:—yeah—three, there were improprieties in the procurement process—that is more for information because we have dealt substantively with that today, and that, four, board members were abusing the resources of EFCL and using same for their personal use.

Mr. Piggott: Okay. I do not know if I should take the last one first, and then—

Mr. Chairman: Feel free, we appreciate your forthcoming nature.

Mr. Piggott: Abusing the resources of the State; abusing the resources of EFCL, I really do not know what that abuse is so I could not speak to the abuse. I believe, though, somewhere along the line there was some issue aligned to that about lunches, and if there are people in the EFCL who was so idle to be concerned about a lunch for a director who is working and sacrificing, although he gets a stipend—if it is general, then I think we need a deeper look at the people who have nothing to do at EFCL to be doing that. Secondly, I am not aware of the people who are unqualified persons. Thirdly, encroachment, in my opening address I did indicate that there was a void of seven months. Maybe we should be paid $40,000 a month each.

There was a void of seven months without a CEO, and I would say that I would think even in your own House here, Sir, in your Joint Select, if all the staff in the Chamber disappeared I am sure you would step up to the plate and fill the breach. So that in terms of encroachment, I did not see it. I saw that the board that was committed and dedicated was taking action to ensure that the students and teachers of this land receive appropriate and environmentally-friendly facilities. In terms of the procurement—but we have discussed—but the procurement that we are talking
Mr. Chairman: Yes, Sir.

Mr. Piggott: I referenced earlier that there were irregularities in the procurement and that we had identified certain misbehaviour. I think it may be a case of, you know, looking back at oneself, those who were afraid of what we were seeking to bring discipline into. And the way I will treat with that, Sir, is that for those who were concerned about the discipline that we were introducing into EFCL, they would put that out.

But, Mr. Chairman, Mr. Cox has gone out, there was a retraction; there was a letter that was retracted. The letter was written in a situation where Mr. Cox had just joined the organization and there was a young lady in the organization, I believe she was in the HR Department, who I am told crafted that letter. I cannot swear, but I am told, and this letter was then passed for signature, because somebody was empowered. Somebody was empowered, Mr. Chairman, to have access to high office. Mr. Chairman, I have been told by a former National Security Minister, “Piggott, there are some things that you have to die with, in silence”. I refer you therefore, Mr. Chairman, to ask for the letter of retraction, respectfully—that you ask the PS who spoke it in the records of this august Chamber—be asked to produce the letter of retraction which was signed by Mr. Cox who has left his seat.

12.45 p.m.

There are people afoot in that EFCL that need some work to do. They are not about advancing the national interest. They are not about advancing education in Trinidad and Tobago. They do not know why they exist in EFCL, they just do not, and consequently they are about making mischief and conspiring to damage the reputation of good people.

There are good people in EFCL. The good ones have left, most of the good ones have left, Sir, since I left. Incidentally I resigned and I insist that I resigned.
The other directors also resigned. The question of a change of the board did not really exist, because the residual board is there. The other five new people came there—well, not all five, four of them came when we were there. The new Chairman was a Deputy Chairman. So it was all orchestrated to have a desired end, and the end has been reached—Piggott left. I am happy, Mr. Chairman, in my space.

Mr. Chairman: Thank you, Mr. Piggott, and your closing comments there have—your closing response there—

Mr. Piggott: Did you ask me for closing comments?

Mr. Chairman: No, I am coming to that. I know you have closing comments. At this stage, we are going to start to wind up this session, and perhaps just for Mr. Piggott’s information regarding the last question that I posed, the Permanent Secretary did indicate that an investigation is under way and they have not completed their work on it. So that work is ongoing. So let us see where it goes, including the wonderful other letter that I am sure is somewhere in the mix.

But as we bring this session to a close, I would like to invite closing comments from, firstly, officials of the Education Facilities Company Limited, the Ministry of Finance, the Ministry of Education and then Mr. Piggott, so we could start to wind up. Please, given the extended time today, could you please keep your opening comments as brief as possible. Forgive me—your closing comments. Like I want to start all over again. It seems we have been having fun here. So I ask everyone to try to keep their closing comments as brief as possible, beginning with Mr. Cox.

Mr. Cox: Thank you, Mr. Chairman. On behalf of the board of directors, management and staff of the Education Facilities Company Limited, I say thanks to the Chairman and members of the Joint Select Committee on State Enterprises of the Parliament for summoning us to this meeting, and to account and to provide clarity to matters placed in the public domain, and to other issues presented to this august body.
Coming out of these proceedings, I am of the view that there are a number of lessons learned, particularly today, as a number of questions asked were matched with solutions proffered. In some cases we saw the need to have facts and figures to give clarity to those responses. However, we are obliged to make submissions in writing to give further clarification on those matters.

Also we note that there is a need to use new and untried ways of doing things, to bring to the fore. Notwithstanding the individual contributions and suggestions proffered by the respected Chairman and members of the Joint Select Committee, we at EFCL do look forward to your formal suite of recommendations that EFCL is eager to adopt towards making its operation more efficient and effective in the pursuit of achieving its stated mandate.

I want to thank PS Durham Kissoon, Ministry of Finance, and your team. I also want to thank PS Baptiste-Simmons and PS Meyer of the Ministry of Education for your contribution and continuing support.

Finally, I would want to say that we at EFCL will continue to do all that is necessary in making sure that every child has a school to go to every school day. Thank you.

**Mr. Chairman:** Thank you very much Mr. Cox. I now call on the Permanent Secretary, Ministry of Education.

**Mrs. Baptiste-Simmons:** The Ministry of Education, we are pleased to have been a part of this enquiry and continuing investigation. One of the things I was hoping—I mean, your beginning statement was that we would have gotten strategies. As the Permanent Secretary to the Ministry of Education, we are tasked with ensuring that our schools open on time, that our schools are kept open, that the facilities that are provided meet with the requirements of our curriculum and our students in terms of health and safety.

Listening to everyone we know that there is a lot of work that we have to
undertake, and at this point we commit to ensuring that the system is improved, that we work collaboratively with the Ministry of Finance Investment Division as well as EFCL to ensure that we do get value for money.

**Mr. Chairman:** Thank you very much, Madam Permanent Secretary, and I wish to assure you that the Committee will be coming forth with its own thoughts and views and recommendations how we could try to fix the challenges being faced by EFCL. Those will be coming in quick order.

I now ask the PS Ministry of Finance to give a few closing comments.

**Ms. Durham Kissoon:** Thank you, Chair. I want to thank you Chair and the members of the JSC for having this enquiry and bringing these issues to the fore. As I said before, in my opening statements, we were grateful for this opportunity to partner with you in reinforcing the principles of value for money, accountability and transparency in public affairs.

As far as EFCL is concerned, we have seen an improvement in the required reports that they have been required to submit. We have seen that improvement this year. I just need to say that the *State Enterprises Performance Monitoring Manual* stands, it exists and it is still in force.

Finally, we will work expeditiously to finalize the audits that we have committed to deliver at the end of this week, and to the other bits of information that you required of us. We thank you for partnering with us. Thank you.

**Mr. Chairman:** Thank you very much. The Committee is well aware of the expensive executive time around the table, so we appreciate everyone taking the time. Mr. Piggott, I am now inviting you to give a few brief closing comments.

**Mr. Piggott:** Thank you Mr. Chairman and members of the Committee. I am saddened, but happy that I came, not at the instance of a summons, but as a guest of your JSC.

I have a great concern about the central audit, particularly since it is since
January that this audit I believe was commissioned, and this is December and it seems as though one hears a question: What are they looking for at EFCL that can take 12 months to be done? It is talk about central audit, but it is going not to end.

As I also said before, I have a concern, Mr. Chairman, as to what will happen to the misinformation that has been spoken into the records of the JSC over the last three sessions, and in particular the very session in November. I ask Mr. Chairman that perhaps you may wish to be able to advise me what may happen, because there was some deliberate misinformation in the system that had some concerns for me, as for example the $900 million or 58 contracts or $150 million spent, and the $100 million judgment.

I wish to state though that as disturbing as it was of an experience for my five-member board, we are happy that hopefully this is the last of it. My board gave its personal and professional expertise, introducing enhanced corporate discipline to EFCL which I hope the new board will advance. The chairpersons of the subcommittees, like the Chairman, worked assiduously with commitment, dedication and passion and were incorruptible.

My board has witnessed nothing short of contempt and disrespect by some office holders dating back to May 2016. Interference has entered the fray. Given some of the external interventions, there has been some damage to me and my board, and I hope that today that damage, or a substantial part of that damage, would have reversed.

Efficiency and effectiveness would have been even greater had the board gotten more support, and that the environment in which we worked would have been more user-friendly. But my board persevered in the interest of providing comfortable, environmentally friendly and environmentally accommodating infrastructure to the hundreds of teachers and thousands of students in several parts of Trinidad and Tobago.
No corporate body can prosper with great efficiency and effectiveness which you are measuring, Mr. Chairman, in the face of hatred and intrigue fuelled by interference. I repeat: no corporate body can prosper with great efficiency and effectiveness in the face of hated and intrigue, interference, clandestine functionaries within and outside of the state enterprise. And there are a lot of clandestine functionaries in EFCL.

I submit that perhaps one of your recommendations to EFCL may be a review of the human resource and information technology function, to determine to what extent the players, aided and abetted by external parties, may be perpetuating dysfunctionality at the EFCL.

I have been advised that there has been a wholesale change of attorneys since the new board assumed office, Mr. Chairman. Given the recent judgment for $100 million against EFCL by one contractor, I reckon going forward that there will be more and serious implications for the big litigation matters that are pending, and its impact that it can have on the Treasury of Trinidad and Tobago to which I have contributed significant taxes.

But, Mr. Chairman, at the end, which I trust is today, central to all the noises these past few months in the media, here in the JSC, is an executive manager that I brought on a temporary contract to EFCL, following the termination of the executives at EFCL. Something on the ground is wrong. A business cannot be run in the way that it has gone.

So that I reconfirm that neither I, Chairman Arnold Piggott, nor the other four directors were asked to resign. I resigned. I submitted my intention to resign way before to the Prime Minister of the Republic of Trinidad and Tobago, and it is well documented. So things in the media which suggest that I was asked to resign by Dr. Keith Rowley are totally incorrect.

Mr. Chairman, I thank you for your gracious hospitality here today, you and
members of your Committee. I am sorry that we have had to come to this path of the way it went, but I hope the new board takes note.

Thank you very much.

Mr. Chairman: Thank you for your closing comments, Mr. Piggott. As I begin to close this session, I just want to refer to a view expressed by Mr. Piggott earlier on in the session regarding the summons that was issued. I am in the position where I can say that the position of the Parliament is that at variance with that view. I am just putting that on the record.

I want to thank everyone who has taken their time to be here today. I want to thank the viewing and listening audience. I want to thank the members of the media who have been covering this session and I will like now to say that this meeting is adjourned. Thank you very much.

12.58 p.m.: Meeting adjourned.
Appendix III

Details of the Seamless Education System Project and Build 100 Programme.
SOCIAL INFRASTRUCTURE

Early Childhood Education

103. The Seamless Education System Project and Build 100 Programme were allocated $90 million and $40 million respectively for the construction of Early Childhood Care and Education Centres (ECCE). Both programmes were impacted by suspended works and slow progression due to internal auditing of contract invoices of the Education Facilities Company Limited (EFCL). The sum of $19.5 million was utilised for these projects to undertake the following activities during the fiscal year 2016:

- Build 100 Programme:
  - ECCEs undergoing construction are as follows:

<table>
<thead>
<tr>
<th>Name of School</th>
<th>Status of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marabella ECCE</td>
<td>98%</td>
</tr>
<tr>
<td>Wallerfield ECCE</td>
<td>98%</td>
</tr>
<tr>
<td>Tulsi Manas ECCE</td>
<td>95%</td>
</tr>
<tr>
<td>La Platta ECCE</td>
<td>94%</td>
</tr>
<tr>
<td>La Horqueta North ECCE</td>
<td>90%</td>
</tr>
<tr>
<td>Waterloo SDMS ECCE</td>
<td>85%</td>
</tr>
<tr>
<td>Cedros ECCE</td>
<td>82%</td>
</tr>
<tr>
<td>Avocat ECCE</td>
<td>78%</td>
</tr>
<tr>
<td>Chaguana ECCE</td>
<td>78%</td>
</tr>
<tr>
<td>Cypress Gardens ECCE</td>
<td>64%</td>
</tr>
<tr>
<td>Glenroy ECCE</td>
<td>50%</td>
</tr>
<tr>
<td>Race Course ECCE</td>
<td>64%</td>
</tr>
<tr>
<td>Swaha Madras ECCE</td>
<td>42%</td>
</tr>
<tr>
<td>La Paille ECCE</td>
<td>33%</td>
</tr>
<tr>
<td>Spree Simon ECCE</td>
<td>32%</td>
</tr>
<tr>
<td>Upper Penal Rock Road ECCE</td>
<td>19%</td>
</tr>
</tbody>
</table>
Name of School | Status of Completion
--- | ---
San Francique SDMS ECCE | 19%
Forde Street ECCE | 17%
Iere ECCE | 13%
Belle Vue, Maraval ECCE | 11%
Maracas Bay ECCE | 11%
Felicity ECCE | 11%
Chatham ECCE | 5%
Macaulay ECCE | 5%
Sangre Grande ECCE | 5%
Morton Street ECCE | 5%

- Seamless Education System:
  IDB Phase 2 comprised the following:

Name of School | Status of Completion
--- | ---
Sonny Ladoo ECCE | 95%
El Dorado SDMS ECCE | 95%
Maracas Valley ECCE | 95%
No. 1 Cascade Road ECCE | 38%
Bay Road ECCE | 25%
Picton II ECCE | 22%
Poonah Bonne Aventure ECCE | 22%
Petite Morne #2 ECCE | 19%
Hokett Baptist ECCE | 15%
La Brea – Belle View – Brighton AC ECCE | 1%

**Primary Education**

104. The Primary School Programme received a budgetary allocation of $205.2 million in fiscal year 2016 under the IDF of which $96.6 million was utilised for completed works. The full allocation was not utilised due to the internal auditing of contract invoices of the EFCL. Under-mentioned are some of the activities undertaken:
• Primary schools completed:

<table>
<thead>
<tr>
<th>Name of School</th>
<th>Status of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap De Ville Government Primary School</td>
<td>Operational as of October 2015</td>
</tr>
<tr>
<td>Munroe Road SDMS Primary School</td>
<td>Operational as of November 2015</td>
</tr>
<tr>
<td>New Grant Government Primary School</td>
<td>Operational as of January 2016</td>
</tr>
<tr>
<td>Penal Quinam Government Primary School</td>
<td>Operational as of April 11th 2016</td>
</tr>
</tbody>
</table>

• Primary schools undergoing construction:

<table>
<thead>
<tr>
<th>Name of School</th>
<th>Status of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform (SDMS) Hindu</td>
<td>86%</td>
</tr>
<tr>
<td>Ramai Trace SDMS</td>
<td>83%</td>
</tr>
<tr>
<td>Belmont Roman Catholic</td>
<td>80%</td>
</tr>
<tr>
<td>Chatham Government</td>
<td>79%</td>
</tr>
<tr>
<td>Cypress Gardens Government</td>
<td>74%</td>
</tr>
<tr>
<td>Santa Flora Government</td>
<td>70%</td>
</tr>
<tr>
<td>Curepe Presbyterian</td>
<td>66%</td>
</tr>
<tr>
<td>Fanny Village Government</td>
<td>58%</td>
</tr>
<tr>
<td>San Juan Government</td>
<td>58%</td>
</tr>
<tr>
<td>Rousillac (SDMS) Hindu</td>
<td>57%</td>
</tr>
<tr>
<td>Marabella Anglican</td>
<td>55%</td>
</tr>
<tr>
<td>Malabar Government</td>
<td>50%</td>
</tr>
<tr>
<td>Woodbrook Presbyterian</td>
<td>50%</td>
</tr>
<tr>
<td>Siparia Union Presbyterian</td>
<td>36%</td>
</tr>
<tr>
<td>Macaulay Government</td>
<td>35%</td>
</tr>
<tr>
<td>San Fernando SDA</td>
<td>33%</td>
</tr>
<tr>
<td>Flanagan Town RC</td>
<td>26%</td>
</tr>
<tr>
<td>Arima Hindu</td>
<td>13%</td>
</tr>
<tr>
<td>La Fillette RC</td>
<td>10%</td>
</tr>
<tr>
<td>Lower Morvant Government</td>
<td>8%</td>
</tr>
<tr>
<td>Endeavour SDMS</td>
<td>4%</td>
</tr>
<tr>
<td>Freeport Hindu</td>
<td>3%</td>
</tr>
<tr>
<td>Sangre Grande (SDMS)</td>
<td>1%</td>
</tr>
</tbody>
</table>

105. The sum of $50.6 million was expended for the Improvement/Refurbishment/Extension of Primary Schools. A total of one hundred and fifty (150) Primary Schools required repairs, which generally focused on: plumbing, ceiling, fencing, electrical, painting, lighting works, toilet and roofing repairs, fans and air-conditioning installation. In addition, supplementary works were
carried out to repair sewer systems, excavation and demolition, concrete works, replacement of doors and frames, cleaning and sanitizing, pigeon proofing and pressure washing.

Secondary Education

106. The Ministry of Education retained the responsibility of advancing secondary education endowing citizens with the necessary skills, values and behaviours to develop our country to compete in the 21st century.

107. In fiscal 2016, the Secondary School Programme was allocated the sum of $195 million, of which $37.3 million was utilized for on-going construction of new secondary schools, expansion and refurbishment works to existing secondary schools.

108. A number of secondary schools since the inception of the programme were completed by EFCL and handed over to the Ministry of Education. The most recent to become operational is the Five Rivers Secondary School on October 5, 2015. Others are nearing completion with over 70 percent of works completed and will become operational in fiscal 2017. They are as follows:

<table>
<thead>
<tr>
<th>Name of Schools</th>
<th>Status of Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Joseph Secondary</td>
<td>91%</td>
</tr>
<tr>
<td>Carapichaima West Secondary</td>
<td>85%</td>
</tr>
<tr>
<td>Mt. Hope Secondary</td>
<td>84%</td>
</tr>
<tr>
<td>Shiva Boys Hindu College</td>
<td>74%</td>
</tr>
<tr>
<td>Parvati Girls Hindu College</td>
<td>72%</td>
</tr>
</tbody>
</table>
Appendix IV

New Approved Organisational Structure at EFCL
# ATTENDANCE REGISTER

## 2017/2018 Session, Eleventh Parliament

<table>
<thead>
<tr>
<th>Name</th>
<th>20&lt;sup&gt;th&lt;/sup&gt; Meeting 19.09.17</th>
<th>21&lt;sup&gt;st&lt;/sup&gt; Meeting 06.11.17</th>
<th>22&lt;sup&gt;nd&lt;/sup&gt; Meeting 20.11.17</th>
<th>23&lt;sup&gt;rd&lt;/sup&gt; Meeting 11.12.17</th>
<th>24&lt;sup&gt;th&lt;/sup&gt; Meeting 29.01.18</th>
<th>25&lt;sup&gt;th&lt;/sup&gt; Meeting 19.02.18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. David Small</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Dr. Lester Henry</td>
<td>√</td>
<td>Exc.</td>
<td>√</td>
<td>abs</td>
<td>Exc.</td>
<td>√</td>
</tr>
<tr>
<td>Brig. Gen. (Ret.) Ancil Antoine</td>
<td>√</td>
<td>√</td>
<td>Exc.</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Mr. Adrian Leonce</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Mr. Fazal Karim</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Ms. Allyson Baksh</td>
<td>Exc.</td>
<td>√</td>
<td>Exc.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr. Ronald Huggins</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>√</td>
<td>Exc.</td>
<td>Exc.</td>
</tr>
<tr>
<td>Mr. Wade Mark</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>