PARLIAMENT

REPUBLIC OF TRINIDAD AND TOBAGO

PAC

FOURTH REPORT OF THE

PUBLIC ACCOUNTS

C O M M I T T E E

FIRST SESSION OF THE 11TH PARLIAMENT

Inquiry Examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the Financial Year 2014 with specific reference to the Ministry of Energy and Energy Industries.

Public Accounts Committee[1]

The Public Accounts Committee (PAC) established by the Constitution of the Republic of Trinidad and Tobago in accordance with Section 119(4) is mandated to consider and report to the House of Representatives on:

"(a) appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago;
(b) such other accounts as may be referred to the Committee by the House of Representatives or as are authorized or required to be considered by the committee under any other enactment; and
(c) the report of the Auditor General on any such accounts."

Current membership

Dr. Bhoendradatt Tewarie	Chairman[2]
Mr. Rodger Samuel	Vice- Chairman
Mrs. Ayanna Webster-Roy	Member
Mr. Randall Mitchell	Member
Dr. Lester Henry	Member
Mrs. Paula Gopee-Scoon	Member
Ms. Marlene McDonald	Member
Ms. Jennifer Raffoul	Member

Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary to the Committee
Ms Hema Bhagaloo	Assistant Secretary to the Committee
Ms Samantha Snaggs	Parliamentary Intern

Publication

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

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[1] The PAC of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.
[2] The Committee held its first meeting on Wednesday December 2, 2015. At this meeting the Committee elected Dr. Bhoendradatt Tewarie as Chairman, in accordance with Section 119(2) of the Constitution of the Republic of Trinidad and Tobago. At that same meeting, the Committee resolved that its quorum should comprise of three (3) Members, inclusive of the Chairman and any other Opposition Member.

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Members of the Public Accounts Committee

ELEVENTH PARLIAMENT,

REPUBLIC OF TRINIDAD AND TOBAGO

Dr. Bhoendradatt Tewarie
Chairman

Mr. Rodger Samuel
Vice-Chairman

Mrs. Ayanna Webster-Roy
Member

Mr. Randall Mitchell
Member

Dr. Lester Henry
Member

Mrs. Paula Gopee-Scoon
Member

Ms. Marlene McDonald
Member

Ms. Jennifer Raffoul
Member

EXECUTIVE SUMMARY

The Public Accounts Committee (PAC) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the issues outlined in the Auditor General's Report and audited financial statements of Ministries, Departments and Statutory Bodies. The Committee examined the ***Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2014 with regard to the Ministry of Energy and Energy Industries*** which gave rise to its Fourth Report of the Eleventh Parliament.

This report highlights the issues and recommendations made by the Committee in an attempt to assist the Ministry of Energy and Energy Industries in better performing its duties while also commending its initiatives. During this discussion, the following issues arose:

- General issues relating to the operations of the Ministry;
- Their ability to achieve accountability, transparency and value for money;
- The Ministry's success is achieving goals outlined in the strategic plan;
- The Ministry's ability to manage the revenue generated through the production of oil and natural gas; and
- Challenges faced by the Ministry in maintenance of their records and the implementation of specific recommendations.

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

- The Permanent Secretary (PS) should indicate the Ministry's challenges pertaining to outdated law to the Attorney General for assistance in alleviating these issues. Constant effective communication should occur between the PS, all heads of the departments and eventually the Minister who should be able to assist with the rectification of particular difficulties being experienced by the Ministry;

- The Permanent Secretary should indicate to the Public Service Commission, his need for additional staff so arrangements can be made for these persons to fill the currently vacant positions by March 31, 2017;
- The Treasury Division should conduct a survey of revenue and expenditure systems for the Ministry. Training should also be provided by March 31, 2017 to ensure that the country's revenue is properly maintained and every dollar is accurately accounted for; and
- Monitoring and Evaluation Units need to closely monitor every project under the Infrastructure Development Fund.

INTRODUCTION

The PAC of the Eleventh Republican Parliament was established by resolution of the House of Representatives and the Senate at the sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House report to the House on appropriation accounts of moneys expended out of sums granted by Parliament to meet the public expenditure of Trinidad and Tobago and the report of the Auditor General on any such accounts.
In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives also empower the Committee (but is not limited) to:

a) send for persons, papers and records;
b) have meetings whether or not the House is sitting;
c) meet in various locations;
d) report from time to time; and
e) communicate with any other Committee on matters of common interest.

Election of the Chairman and Vice Chairman

In accordance with section 119(2) of the Constitution, the Chairman must be a member of the Opposition in the House. At the first meeting held on Wednesday December 2, 2015 Dr. Bhoendradatt Tewarie was elected Chairman of the Committee. At the said meeting, Mr. Wade Mark was elected Vice Chairman of the Committee.

Changes in Membership

- By resolution of the Senate made on December 8, 2015, Mr. Rodger Samuel replaced Mr. Wade Mark as a Member of this Committee.

  Mr. Rodger Samuel was elected Vice-Chairman of the Committee in lieu of Mr. Wade Mark on Wednesday December 16, 2016.

- By resolution of the Senate made on December 19, 2016, Ms. Jennifer Raffoul replace Dr. Dhanayshar Mahabir as a Member of this Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of three (3) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

METHODOLOGY

Determination of the Committee's Work Programme

The Committee agreed to a fifteen (15) entity work programme during its second meeting on Wednesday December 16, 2016. These entities included:

1. Judiciary of Trinidad and Tobago
2. Ministry of Agriculture, Land and Fisheries
3. Ministry of Education
4. Ministry of Energy and Energy Industries
5. Ministry of Finance
6. Ministry of Health
7. Ministry of Public Administration
8. Ministry of Public Utilities
9. Ministry of National Security
10. Ministry of Tourism
11. Ministry of Trade and Industry
12. Tobago House of Assembly
13. Land Settlement Agency
14. National Lotteries Control Board
15. Regional Corporations

- In preparation for this public hearing, the Committee had an Issues Paper produced with questions based on issues highlighted in the Auditor General's Report.

- The Committee held one public hearing to discuss the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2014 as follows:

  Wednesday May 11, 2016 - *in public*

- At this hearing, representatives from Ministry of Energy and Energy Industry to seek clarification on issues highlighted in the Auditor General's Report on the Public Accounts of the Republic of Trinidad and Tobago. This meeting also served as an informative session allowing Members to ask questions about general issues affecting the Energy Sector and in some instances, offered recommendations to assist with the rectification of specific issues.

The Inquiry Process

The Inquiry Process outlines steps to be taken by the Committee when conducting an inquiry into an entity or issue. The following steps outlines the Inquiry process followed by the PAC:

I. Identification of entities to be examined;

II. Preparation of Inquiry Proposals for the selected entities. The Inquiry Proposal outlines:

   a. Background;

   b. Objective of Inquiry; and

   c. Proposed Questions.

III. Consideration and approval of Inquiry Proposals by the Committee and when approved, questions are forwarded to the entity for written responses;

IV. Issue of requests for written comment from the public are made via Parliament's website, social media accounts, newspaper and advertisements (optional);

V. Preparation of an Issues Paper by the Secretariat for the Committee's consideration, based on written responses received from the entities. The Issues Paper identifies and summarises any matters of concern in the responses provided by the entity or received from stakeholders and the general public;

VI. Review of the responses provided and the Issues Paper by the Committee;

VII. Conduct of a site visit to obtain a first-hand perspective of the implementation of a project (optional);

VIII. Determination of the need for a Public Hearing based on the analysis of written submissions and the site visit (if required). If there is need for a public hearing, the relevant witnesses will be invited to attend and provide evidence. There is usually no need to examine the entity in public if:

a. the Committee believes the issues have little public interest; or

b. the Committee believes that the written responses provided are sufficient and no further explanation is necessary;

IX. Issue of written request to the entity for further details should the Committee require any additional information after the public hearing; and

X. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

The Ministry of Energy and Energy Industries' Profile

Background

The MEEI is responsible for the overall management of the oil, gas and minerals sectors in Trinidad and Tobago. These sectors are the largest single contributors to the GDP of the country and the revenues generated provide the resources for the future development objectives of the Government of the Republic of Trinidad and Tobago.

Mission

The mission of the MEEI is to contribute to Trinidad and Tobago's prosperity, through the sustainable development of energy and mineral resources.

Vision

A global leader in the strategic development of the energy and mineral sectors.

Core Values

- Commitment;
- Integrity;
- Professionalism;
- Transparency; and
- Innovation.

Permanent Secretary - Mr. Selwyn Lashley

Issues and Recommendations

During the examination of the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year ended September 30, 2014 with regard to the Ministry of Energy and Energy Industries, the following issues were identified and recommendations proposed:

i. **Challenges of MEEI**

Issues such as the completion and implementation of the revised structure of the Ministry, the quality of responses received from other Ministries or Agencies to the Ministry and the modernization of relevant laws and regulations. The Permanent Secretary currently seeks solutions to fix these issues so that the quality of work produced by the Ministry can also be improved.

Recommendation: ***The Permanent Secretary (PS) should indicate the Ministry's challenges pertaining to outdated law to the Attorney General for assistance in alleviating these issues. Constant effective communication should occur between the PS, all heads of the departments and eventually the Minister who should be able to assist with the rectification of particular difficulties being experienced by the Ministry. Constant efforts should be made to increase the level and quality of output from the Ministry since the energy sector is considered one of the most important contributing sectors and work done within this Ministry is held at high esteem.***

ii. **Human Resource Management**

The Ministry reported a number of vacant positions that are yet to be filled. It has become evident that there is an overall deficiency in staffing throughout the Public Service. A request should be made by the HR Director, to the PS so he can liaise with the Public Service Commission to ensure that the Ministry is properly outfitted with the required staff compliment. This will assist with the progression of the Ministry's attempt to rectify issues. Through the acquisition of the appropriately skilled staff compliment, better quality output can be produced by the Ministry.

Recommendation: ***The Permanent Secretary should indicate to the Public Service Commission, his need for additional staff so arrangements can be made for these persons to fill the currently vacant positions by March 31, 2017. Priority should be placed on the outfitting of the Ministry so that duties can be completed and done so appropriately and efficiently.***

iii. Revenue Control [Monitoring of Revenue Received and Receivable]

Revenue control has become an issue of public importance due to the fact that with revenue collected, the Government is able to finance loans and carry out projects. Members also sought clarification for the instances where Trinidad and Tobago may have been defrauded out of royalties that should have been collected. The energy sector has been Trinidad and Tobago's highest contributor to Revenue and also the overall GDP. In the Auditor General's Report, it was highlighted that the Ministry's calculation of revenue was incorrect and therefore the information produced was inadequate. Training for persons responsible should be provided to ensure that revenue within the energy sector is accounted for and received. A proper investigation should also be held into the accounts of the MEEI to ensure that nothing is missed and the outcome should hence forth encourage transparency, accountability and value for money. Proper mechanisms should be introduced by the Ministry to monitor revenue generation and ensure its accuracy.

Recommendation: ***The Treasury Division should conduct a survey of revenue and expenditure systems for the Ministry. Training should also be provided by March 31, 2017 to ensure that the country's revenue is properly maintained and every dollar is accurately accounted for. The Accounting Officer, i.e. the person who is ultimately responsible for the oversight of the Ministry's revenue should have a greater handle of this and ensure that it is done properly.***

iv. Submission of Documents

As indicated for a number of years, entities within the Public Service often struggle to produce required documents to the AGD for audit. MEEI has also been identified as one of these entities who has been submitting the financial statements beyond the statutory deadline. The Ministry, however, has indicated that persons have been hired to ensure that these documents are produced in a timely manner in the future.

Recommendation: ***The Permanent Secretary should make it a priority to have all required documents ready for submission by the statutory deadline. The Auditor General in association with the Attorney General should introduce a legally binding component to the statutory deadline for the submission of financial statements making Permanent Secretaries legally responsible for non-submission or late submission. This will therefore give the AGD the opportunity to penalize persons responsible. Penalties for late submissions can be for example, once a submission is more than 2 months late the Accounting Officer can be fined $1000 for each month thereafter.***

v. Pension and Leave

Pension and leave records have also been identified as a document not produced by the statutory deadline. Many entities throughout the public service have indicated that difficulties experienced when trying to access information for retirees from their previous places of employment have delayed the process. The pinnacle goal of Ministries and Departments is to be able to complete all calculations within six (6) months so that persons can have access to their benefits. Proper maintenance of the pension and leave records and also effective communication with the accounting department will ensure that benefits are provided in a timely manner.

Recommendation: ***Pensions and Leave Department should properly maintain the records to ensure a timely distribution of benefits. Through proper maintenance, they would be able to positively add to the whole process. According to regulations, these benefits should be ready at least 3 months prior to the person's date of retirement. The Ministry of Energy and Energy Industries along with the Treasury should strive to make this possible.***

vi. Contract Register

The Ministry's contract register contains all executed contracts with external parties for services provided to the Ministry. Constant maintenance is of utmost importance to ensure that all contracts are accounted for and also through proper numbering, contracts can be referenced at any given time. The legal department of the Ministry is assigned to the maintenance of the contract register. In most cases, the register is often incomplete and thus, not presented for audit by the AGD. Proper training and checks should be done to ensure this problem doesn't persist in the future and all work is done and submitted in a timely manner to prevent compromising the audit process.

Recommendation: ***Accounting Officers need to put more emphasis on keeping record of executed contracts. Regular checks should be made to ensure that every contract that was entered into was properly stored and accounted for within their contract registers. Proper training should also be provided by the Treasury, for persons responsible for maintaining these registers also. In the amended regulations being processed by the Attorney General, provisions will be made for the usage of electronic data instead of hard copy.***

vii. Monitoring Priority Projects

Within the Energy Research and Planning Division, there is a unit that reviews PSIP Projects. There are some projects which are with NGC, in which MEEI would have some reliance on NGC, to monitor or to implement the projects. Constant and effective communication should be fostered between the Ministry and NGC to ensure that projects are executed properly, in the given timeframe and within budget. Through this constant communication, the Ministry will be constantly informed and able to answer for the progress of all projects under its purview.

Recommendation: ***Monitoring and Evaluation Units need to closely monitor every project under the Infrastructure Development Fund. Value for money should be ensured in every decision and every project which is chosen to be undertaken. When this is done, projects will finish within the given time and will***

also reduce project expenditure. Ministries and Departments should perform a SWOT analysis before proposing certain projects to ensure that it is aligned with the mission, vision and objectives of the Ministry.

Ministry of Energy and Energy Industries – Concluding Remarks

Given the importance of the Energy Sector to Trinidad and Tobago's economy and the vital role of the Ministry of Energy the following matters require urgent attention:

i. The effective monitoring of revenue and the basis for determining fair revenue due to the country should be immediately and properly addressed.

ii. The Ministry of Energy cannot be late in its submissions to the Auditor General. Sanctions need to be established for non-compliance and delinquency.

iii. Contracts at the Ministry of Energy are too important to be managed in a cavalier fashion. Proper systems need to be instituted to ensure the security of all contracts and contractual obligations and to facilitate their easy retrieval as may be required for official scrutiny and reference from time to time.

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

Sgd.
Dr. Bhoendradatt Tewarie
Chairman

Sgd.
Mr. Rodger Samuel
Vice-Chairman

Sgd.
Mrs. Ayanna Webster-Roy
Member

Sgd.
Mr Randall Mitchell
Member

Sgd.
Dr. Lester Henry
Member

Sgd.
Mrs. Paula Gopee-Scoon
Member

Sgd.
Ms. Marlene McDonald
Member

Sgd.
Ms. Jennifer Raffoul
Member

Appendix I
Attendees

At the meeting held on Wednesday May 11, 2016, the witnesses attending on behalf of the

Ministry of Energy and Energy Industries were:

Ms. Heidi Wong	-	Permanent Secretary (Ag.)
Mr. Poorandai Ramjitsingh	-	Accountant II
Mr. Ivor Superville	-	Senior Energy Analyst (Ag.)
Mr. Monty Beharry	-	Director of Minerals (Ag.)

Auditor General's Department:

Ms. Gaitrie Maharaj	-	Assistant Auditor General
Ms. Gale Serville	-	Audit Executive II
Mrs. Jacqueline De Gannes	-	Audit Executive I
Mrs. Jennifer-Salandy-Mejias	-	Audit Supervisor (Ag.)

THE PUBLIC ACCOUNTS COMMITTEE –
FIRST SESSION, ELEVENTH PARLIAMENT

MINUTES OF THE EIGHTH MEETING HELD ON WEDNESDAY, MAY 11, 2016 AT 10:39 A.M.
IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.

Present were:

Dr. Bhoendradatt Tewarie	-	Chairman
Mr. Rodger Samuel	-	Vice- Chairman
Mr. Randall Mitchell	-	Member

Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary

Excused were:

Dr. Dhanayshar Mahabir	-	Member
Mrs. Paula Gopee-Scoon	-	Member
Mrs. Ayanna Webster-Roy	-	Member
Dr. Lester Henry	-	Member

Absent was:

Ms. Marlene McDonald	-	Member

Also present were:

MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Ms. Heidi Wong	-	Permanent Secretary (Ag.)
Mr. Poorandai Ramjitsingh	-	Accountant II
Mr. Ivor Superville	-	Senior Energy Analyst (Ag.)
Mr. Monty Beharry	-	Director of Minerals (Ag.)

OFFICIALS FROM AUDITOR GENERAL'S DEPARTMENT

Ms. Gaitrie Maharaj	-	Assistant Auditor General
Ms. Gale Serville	-	Audit Executive II
Mrs. Jacqueline De Gannes	-	Audit Executive I
Mrs. Jennifer-Salandy-Mejias	-	Audit Supervisor (Ag.)

COMMENCEMENT

1.1 At 10:39 a.m. the Chairman called the meeting to order and welcomed those present. Mrs. Paula Gopee-Scoon, Dr. Dhanayshar Mahabir, Mrs. Ayanna Webster-Roy and Dr. Lester Henry were excused from the meeting. Ms. Marlene Mc Donald was absent from the meeting.

THE EXAMINATION OF THE MINUTES OF THE SEVENTH MEETING

2.1 The Committee examined the Minutes of the Seventh (7^{th}) Meeting held on Wednesday May 11, 2016.

2.2 The following correction was made to **Page 1**:

Delete the word "was" and insert the word "were".

2.3 There being no further omissions or corrections, the Minutes were confirmed on a motion moved by Mr. Rodger Samuel and seconded by Mr. Randall Mitchell.

MATTERS ARISING FROM THE MINUTES OF THE SEVENTH MEETING

3.1 The Committee discussed the matter of Ms. Marlene Mc Donald absenteeism under Standing Order 116 of the House of Representative. The Chairman agreed to discuss the matter with Ms. Marlene Mc Donald.

PRE-HEARING DISCUSSION RE: EXAMINATION OF THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES (MEEI)

4.1 The Committee agreed that the focus of the meeting will be the concerns raised in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2014 related to the Ministry of Energy and Energy Industries (MEEI) .

4.2 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:46 a.m.

EXAMINATION OF THE MINISTRY OF ENERGY AND ENERGY INDUSTRIES (MEEI)

5.1 The Chairman called the public meeting to order at 10:52 a.m.

5.2 The Chairman welcomed officials from the MEEI, Auditor General's Department (AGD), members of the media and the public to the Eighth (8^{th}) public hearing with the PAC and introductions were exchanged.

5.3 The following issues arose from the examination with the officials from the MEEI:

iv. Challenges of MEEI

The Committee sought clarification on the challenges experienced by the MEEI. Officials from the MEEI indicated that the revision of laws and regulations, ability to get information from other Ministries and revising the structure of the Ministry were needed to improve the effective functioning of the Ministry.

v. Human Resource Management

The Committee sought clarification on the inability to get information from Ministries and Public Service Commission. Officials from the MEEI stated that there were a number of vacant positions on the establishment to be filled by the Public Service Commission.

The Committee further sought clarification on the number of persons retiring from the MEEI and the transfer of intellectual capacity within the Ministry. Official from MEEI stated that the information would be provided to the Committee in writing and measures were in place to ensure the transfer of knowledge.

vi. Revenue Control

The Committee enquired into the lack of evidence from the oil and gas production data used in the calculation of revenue from royalties and share of profits. Officials from the MEEI indicated that the Auditor General Report stated that forms were not signed off by the Ministry's Personnel.

The Committee further questioned the lack of certification by a responsible official. Officials from the MEEI stated that discussions will be held with officers on the non-certification of forms. However, measures were put in place to ensure that the requisite senior officer signs off on all data collected.

The Committee also sought clarification from the AGD on the issue of revenue control. Officials from the AGD indicated that there were no link or evidence between the work conducted by the production-sharing unit and the calibration and production data, no evidence that checks were made before payments were processed and documents were not produced for audit. Officials from MEEI indicated that the outstanding documents were submitted to the AGD.

vii. Control of the Calibration on the Platform

The Committee questioned the person/institution that controls the calibration on the platform. Officials from the MEEI indicated that companies have control of the calibration on the platform.

viii. Monitoring of Revenue Received and Receivable

The Committee questioned the systems in place at the Ministry to monitor revenue received and receivable. Officials from the MEEI stated that the systems and controls in place to monitor revenue were not functioning and steps were taken to correct the situation.

ix. **Submission of Documents**

The Committee enquired into the late submission of documents to the AGD for auditing. Officials from MEEI indicated that a lack of experience staff constrained the work of the Ministry. The Committee further questioned the measures in place to ensure that all supporting documents were submitted to the AGD in a timely manner for auditing. Officials from the MEEI indicated that service providers were hired to ensure that documents were recorded in a timely manner.

Also the Committee sought clarification on the backlog of pension and leave records not submitted to the AGD for auditing. Officials from the Ministry stated that one hundred and thirty-nine pension and leave records were outstanding because the MEEI was dependent on other Ministries to submit documents.

x. **Role of the Permanent Secretary (PS)**

The Committee questioned the role of the PS. The PS stated that the most important role was overseeing the resources of the country in an effective and efficient manner. The Committee further questioned the effectiveness of the PS in overseeing the resources of the country. The PS indicated that given the challenges, restructuring the Ministry was critical because the role of the MEEI has been changing.

The Committee stated that the main function of the MEEI was overseeing the production capacity of the energy sector therefore the MEEI should be restructured and organized to monitor the sector and to generate the greatest value for the country in terms of revenue.

xi. **Responsibility of Accounting Officer**

The Committee questioned the responsibility of the accounting officer who verify the revenue forms. Officials from the MEEI stated the Chief Technical Officer oversees the senior petroleum engineer and petroleum inspectors and discussions will be held to ensure that the documents are signed.

xii. **Term "Service Provider"**

The Committee sought clarification on the term "Service Provider". Officials from the MEEI stated that "Service Providers" were short-term contract officers or institutions.

xiii. **Contract Register**

The Committee enquired into the reasons for the contract register not being updated. Officials from the MEEI stated that the information was recorded in a spreadsheet format and no number was assigned to each activities.

The Committee further questioned the measures in place to ensure that the contract register was updated. Officials from the MEEI indicated that the Legal Unit was given the responsibility of reviewing the contract register.

xiv. **Contract Agreement/ Other Contracted Services**

The Committee sought clarification on contract agreements that were not provided to the AGD for auditing. Officials at the MEEI indicated that the information was not available at the time of auditing. However the information was submitted to the AGD for auditing.

The Committee further enquired into the systems in place to review and monitor Contract Register and Contract Agreement. Officials from the AGD stated that the Ministry must maintain all original and supporting documents in a retrievable form for auditing.

xv. Priority Projects

The Committee sought clarification on the unit/person responsible for the maintenance of contracts issued to contractors. Officials from the MEEI indicated that the Energy Research and Planning Division reviewed the PSIP projects.

xvi. Companies

The Committee sought clarification on the number of Companies producing oil in Trinidad and Tobago. Officials from MEEI stated that a small number of Companies were producing oil in Trinidad and Tobago and the information would be provided in writing to the Committee.

xvii. Comments from the AGD

The Committee enquired whether the AGD would like to comment on the way forward for the MEEI. Officials from the AGD stated that MEEI did not submit responses to the circular memoranda issued by the AGD. However all documents be submitted to the AGD in a timely manner for auditing and auditing be treated with urgency and importance.

SUSPENSION

6.1 At 12:13 p.m., the Chairman suspended the *public* meeting to resume a post-hearing meeting *in camera* with Members only.

RESUMPTION

7.1 At 12:19 p.m. the Chairman resumed the post-hearing meeting *in camera*.

POST-MORTUM DISUCUSSION

8.1 The Members held a post-mortem to determine the way forward, following the public hearing.

8.2 The Committee agreed that at the next meeting the concerns raised in the Report of the Auditor General on the Public Accounts of the Republic of Trinidad and Tobago for the financial year 2014 related to the Ministry of National Security will be examined.

ADJOURNMENT

9.1 The Chairman thanked Members for their attendance and adjourned the meeting to **Wednesday May 25, 2016 at 10:00 a.m.**

9.2 The adjournment was taken at 12:22 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

May 11, 2016

Appendix III

Notes of Evidence

VERBATIM NOTES OF THE EIGHTH MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR (IN PUBLIC) TOWER D, THE PORT OF SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, MAY 11, 2016, AT 10.52 A.M.

PRESENT

Dr. Bhoendradatt Tewarie	Chairman
Mr. Rodger Samuel	Vice-Chairman
Mr. Randall Mitchell	Member
Miss Keiba Jacob	Secretary
Miss Hema Bhagaloo	Assistant Secretary

ABSENT

Dr. Dhanayshar Mahabir	Member
Mrs. Paula Gopee-Scoon	Member
Mrs. Ayanna Webster-Roy	Member
Dr. Lester Henry	Member

OFFICE OF THE AUDITOR GENERAL

Ms. Gaitre Maharaj	Assistant Auditor General
Ms. Gale Serville	Audit Executive II
Mrs. Jacqueline De Gannes	Audit Executive I
Mrs. Jennifer Salandy-Mejias	Audit Supervisor (Ag)

MINISTRY OF ENERGY AND ENERGY INDUSTRIES

Ms. Heidi Wong	Permanent Secretary (Ag.)
Mr. Poorandai Ramjitsingh	Accountant II
Mr. Ivor Superville	Senior Energy Analyst (Ag.)
Mr. Monty Beharry	Director of Minerals (Ag.)

Mr. Chairman: Good morning everybody. This morning we are here to examine the work of the Ministry of Energy and Energy Industries, based on the Auditor General's Report of 2014. I want to take this opportunity to welcome Members, officials from the Ministry of Energy and Energy Industries. We also have with us members of the Auditor General's Department who focus on the energy ministry and the sector, and I also want to, especially welcome as well members of the media and members of the general public who are present.

Now, the purpose of this meeting of the Public Accounts Committee is to examine concerns raised in the report of the Auditor General on the public accounts of the Republic of Trinidad and Tobago for the financial year 2014. And all of these relate to the Ministry of Energy and Energy Industries at this time.

The Committee is always desirous of hearing from the key stakeholders at the Ministry of Energy and Energy Industries because we want to learn what are the challenges that they are facing, and we want to work with them to determine some of the possible solutions. The role of this Committee is to help the Ministry of Energy and Energy Industries improve its delivery of services in an efficient, effective and economic manner.
Although we may ask questions that might be probing, I mean it is really to address the issue of accountability and to find explanations for things that may not be as explicit as we need to have them. But always, the objective is to improve the system and to improve the capacity of the Ministry to do what it is supposed to do.

Now, this meeting is being held in public and is being broadcast live on Parliament Channel 11 and on radio 105.5FM and also the Parliament YouTube channel called *ParlView*.

I want to the let listeners and viewers also know that they can send their comments relating to today's topic and the engagement here today by email to PARL101@ttparliament.org. They can do it also @Facebook.co/ttparliament and by Twitter@ttparliament.

So, as we proceed now with the Ministry of Energy and Energy Industries I will ask you please, from the Ministry of Energy and Energy Industries, if you would introduce yourself and I would ask the Acting Permanent Secretary if she would make an opening statement following that.

[*Introductions made*]

Ms. Wong: Thank you, Mr. Chairman, and members of the Committee. On behalf of my team I would like to thank you for this opportunity. The forum offers an occasion for the Ministry to account for its performance over the financial year 2014, and to highlight many challenges which we face and which impact on our activities. Critically important to us is bringing to bear those necessary and vital measures that must be taken towards improving our Ministry's activities.

The shortcomings which we will be asked to address here today are the symptoms of far-reaching problems that must be treated and dealt with. Key among them are the completion and the implementation of a revised structure for the Ministry, improvements in responses from other Ministers or agencies which the Ministry is heavily dependent on for the delivery of its services and the modernization of relevant laws and regulations. We, therefore, look forward to this review and all parties gaining an appreciation of the Ministry's needs and requirements at this time. Thank you.

Mr. Chairman: Okay, thank you very much. I just want to clarify that you are saying that the three issues that you want to highlight as being challenges for your Ministry that must be addressed to give you the platform for functioning as you should are an effective revision of the structure of the Ministry. Secondly, the responses from other Ministries on which you are dependent, and thirdly revised laws and regulations. Right? Is that what you are saying?

Ms. Wong: That is correct, Chairman.

Mr. Chairman: So I will ask you on each one of those to begin the process to explain a little bit. Okay? Let us start with the revised laws and regulations, because this is important because you are saying that there is a kind of legal impediment to your effective functioning. Can you explain what that means to us, so that the public also understands?

Ms. Wong: The Petroleum Act came into being in 1969. There are two Acts, the Petroleum

Act. There is the Petroleum Production Levy and Subsidy Act, as well. Just certain provisions within the Petroleum Act that deals with pricing. I am just going to cite a few examples that deals with pricing of petroleum products, and so on. These laws were there from 1969. They refer to the pricing structure in which reference for the crudes, and I will give you an example. Royalty lease evaluation, which is one of the methods that is ingrained in the Act, determines the fair market value at which royalty can be based. This is one of the provisions. This is within the Act. It also includes the determination of fair market value for royalty determination.

These have gone in, in fact and these are in place. We have issues in fact with the law. It is concreted in the Act itself; what are the reference units that are to be taken from certain publications. When the publications are no longer, not out of date, or those references are no longer included in the publications, it is problematic for the Ministry. And without requisite changes in those legislations we then put in place certain other measures in which we can determine prices or which royalties or so can be determined.

We also have in place the production. I am just citing a few because there are wider areas, Petroleum Production Levy and Subsidy Act. The Petroleum Production Levy and Subsidy Act, there were two amendments that were made over the years but never implemented. It is silent in certain areas which would have addressed the administration of certain areas of the levy and this pertains probably to the surplus that accrues on the products that we subside within the country.

There are other areas that include where the proper administration for the Government's portion will have to be administered. So there are areas in which the laws can be amended and this is just to cite a couple where there needs to be improvement for proper administration to take place.

Mr. Chairman: Okay. So how does the lack of revision of the laws and the regulations that go with it—tell me in a way that any ordinary citizen listening or watching can understand. How does it tie your hand?

Ms. Wong: Okay. Let me give an example. If I am to cite pricing of crude for royalty purpose, where we use the royalty lease evaluation method, what is done, a sample of the crude is taken. The sample is then sent to CARIRI, which is the lab that we use. The components of the crude is broken down, gasoline, gas oil, fuel oil. Based on the value that may be determined from, say PLATTS, which is the publication that we would use to determine what may be the value to determine a netback value for the crude. If that value that is in the publication is not there or is no longer being reported on, it ties our hands in what then is the legitimate or what should be the requisite reference that should be used in determining the price for the crude for royalty purposes.

Mr. Chairman: Okay, so therefore it is an inhibition in your capacity to generate revenue?

Ms. Wong: That would be one, yes.

Mr. Chairman: Now, this is a very important thing, not so?

Ms. Wong: Yes, it is.

Mr. Chairman: So how urgent is it to revise this legislation and what is preventing it from being revised?

Ms. Wong: We have, I think it is what has been determined to be priorities. We have, I think, over the years, submitted certain revisions with respect to the Act. I cannot tell you what has happened or why it has not been implemented but certain measures were put in place for amendments to be made.

Mr. Chairman: Okay, so these things are pending and need to be addressed?
Ms. Wong: Yes, they need to be addressed.
Mr. Chairman: Help me to understand the other two issues. You said that one of the impediments, one of the hindrances, is the inability to get information from other ministries on which you are dependent? Am I correct?
Ms. Wong: To get information and to get responses from others.
Mr. Chairman: Okay, give me two examples.
Ms. Wong: Service Commission. The Ministry is not an entity.
Mr. Chairman: Okay, so that is an HR issue.
Ms. Wong: Yes, that is an HR issue but it is critical to the Ministry, especially when we have staffing problems.
Mr. Chairman: Okay, and you need technically-competent skills.
Ms. Wong: We need technically-competent skills. We have some established positions which we have been making repeated requests to be filled. A key one which I know has come up from time to time is the function of the petroleum accountant, which is a key role where we have revenue issues that we need to seriously trash out in the Ministry. I think the last time that position was filled was probably 2008, if I am not mistaken, 2006. But repeated requests have been made to get HR positions and other positions filled within the Ministry.
Mr. Chairman: Okay. Any other example besides Public Service Commission?
Ms. Wong: Yes, Property Real Estate Management.
Mr. Chairman: What is the issue there?
Ms. Wong: The issues are that when we have to deal with—I think it was highlighted in the papers where reference was made to us not occupying premises. From time to time, we are not the ones responsible for putting the contracts in place and there are certain issues and time differences. Once we are assured that the contract is in place, the onus is then on us to make sure that we can in fact staff and outfit the premises as quickly as possible. If we do not realize responses in a timely manner, if we do not realize the funding in a timely manner, we are not able to do those things. So, that was Ministry of Finance and Property Real Estate Management.
Mr. Chairman: Okay, and you talked about the revised structure. That is in process? What is the issue there?
Ms. Wong: That is a key project. Our current Minister has indicated it would be one of her priority areas. If I am to give a little history, the restructuring of the Ministry started way back in 2003. There were changes that were implemented in 2006, because at that point in time it was agreed that it would have been done in a piecemeal approach. The broad framework would have been agreed upon and the positions, I think with respect to the directors and certain other senior people, would have been brought on stream.

In 2009, a revised structure again was fully flushed out, which indicated all the positions, whether contract established, that would be in the Ministry. Nothing has happened since that point in time. We went through another revision, which we are looking at again.

Before I just expand, the positions of directors, because I think we are probably one of the only Ministries operating with no director positions in the technical stream. Our units, apart from the minerals division and apart from the HR division, do not have directors. It is the most senior people that are manning the sections. It creates its own problems. We have a Ministry that is demoralized. We have a high turnover. There are serious issues which we need to address. We again have put forward a proposal to look at the restructuring, and this is before the current Minister of Energy.

Mr. Chairman: Okay, so the matter is receiving attention but you do not know what is going to happen.

Ms. Wong: It is receiving attention, yes.

Mr. Chairman: All right. Now, I would just ask one more question and I would come back to it and then I would ask my colleagues on the Committee who will introduce themselves to you and also to the public before they ask their questions. The question I have is this: now, in the previous two years the Auditor General reported and although we are not examining here 2015 accounts, that is now a matter of a public nature, although it has not been laid in in the House of Representatives yet. The Auditor General keeps reporting that there no evidence was seen, that oil and gas production data received from companies and used in the calculation of revenue collectible was verified by the Ministry. The accuracy of revenue from royalties and share of profits from oil companies could therefore not be assessed. Okay? Now this is a serious revenue issue in which the Ministry of Energy and Energy Industries has jurisdiction.

You have partially explained one of the constraints by talking about the need for legislative and regulatory review. But this seems to point to the fact that in fact no data was available that showed that the Ministry actually did the necessary assessment or inspection. Could you comment on that?

Ms. Wong: Yes, Chair. The production data, the energy sector, upstream sector is a very peculiar sector. There are metres. We have an inspectorate division. There are metres on platforms and at the "fiscalization" points. Apart from the Ministry having its own metering system, or "fiscalization" units we depend on the metres and at the platforms and at the "fiscalization" points. Checks are made by the inspectors and by the engineers to ensure the calibration of those metres are properly in place.

Based on that, the data that flows through those metres, we then at the Ministry have to rely that those figures are accurate. I think when the Auditor General looked at it her indication was that the forms were not signed off by the Ministry's personnel, and this is something we would have to look at, but we have our inspectors going out and ensuring that the calibration of those metres are properly in place.

Mr. Chairman: Okay, what the Auditor General says is that the petroleum register provided no evidence of certification by a responsible official. So that might have to do with the signature.

Ms. Wong: With the signature, yes.

Mr. Chairman: So they may have inspected it. But why do they not sign what they do?

Ms. Wong: We are going to talk with the inspectors to find out what issue is arising, why they have not signed off. As I said, we have new staff in the Ministry so I am not sure if they are not fully on board with the full process that needs to take place.

Mr. Chairman: All right. Two quick questions before I move on to my colleagues. Who has control of the calibration on the platform? You said that there are instruments that the inspectors go to look at and that what they try to do is to—

Ms. Wong: Ensure that the calibration.

Mr. Chairman: Ensure that the calibration is so and so.

Ms. Wong: Correct.

Mr. Chairman: Who manages these instruments; the companies? Is that correct?
Ms. Wong: Yes, it would be the companies.
Mr. Chairman: So how does an inspector know that, I mean, basically you operate on a trust system with the companies, is that correct?
Ms. Wong: No, they would have to test the instruments to ensure that they are working properly.
Mr. Chairman: So they have a means of determining whether it would be an accurate reflection?
Ms. Wong: Of what is, yes.
Mr. Chairman: All right, and then the final thing is that the Auditor General says that there is no evidence that a system exists at the Ministry to monitor revenue received and receivable. Is that true? Did he misunderstand? Is there a problem or what.
Ms. Wong: Okay, I would let my colleague on my right, Mr. Superville, to address that issue, please.
Mr. Superville: Morning again, Chairman and Committee. We want to acknowledge that the systems and controls put in place to monitor the revenue and receivables were not functioning as they should. So their system was not functioning when the audit was done. We have however taken steps to correct this situation.

I just want to give an example of what we did. With respect to financial obligations required under production-sharing contracts and ANP licence, what we did is we created financial models that would actually estimate what the payments of the companies were to make on an annual basis and we would normally compare that estimate with the actual payments being made by the company. If there are any significant material variance between those figures then and investigation is done and a report is generated. So that is the system that we have in place. But somehow it has broken down and we have put things in place now, whereby after each payment this reconciliation is done immediately. So there is a system.
Ms. Wong: Mr. Chair, I would also like to add, just let me go back as my colleague said, there are three units, in fact, within the Ministry in which revenue from the production-sharing contracts would be managed. The commercial evaluation division, there are models within the commercial evaluation division, in which the determination of the estimation, financial obligation and the Minister's share of profit is done. The moneys are collected in the accounts division. There are separate models that were set up in the accounts division, which would track payments, inflows and outflows, from each of the production-sharing contracts that are in operation.

The PSC Audit Group is the group that would be charged with going and auditing the companies' reports to ensure what has been estimated and what is received is aligned. So there are three groups within the Ministry in which the revenue matters pertaining to the production-sharing contracts are addressed.
Mr. Chairman: All right. I have some questions, but I do not want to be monopolizing this session. I will first of all ask Ms. Gaitre Maharaj if she has any comments on what you have put forward so far on the revenue-related issue and on the Auditor General's comments in the report, and I would also ask you when you are finished if you would allow the members of your team to introduce themselves as well.
Ms. Maharaj: Good morning Chairman and good morning to members of the Committee and representatives of the Ministry. I bring greetings from the Auditor General. We are

grateful that the work of the Auditor General is receiving the attention of the Public Accounts Committee and that accountability is being promoted in this forum.

With respect to the Ministry of Energy and Energy Industries, I would just like to say we had three main areas of concern. One was, as you said, the revenue control, and as described by the Ministry representative, we did not see that there was a link between the work done and the calibration, and the production data that was being used. We also did not see evidence of the work that was being done by the production-sharing unit. So, when we go to audit we look for that sort of evidence as the documentation that the work was actually being done before we could be able to rely on the controls at the Ministry.

Two other areas we had concern with is in the expenditure. The cheque staff function was not performing as it should. There was no evidence that certain checks were made before payments were processed and there were a number of documents that we requested, that we did not receive. That would be the third area.

Now, we audit on a sample basis. So when we do not get a number of documents, if you are extrapolated you would realize we cannot rely on certain figures because of that. So those are the concerns that we have.

Mr. Chairman: All right. Would you like to comment on those before I move on?

Ms. Wong: Okay, I think we had submitted a reply. We did submit a reply on some of the areas. I am not sure at this point in time what were the outstanding documents because we did attach certain things. So I do not know if there were other areas that were missing in the reports that we sent. But we will treat with it, yes.

Mr. Chairman: I mean if you understand this system, even from a common sense point of view, in Trinidad and Tobago, you have companies operating here that are international private sector companies, basically. And the Ministry's job is to make sure that the country, Trinidad and Tobago, gets its due revenue from the fact that they have made their investments in this country.

She raised three issues. The first one is revenue control, but the two specific issues that Ms. Maharaj raised had to do with checking things before you pay out money. That is one thing, and to make sure that you are actually paying something that was due and for the reason that it is supposed to be. But the more serious one is the link between the production and the calibration, which in fact when I raised the question of who controls the instrument and how is the calibration achieved. I mean that is really what I was after and she is saying that there is no evidence to indicate that there is a direct link between these and, therefore, that accuracy of the data can in fact be determined to determine the amount of revenue the country receives. How do you respond to that? Is that a real problem? Is it a perceived problem? Is there a problem but it has been fixed or what is it?

Ms. Wong: I think possibly it is a perceived problem because understanding how the sector operates—and this is what I was alluding to before—not unless the Ministry puts in place its separate metring services, there is reliance on the metres that are on the platforms and if it is that we may need to walk through the whole system to understand fully how in fact that we rely on the information coming from those sources, and where our people, the extent that the inspectors and the engineers can ensure that the calibration is properly done or is correct; that those metres are correctly recording, I think there is that reliance unless we put in place separate metering services.

Mr. Chairman: Okay.

Ms. Wong: It is understanding the nature of the sector and how it operates.

There is also another part. We talked to production. But there is also another part for the value, which has to be addressed as well for royalty calculations, and that was one of the other years I alluded to. We have heavy dependence on CARIRI. Other agencies and Ministries have their own issues. At one point in time, I think CARIRI was closed for a year because of health issues or health concerns of their workers. And then another year there was an incident. In 2013, I think, there was an explosion, which again meant that there was a disruption in their operations.

Because of what was happening at CARIRI we now have a backlog of work waiting to be done to assess the royalty lease evaluation, which would bring now, as your question is being raised, whether the correct value is being realized. And until those evaluations take place at CARIRI there would be estimates that would be undertaken at this point in time.

Mr. Chairman: I think we should leave this meeting with a plan to retrieve the situation, though. I mean I do not think it is something that you can ignore. This is plenty. At a time when the country's revenue situation is challenged, I mean I do not feel that we could leave something like that to a timeless frame of reference. I mean, we have got to do something quickly. But we will get to that before the end of the meeting.

Ms. Wong: I just wanted to say CARIRI is back in operation and they have indicated informally that it may take as much as a year for the backlog to be addressed; a year/a year and a half.

Mr. Chairman: All right, we will come back to this issue. But I want to ask Mr. Randall Mitchell, who is the Member of San Fernando East, to continue the conversation.

Mr. Mitchell: Thank you, Chairman. I want to actually stay with the issue of revenue control and what the Auditor General reported that no evidence was seen that oil and gas production data was received. I mean, I just heard what you said, that there were no signatures. I mean, it is inconceivable that—it is trite procedure that an inspector would sign a data sheet. I mean, that is trite.

Is it conceivable to you that the people of Trinidad and Tobago have been cheated out of potential oil and gas revenues? I mean, there are calibration companies that do calibration on metres, that check the metres to ensure that they are working properly. Is it conceivable that, since you have to rely on the oil production companies or the gas production companies, is it conceivable that we have been cheated for past decades?

Ms. Wong: I think that is a very strong statement. We have always had good work.

Mr. Mitchell: It is a question.

Ms. Wong: Sorry, it is a question, but I think we have always had good working relationships with the companies and we have never come across those problems. I cannot say that. I think I have to rely on how we have done business over the years with companies.

Mr. Mitchell: But multinationals, I mean, their main aim in business is profits.

Ms. Wong: Without the evidence, I cannot make such a statement.

Mr. Mitchell: But what you are saying is that you do not—I mean, what the Auditor General says is that you do not even have evidence of the data used to calculate revenues.

Ms. Wong: The Auditor General said there was no verification of the data, which means that the signatures were missing. They did not indicate that the data was incorrect. What we at the Ministry would have to do is go and ensure that the process is properly in place, to ensure that the requisite senior officer signs off on the data and that is what the Auditor

General alluded to, not that the data was incorrect.

Mr. Mitchell: I am sorry if I said that. What the Auditor General alluded to was that there were no verifiable data, therefore no data. All right, so what measures does the Ministry intend to take to correct the situation?

Ms. Wong: We have the Chief Technical Officer and he is going to be having meetings with the relevant sections to ensure that measures are properly put in place and that the requisite signatures would be there on the documents.

Mr. Chairman: We move on now to Mr. Rodger Samuel, who is Vice-Chairman of this Committee and a Senator in the Senate.

Mr. Samuel: Good morning to you. I want to shift the tone slightly, because I am quite concerned that every time we are able to meet with ministries and departments one of the salient problems that we have is the issue of staffing and I know you would have the same issue. But then there are other issues that seems to lend to and the issue of people who work in Ministries and agencies and Departments for all their lives and at the end of the day their pension and leave records are in a mess.

I recognize that you have the same issue. In one instance it was said that the report was prepared, but yet it was not submitted. I would like to find out from you, why was it not submitted, if it was prepared? Why was it not submitted to the Auditor General? Then, what measures or steps have you undertaken or put in place to ensure that all of the supporting documents are submitted to the Auditor General in a timely manner for auditing? The fact that people are struggling when it comes to dealing with their pension and leave is a serious issue. It plagues the public service. It plagues retirees, and it is not something I would wish on my enemy, if I had any.

So I would like to know why was that report not submitted to the Auditor General in a timely manner? What is put in place since then to ensure that this is not a recurring issue? Is it an issue of performance? Is it an issue that you do not have people responsible enough or do you not have people that are trained enough to do it? I know you have a shortage of staff problem.

Ms. Wong: Thank you member. And this a sore point with a lot of public servants. I alluded to responses with respect to certain agencies and Ministries. We have been seeking to get additional staff for our HR Department. They are severely constrained as all the other units within the Ministry. It is not a problem of the Ministry of Energy and Energy Industries alone. It is a problem of all the Ministries, and we have been writing to Service Commission to get the requisite experience or people brought on board to assist. In the interim, what we have done is taken on service providers to assist in areas throughout the Ministry. To tell you whether the problem will be overcome within the next six months, it is outside of my hands at this point in time. We are doing our best to ensure that we have people, at least, that can bring or keep the records, at least up to some level.

Mr. Samuel: That might be comforting to me. That is not comforting to anybody else.

Ms. Wong: I agree, it is not comforting.

Mr. Samuel: It is really a harsh reality, after you have been employed, that now you to have to wait on the system to benefit from what you should benefit from immediately. It is kind of strange. I would like to find out from you, how far back are your records? So that I could get a semblance of understanding as to the magnitude of the work that has to be put in place.

Ms. Wong: I can get the information, but the last estimate I had, we had about 260 persons on the establishment and out of that approximately over 100 P&Ls were done. There was an outstanding 139. What I am giving you is up to recent. I think we had indicated other figures in the response to the Auditor General.

So some of it would be outstanding because we are waiting on records from other Ministries as well. But I can get you a more updated figure as of now. It is not looking good and these are the areas that we talk to and that is why I have raised the issue of the restructuring of the Ministry and ensuring that we get people on board. Because we talk that people are the critical elements in any business. We keep saying that, yet the systems that we have in place are not ensuring that priority is given to people, and this is an area, I think, as you have said, needs to be critically addressed.

Mr. Samuel: I just want to add one more point. We have the tendency, and we are good at it, that to bid people fantastic farewells when they work but the farewell is short-lived because they cannot be accommodated with the kind of record-keeping that we have had and how we treat with them afterwards. So the farewells are one thing, but a farewell would only have value when I can have what is due to me in the shortest time possible. So I would skip the farewells and get the people their stuff as quickly as possible.

Mr. Chairman: Okay, thank you very much. Mr. Samuel. Ms Maharaj, I ask that the members of the Auditor General's Department just introduce themselves please and let us know what they do, how they function.

[*Introductions made*]

Mr. Chairman: All right, I would continue the discussion with some follow-up questions. What do you see? What would you identify as the most important role of the Ministry of Energy and Energy Industries? What would you identify as your most upon role as the Minister of Energy and Energy Industries?

Ms. Wong: The role is in fact overseeing the resources of the country and assuring that maximum value is obtained for the resources of the country; ensuring that the resources and management is undertaken in an efficient and effective manner and that the value coming or due to the country is realized.

Mr. Chairman: Okay. Now, based as on all that you have said so far, how well do you do this now?

Ms. Wong: On a scale of 1 to 10?

Mr. Chairman: Um-hmm.

Ms. Wong: Given the challenges?

Mr. Chairman: Yes.

Ms. Wong: I do not think that is for the record.

Mr. Chairman: You do not think what?

Ms. Wong: I do not think that is for the record. We can optimize. We definitely can optimize, Sir.

Mr. Chairman: Okay you would not take it higher than 6, then?

Ms. Wong: We can definitely optimize our efficiency. As I said, the restructuring is going be a critical part.

Mr. Chairman: I mean, we are talking about it and we are stressing the issue, but I mean, this is a very important thing. If in fact your job is oversight of the country's resources, energy resources and to optimize and to maximize the value that accrues to Trinidad and Tobago, and that would include not just revenue but a number of other things, but revenue being a critical thing. That is a very important function, given that even at the present time energy is our main source of revenue and our main source of export. And if we are not doing that well, that is the Ministry of Energy and Energy Industries, then we have to find a way to do it better and in these lean times it is even more essential that we do it.

So the question is what needs to be improved? You have mentioned some things. You have said let us revise the laws and regulations. You have said let the Public Service Commission and the other institutions that support us respond in a much more meaningful way to our needs and you have said let us proceed with the revision of the structure of the energy ministry so that we can be more effective. All right?

But what do we have to do? Let us say we had to do two or three things in the next three months to be able to operate at a higher level of effectiveness and efficiency, in doing this job of optimizing revenues and returns from the energy industry and monitoring the entire energy industry properly. What would they be?

Ms. Wong: Short-term measures you are looking at?

Mr. Chairman: Yes, short-term.

Ms. Wong: We have in fact—what we have been using as short-term measures have been increasing the number of service providers, that is what has been happening, to ensure that we have requisite manpower to address some of the work in the Ministry. But that is a short-term measure. It does not ensure promotional opportunities and continuity of work.

The other thing that has occurred is that we have put in place, in the accounts unit, a certifying officer and cheque staff, to ensure that the documents are signed off. So that is some of the short-term measures that we are currently putting in place.

Mr. Chairman: Let us take that second one. When an officer goes and he does a check and does not sign the document who is the accountable officer who brings him or her to book for not doing that? Who is the person to whom that person reports? And why is that person not doing their job?

Ms. Wong: I would ask my Accountant II to take the question.

Mr. Chairman: All right.

Mr. Ramjitsingh: Could you repeat the question?

Mr. Chairman: I mean, one of the things we found here is that people left the Ministry, go to the production site to look at the monitors and to calibrate the instruments, et cetera, to get a number to determine what is the revenue due to the country, as accurately as possible, and they probably put down those numbers but they do not sign the document to indicate that: look, as an officer charged with this responsibility, I have done my job and I am prepared to sign off on having done my job properly, which would then make the data authentic. Okay? It would be verifiable. It would be certified. Let us say I am the officer and I do that and I do not sign my name, who calls me to say: did you do this? Why did you not sign your name? Would you sign off on it, please? Who does that?

Ms. Wong: We have a senior petroleum engineer that is currently in charge of the south office and in charge of the petroleum inspectors.

Mr. Chairman: And what does he/she have to say about these things?

Ms. Wong: Overseeing that section would be the Chief Technical Officer, and when these matters were raised it was agreed that we would have meetings with the officers in south to ensure that these are signed off; these documents.

As I indicated, we had new officers in place and we are unsure whether they did not realize the full process that had to be put in place.

Mr. Chairman: They do not know that they have to sign for the work that they do?

Ms. Wong: We have not had the meetings as yet because the issues came up in the Auditor General's report, but we want to ensure that the processes—that everybody is on board with what processes need to be in place. So that we are going to take steps to ensure that the officer—

Mr. Chairman: Just a quick question because I suspect that both Mr. Mitchell and Mr. Samuel have questions. When you use the term increased service providers, did you mean contract officers?

Ms. Wong: Service providers are short-term.

Mr. Chairman: They are short-term contract officers or institutions?

Ms. Wong: Yes.

Mr. Chairman: Or mostly individuals?

Ms. Wong: Short-term people, three months, six months.

Mr. Chairman: Okay short-term contract people.

Mr. Samuel: Chair, through you, I have heard what the Permanent Secretary just said. We are dealing with 2014. What has been implemented thus far to ensure that the same problems have not been reoccurring over the past year? We are talking about 2014 report and you are saying that you have not had a meeting as yet. Something has to be wrong. Because if there is a short-coming in the performance of individual re: the signature and the signing off of the reading of the calibrations and stuff like that, and you are saying that there were supposed to be meetings and none has happened as yet. This is the 2014 report.

Ms. Wong: To be fair, I was brought into these matters only recently and seeing these matters were drawn to my attention, I have taken the decision that we would have the meetings. I cannot address what happened prior. These matters were recently drawn to my attention, having taken up the position of DPS within the Ministry. So to be fair to what I am saying is that given that the responsibility and the issues were raised before me and within my time, decisions have been taken to meet with the officers to ensure that the process would be put in place, an adequate process would be properly put in place. I cannot answer for what went prior to this.

Mr. Mitchell: Acting Permanent Secretary, I understand that you would have just been put into the situation. But most respectfully, I am dissatisfied with the approach that I have heard. I think most of the people of Trinidad and Tobago would also be dissatisfied. I am asking the question and I have asked whether it is conceivable that the people of Trinidad and Tobago might have been cheated. Because I live in San Fernando, very close to where most of the upstream activity takes place and I have heard the rumours that the lease operators and these multinationals they cheat the people of Trinidad and Tobago out of considerable royalties. So I just wanted to put that on the record.

Just moving into the matter of the contract register. The Auditor General had identified a problem that your contract register had not been updated. Can you tell us why and can you tell us what is being done about it?

Ms. Wong: It was not updated. I believe that was the comment. It was not updated and there was no signed number for each of the event.

We have a spreadsheet where the contracts, and I am not sure if it was circulated to the—a spreadsheet that was done. I think the indication was that they wanted it in a document format, not in a spreadsheet format.

The other area, I think had been identified was that there was no number assigned to each of the activities. What we have done is in fact placed the legal unit for full responsibility of the contract register, and this contract register will include all contracts from administration from PSCs and for any other activity.

When I first took up one of the managerial positions within the Ministry as DPS I recognized that contracts that should have come from Property Real Estate Management and other areas were not on the files or properly documented or stored in areas that could be easily retrieved. So what we put in place was that any document coming to the Ministry or any contract coming to the Ministry would be reviewed by the legal department and kept in there among their areas. There is a specific area that we have where the legal documents are kept within their area for review.

Mr. Mitchell: Before I ask the Auditor General to comment, there were some contract agreements, I think seven in all, totalling over $4 million that contract agreements were not provided for. Can you tell us why?

Ms. Wong: Could you just draw me to which area?

Mr. Mitchell: Under "Other Contracted Services", Development Programme, two instances.

11.50 a.m.

Ms. Wong: All right. We did respond to the Auditor General. Copies were submitted and one dealt with PLATTS. The copies were submitted to PLATTS. There was another one that dealt with McKenzie. Yes, a copy of it was also submitted. I think at the time it was not available for the Auditor General to see. The third one, we did not submit; and the fourth was a Cabinet Note decision, based on Van Meurs Corporation, that was submitted to the Auditor General.

Mr. Mitchell: Auditor General, do you care to comment on the systems put in place with respect to the contract register, as well as these contract agreements?

Ms. Serville: When we go to an audit and we ask for documents, we have limited time within which we must complete our audit because we have the audit of the entire public accounts. When documents are submitted after a time, then we do not have the time to go back and verify that these are authentic documents, that all the necessary checks and balances are in place. So what we need from the Ministry is that they retain all documents, all vouchers must be supported by copies of the relevant agreements; all the agreements, the originals, must be available when we come to audit.

I know we are looking at 2014, we had a similar problem in 2015, right? So that is what we ask the Ministry to put in place. Make sure that they keep all the documents in a retrievable form. When we are there to audit, that we will be able to get them.

Mr. Samuel: Chair, while we are dealing with contracts and the contract register, I want to look at—my question is based upon the fact that there are quite a number of projects and stuff like that, that are undertaken by the Ministry. Who is responsible for the follow-up of the projects and the maintenance of contracts issued to contractors?

Ms. Wong: Is it the Development Programme you are referring to?

Mr. Samuel: Yes.

Ms. Wong: We have a unit—Energy Research and Planning Division and there is a unit within that division that follows the—or undertakes the review of the PSIP Projects. The projects, in fact, some of the projects are with any or NGC, in which we would have some reliance on them, to monitor or to implement the projects.

Mr. Samuel: But which department of your Ministry ensures that there is some kind of collaboration, so that you are clear as to the status of these?

Ms. Wong: The follow-up was done by the Energy Research and Planning Division.

Mr. Chairman: All right. A couple more questions. First of all, you said you had an employee number on the books of 250. Did I get you correct?

Ms. Wong: About 269 currently on the establishment.

Mr. Chairman: Okay, but how many employees do you actually have? Do you have an idea?

Ms. Wong: I can get you the figures. I think we have—just now.

Mr. Chairman: What I am after is about how many are you missing, really?

Ms. Wong: Okay. Let me just give you some figures right now, because I just took some ballpark figures from the—currently we have 269 established positions. Established positions, we have 191 bodies in established positions currently out of those 269. We have 108 service providers, 20 contract persons, and we have eight energy professional associates. That is bringing the total to about 327.

Mr. Chairman: Okay. So the issue is not that you do not have bodies, it is that you do not have them on the formal establishment? Is that it?

Ms. Wong: The proposal that we have moving forward at this time—have a substantial increase in the numbers that we would like to see. So that there is still a staffing issue, some staffing problems that we have at the moment.

Mr. Chairman: Okay, but, you know, I am sensing something here, you know. You talk about restructuring the Ministry, and I did not ask you the question of what is the most important function that you have, by guess. I ask you that because, really, the structuring of the Ministry really has to do with what is your most important function, all right? If your main function is to have oversight of the production capacity in the energy sector for Trinidad and Tobago, and to generate the greatest value in returns for the country Trinidad and Tobago, then the Ministry of Energy and Energy Industries should be structured and organized to do that. If it is structured and organization to do anything else, then it will not achieve its objective.

So, I think it is not just a question of bodies. It is not just a question of the Public Service Commission providing technical people on the establishment. The positions you have on the establishment and the positions you need to do the job that you are supposed to do, may not, in fact, be as aligned as they need to be. Therefore, there needs to some thinking about that, which is that you have to start from the fact that what you want to do is to be as effective as possible in doing your two main jobs, which is to monitor the sector, and to generate the greatest value for the country, in terms of revenue, as well as other things, because they have to do with jobs, they have to do with a productive capacity, it has to do with integrating other things into the energy production system, et cetera.

These things require the Ministry of Energy and Energy Industries to be a certain way and to function in a certain way and to be organized and structured in a certain way. So this is something I would think that you would want to pay serious attention to, and I do appreciate the fact that you have only recently been in a position of Acting Permanent Secretary, and that there is a Permanent Secretary in your Ministry who is not here present today because I know that that person is abroad, okay?

So I want to raise that because it is important, but I also want to ask some specific questions here in relation to that. How many companies are actually producing in Trinidad and Tobago that you have to monitor? Would you know that number?

Ms. Wong: I do not have the number at hand right now.

Mr. Chairman: Would it be a large number?
Ms. Wong: No, it is not a large number, but I can provide the numbers for you, because it would depend on the—
Mr. Chairman: That is what I thought. So your job is more specific than comprehensive, is it not?
Ms. Wong: In what way are you—we still have to monitor the entire industry. Let me just backtrack on what you were commenting on just now, because I fully agree with the statements that you were making. The Ministry has to be structured in a way to manage the sector effectively. When the Ministry was first—
Mr. Chairman: You see, the Ministry in my discernment of what you are saying, and believe you me, as Minister of Planning and Sustainable Development, I asked many questions on this. I asked many questions about this, I asked the question for instance about the monitoring of the production system. I asked these questions on many occasions.

So in this role though, my job is to try to allow you to bring clarity to your situation, and also to share my point of view with you, but I mean, one of the jobs of the Ministry of Energy and Energy Industries is really regulatory role. Is it not?
Ms. Wong: Yes, that is correct.
Mr. Chairman: Okay, but do you effectively do your regulatory role?
Ms. Wong: No, it is not effective. We need to increase—
Mr. Chairman: Well, I am sure that that is a glaring gap, in terms of your functions.
Ms. Wong: Okay, Chair. This is one of the things I was trying, because I agreed with what you said fully, that we needed to be structured properly. If I go back into a little of the history, we are a regulatory body, because at that point in time, fully a regulatory body, because at the point in time, the Ministry of Energy was designed specifically to handle only the operations part of it.

Little emphasis, other than royalty and, I think, certain revenues that may have been obtained through bids, bid rounds and so on, were realized by the Ministry of Energy. When we got into the production-sharing contracts, where the Ministers share, the Ministry now is responsible for obtaining or collecting the Minister's share of profit, then we became a tax body.

So the role that BIR would have played with respect to the E&P licences, where taxes would have been paid directly to the BIR, the Ministry of Energy would now be responsible for paying the taxes on behalf of the companies, out of the Minister's share of profit. So, the role of the Ministry has been changing over time.

The other aspect of it, we got into LNG. Monitoring of the LNG contracts, we have become a gas-based company, and within the purview of the Ministry of Energy and Energy Industries at this point in time.

So the roles have changed, and this is why we are saying, the restructuring is critical, because one of the areas that we have asked for, is that we have a special finance unit, where we could have properly managed revenues that have to be collected. So you were quite right. We have to change. The structure has to be in place and reflect what is happening in the country at this time.
Mr. Chairman: Okay. I want to follow up on this question. When I asked you how many companies are actually producing, and you said it would be relatively small number, I want to ask this question because based on the drilling and exploration that we all know is going on now in the country, we are likely to have significant additional revenues, and higher

levels of production in gas, maybe as early as October 2017, and depending on what happens again, we may have in the process, things that might have to do, based on what NGC said recently, with the fields that are shared with Venezuela, which would mean new production coming on stream and, therefore, new revenues.

Even further than that, there may be options for increased production and revenues, let us say around 2023, based on schedules that have been outlined. In that kind of situation, do you not think it is very important to get the monitoring, the capacity for determining production output, for calibration for recording all of this information? Do you not believe that now is the propitious and very urgent time to be doing this, so you do not have to wait until we have a—basically a challenge on our hands?

Ms. Wong: I agree with you. Yes we need to bring everything on board.

Mr. Chairman: So this is an urgent matter—

Ms. Wong: This is an urgent matter that has to be addressed.

Mr. Chairman: Can the PAC take this as an urgent matter for which you need help, so that we will make recommendations to the Parliament that certain things be done?

Ms. Wong: Thank you. I would—

Mr. Chairman: And we will ask you to send some things to us in order to make that possible.

Ms. Wong: We would appreciate it, yes.

Mr. Chairman: All right. I want to suggest some things. The first thing is you that, you said that you had a set of amendments to existing legislation that you wanted to have addressed. I shall be grateful if you could send those to us for the documentation that will allow us to see that.

The second thing is that, I think it would be important from your point of view as the Ministry of Energy and Energy Industries, to indicate, given what you identified as your primary role and responsibility in the organization of state revenues, okay? Given that primary function, I think you should give us an idea of what the Ministry needs to look like, in order to be able to effectively carry out that function on behalf of the country.

Then the third thing: I think you should give us your recommendations for more effective revenue control, which is what we just spoke about with the new revenues coming on stream. I think you need to give us a plan, that is to say, a timeline by which the backlog of lab work that you need CARIRI to do, can be done, all right?

Now, I want to ask a question about that. What value is it to do the backlog of work? Is it just because it has not be done or will there be a value realized if we did?

Ms Wong: I am not certain at this point in time because I am not sure what is going to come out of the valuation. While we may be doing estimates on the royalty, it is dependent—we have revised figures, once we have the data collected, and I would not be able to answer that until I see what is presented.

Mr. Chairman: So revenues can go up or down based on the lab work?

Ms. Wong: It could go up yes, based—

Mr. Chairman: So that it is important to do?

Ms. Wong: Yes, it is.

Mr. Chairman: Okay. So could we have a plan for that? A plan, meaning not a big long plan. All I need is a timeline of how to get these things executed, right? Then, I think that you should in the proposal as to how the Ministry should be configured, to effectively do what you say is its primary function. You should include something that has to do with the oversight and regulatory role of the Ministry of Energy and Energy Industries, because I get the feeling that that is lost, okay?

So if you send those things to us, we would digest them as a Committee. We have many more members on the Committee that are not here for various reasons today. We could digest them. We could engage them and we would include them in the report that we make to Parliament having to do with the Ministry of Energy and Energy Industries, okay? So you can help us to do a better job, and we can help you to be more effective, okay?

Now, I want to indicate to you that we will call the Ministry of Energy and Energy Industries again, when we look at the 2015 report, and the reason for that is very simple. You are a main source of revenue for this country. And the other one is, of course, Inland Revenue. So this revenue question is going to come as a major issue and, therefore, I am just alerting you that we are going to invite you again, because I think that side of the equation needs to be addressed in a constructive way, all right? Mr. Mitchell, do you have any questions to ask?

Do you have any comments you would like to make from the Auditor General's Office, yes?

Ms. Maharaj: There is one other issue we had. The Auditor General issues circular memoranda asking for specific information that will aid us in the audit, and also in the preparation of the report. The Ministry has not been submitting responses to any of these memoranda. So we would like to ask the Ministry to pay some attention on this issue.

Mr. Chairman: Okay, PS?

Ms. Wong: No, well, we will follow up on that. We will follow up on it.

Mr. Chairman: Okay, go ahead, yes?

Ms. Serville: And I would just like to ask one thing please of the Ministry, that when we come in to audit, that the audit is treated with the urgency that it deserves, and that documents are presented to auditors while on the audit, because as to reinforce what Ms. Maharaj said, you know, time is of the essence, and we audit more than 51 Ministries and Departments. So that we need to get the documents while the staff is on the audit.

And secondly, I would just like to suggest that the Ministry perhaps can look at the Production Sharing Unit, Contracts Unit, and see how best they could strengthen the manpower there, or whatever it takes to strengthen that unit because we have realized that that unit is like two years in arrears in auditing, which, I mean, has serious ramifications for our revenue. So that is just a suggestion that is coming from me. That is it. Thanks.

Ms. Wong: Thank you very much for the comments. We have recently taken on some people in the PSC audit, and as I mentioned earlier, the Financial Unit or Division, which we have under the proposed structure, will see a strengthening of all those Divisions, PSC, Audit, Commercial Evaluation Division, as well as the Accounts Unit.

Mr. Chairman: Okay, Mr. Samuel, you had a—

Mr. Samuel: You mentioned to us the capacity of the Ministry staff-wise, what you presently have. Can you share with us the status of those persons from the standpoint of how many people will be retiring shortly, within the next two years, three years, four years?—because that will tremendously deplete and interfere with your capacity again and your effectiveness.

And, what have you been doing in the transition to make sure that new employees are benefiting from the experience of those people that are going on retirement, so that the intellectual capacity remains within the Ministry? If we have no succession planning to make sure that people that are retiring are passing on their experiences to new employees, then we would find ourselves in a far graver situation because we will have new personnel with no understanding whatsoever.

So if you can let me know of the staff that you have, the 269 or 191, how many of them are going to be retiring in the next year, the next two years, the next three years, the next four years, and what proactive measures have you been implementing to ensure, one, that their knowledge does not go with them? And two, that the people that are coming in are quickly there to replace? What adjustments are you making with that kind of information in mind?—if you do have the information.

Ms. Wong: I do not have the information at this point in time, but we will provide the information.

Mr. Samuel: I would have thought that, Madam PS, that, you know, looking at your constraints, and that you have complained tremendously about staffing, that that would be high on the agenda—accessing your staff, and ensuring that you are clear as to who is moving on, who is shifting out, how you can clinically adjust these things while you wait on staff. You know, we do not have to wait until those things happen, then to try to figure out what to do. We should be planning in advance—have tremendous proactive measures and mechanisms in place to ensure that we do not find ourselves in a standstill situation.

Ms. Wong: I agree with you. I do not have the figures, but we are putting plans in place to ensure that the knowledge is being transferred. For myself, I came out of the commercial evaluation. I came out of energy research and planning. I came out of the commercial evaluation. I have transferred my knowledge to my colleague on my right. We are putting other measures in place, where we are going to have a rotational mechanism, whereby staff can be moved around from one unit to the next, to ensure that that knowledge remains.

Mr. Samuel: Next time you are before us, I will ask the same question.

Ms. Wong: With all due respect, Sir, I am one that would be leaving. So—[*Laughter*] I would be leaving, so whoever sits on the chair would be able to give you another answer. [*Laughter*]

Mr. Chairman: All right then. Do you have any questions you want to ask us before we close?

Ms. Wong: Not at this time, Chair. What I would like to say, I thank you for the opportunity you have provided us, to help us try and see how best we can improve the performance. I certainly welcome the days when the Auditor General had nothing more than one paragraph to report on the Ministry. [*Laughter*]

Mr. Chairman: Okay, all right. Well, I want to thank you, from the Ministry of Energy and Energy Industries, for making your contribution here this morning. My own feeling is that you answered the questions forthrightly and to the best of your ability.

We are also very happy to have the staff of the Auditor General, led by Ms Maharaj here. Today, I think the interaction makes the engagement much more meaningful, so that you can deal with things as they crop up, rather than to wait for a response, and you yourself can address things right here in the public glare, so that there is a transparency about it.

So I want to thank you very much, all of you, for being here this morning. I also want to—and for contributing. I also want to thank the members of the media who have been present, and the members of the public who are also here.

Thank you very much, and I hope you found this session worthwhile. Thank you.

Ms. Wong: Thank you, Chairman, and members.

12.13p.m.: *Meeting adjourned.*