



FOURTH REPORT OF THE

PUBLIC ACCOUNTS

(E N T E R P R I S E S) C O M M I T T E E

SECOND SESSION OF THE 11TH PARLIAMENT

Examination of the Audited Accounts, Balance Sheet and other Financial Statements of the Community Based Environmental Protection and Enhancement Programme (CEPEP) for the financial years 2009 - 2014



Public Accounts (Enterprises) Committee

The Public Accounts (Enterprises) Committee (P.A.(E).C) established under Section 119(5) of the Constitution of the Republic of Trinidad and Tobago is mandated to consider and report to the House of Representatives accordingly on:

“(a) the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the state; and

(b) the Auditor General’s Report on any such accounts, balance sheets and other financial statements.”

Current membership

Mr. Wade Mark	Chairman
Dr. Tim Gopeesingh	Member
Mrs. Jennifer Baptiste-Primus	Member
Mr. Fitzgerald Hinds	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Ms. Shamfa Cudjoe	Member
Mr. Foster Cummings	Member
Mr. David Small	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
Mr Brian Lucio	Parliamentary Intern
Ms Anesha James	Administrative Support

Publication

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

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MEMBERS OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE



Mr. Wade Mark
Chairman



Dr. Tim Gopeesingh
Vice-Chairman



Ms. Shamfa Cudjoe
Member



Mrs. Jennifer Baptiste -Primus
Member



Mr. Fitzgerald Hinds
Member



Mr. David Small
Member



Ms. Cherrie-Ann Crichlow-Cockburn
Member



Mr. Foster Cummings
Member

EXECUTIVE SUMMARY

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee examined **the Audited Accounts, Balance Sheet and other Financial Statements of the Community Based Environmental Protection and Enhancement Programme (CEPEP) for the financial years 2009 – 2014** and produced this report to highlight its findings and recommendations.

This report highlights the issues, endorsements and recommendations made by the Committee in an attempt to assist the Sports Company of Trinidad and Tobago (SPORTT) in better performing its duties while also commending their initiatives.

During this discussion, the following issues arose:

- The Committee was unable to adequately determine the extent to which the Ministry of Rural Development and Local Government provided appropriate guidance to CEPEP which was recently transferred under its purview;
- The Ministry of Finance-Investments Division did not adequately monitor and oversee the operations of CEPEP;
- According to studies conducted by the Arthur Lok Jack Graduate School of Business, CEPEP had a weak Strategic Plan, a demotivated workforce, high management fees, board level problems, employment constraints and budget constraints;
- Numerous issues were identified in CEPEP's Audited Financial Statements, inclusive of lack of internal controls, procedures and policies; the lack of inventory control; absence of a fixed asset registry; absence of a risk management plan and process which were implemented after discussions were held;
- Discrepancies in CEPEP's Income Statement whereby the company maintained a total zero balance for six (6) years;
- CEPEP indicated that there was one hundred and six (106) contractors who were non-compliant with their statutory payments;
- CEPEP was operating without an Internal Audit function for over nine (9) months;

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

- As a matter of urgency The Ministry of Finance – Investments Division, should take the lead in ensuring that entities comply with the State Enterprises Performance Monitoring Manual;
- The Committee expects that CEPEP adheres to the recommendations provided by the Arthur Lok Jack Graduate School of Business and complete its reformation exercise by December 2017;
- CEPEP should immediately employ steps to implement proper financial accounting principles and standards;

- The Auditor General's Department should take immediate steps to assist in implementing proper audit practices in CEPEP;
- CEPEP should establish a proper Internal Audit Unit;
- CEPEP should immediately develop a new internal audit policy which would clearly outline targets, goals and standards in order to improve the efficiency of the Internal Audit function;
- CEPEP should submit all documents relating to revenue and expenditure incurred during the period 2009-2014 to the Auditor General Department for immediate auditing;
- CEPEP should strengthen the internal controls of the Company to ensure the timely preparation and submission of Financial Statements;
- Internal auditors should conduct quarterly assessments and prepare a report on the financial performance on the activities of the entity;
- CEPEP must adhere to the International Financial Reporting Standards (IFRSs);
- CEPEP should conduct an immediate review of the quantum paid in Management Fees;
- CEPEP should take immediate steps to monitor, evaluate and review all contracts and management fees; and
- CEPEP should write to non-compliant contractors instructing them to meet their statutory obligations and duties in accordance with the law.

INTRODUCTION

Establishment

The PA(E)C 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.

Mandate

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the State.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate 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;
- e) communicate with any other Committee on matters of common interest.

Ministerial Response

The Standing Orders¹ provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

State Enterprises Performance Standards

The PAEC used the State Enterprises Performance Monitoring Manual as a benchmark for State Enterprises. The manual outlines the framework for compliance with official policy and the monitoring mechanisms to be used in assessing such compliance. The Government of Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximise value for money for the national stakeholders and shareholders.²

Election of the Chairman and Vice Chairman

In accordance with section 119(6) of the Constitution, the Chairman must be a member of the Opposition in the Senate. At the first meeting held on Wednesday December 2, 2015, Mr. Wade Mark was elected Chairman and Dr. Tim Gopeesingh was elected Vice Chairman of the Committee.

Establishment of Quorum

The Committee is required by the Standing Orders to have a quorum so that any decisions made by the Members during the meetings can be considered valid. A quorum of four (4) Members, inclusive of the Chair or Vice-Chairman), with representatives from both Houses was agreed to by the Committee at its First Meeting.

¹ Standing Order 110 (6) in the [House of Representatives](#) and 100(6) of the [Senate](#).

² <http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

METHODOLOGY

Determination of the Committee's Work Programme

At its second meeting on Wednesday January 13, 2016, the Committee agreed to prioritize thirty-four

(34) State Enterprises as follows:

1. Caribbean Airlines Limited (CAL)
2. Caribbean New Media Group (CNMG)
3. Caroni Green Limited
4. Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
5. Education Facilities Company Limited (EFCL)
6. Estate Management and Business Development Company Ltd. (EMBDC)
7. Evolving Tecknologies and Enterprise Development Co. Ltd (eTECK)*
8. National Commission for Self Help Limited
9. National Entrepreneurship Development Company Ltd. (NEDCO)
10. National Enterprises Limited (NEL)
11. National Gas Company of Trinidad and Tobago Limited (NGC)
12. National Infrastructure Development Company Ltd. (NIDCO)*
13. National Insurance Property Development Company Ltd. (NIPDEC)
14. National Quarries Company Limited (NQCL)
15. National Schools Dietary Services (NSDSL)*
16. Palo Seco Agricultural Enterprises Ltd (PSAEL)
17. Petroleum Company of Trinidad and Tobago (PETROTRIN)
18. Point Lisas Industrial Port Development Corporation Ltd. (PLIPDECO)
19. Port of Spain Waterfront Development Ltd.
20. Rincon Development Ltd.
21. Rural Development Company of Trinidad and Tobago Ltd.
22. Sport Company of Trinidad and Tobago (SporTT)
23. Telecommunication Services of Trinidad, Tobago (TSTT)
24. Trinidad and Tobago Fashion Company Ltd.
25. Trinidad and Tobago Mortgage Finance Company Limited (TTMF)*
26. Trinidad and Tobago National Petroleum Limited (NP)
27. Tourism Development Corporation (TDC)
28. Union Estate Electricity Generation Company Limited
29. Urban Development Corporation of Trinidad and Tobago (UDECOTT)
30. Solid Waste Management Company Limited (SWMCOL)
31. Vehicle Management Corporation of Trinidad and Tobago (VMCOTT)
32. National Flour Mills Limited*
33. Community Improvement Services Limited
34. Government Human Resource Services Company Limited (GHRS)*

* Examined in the First Session of the Eleventh Parliament. The Report can be accessed via the following link:
<http://www.ttparliament.org/reports/p11-s1-j-20160913-PAEC-R1.pdf>

At a meeting held on September 7, 2016, the Committee identified the following entities for examination in the Second Session of the 11th Parliament:

- i. Sport Company of Trinidad and Tobago (SportT);
- ii. Community Improvement Services Limited (CISL);
- iii. Community-Based Environmental Protection & Enhancement Programme (CEPEP);
- iv. Point Lisas Industrial Port Development Corporation Limited (PLIPDECO);
- v. Solid Waste Management Company Limited (SWMCOL);
- vi. Estate Management and Business Development Company Limited (EMBDC);
- vii. National Gas Company of Trinidad and Tobago Limited (NGC);
- viii. Telecommunications Service of Trinidad and Tobago (TSTT);
- ix. Tourism Development Company of Trinidad and Tobago (TDC);
- x. Caribbean Airlines Limited (CAL); and
- xi. National Entrepreneurship Development Company Limited (NEDCO).

The Inquiry Process

The Inquiry Process outlines steps taken by the Committee for conducting the inquiry into the operations of CEPEP. The following steps outlines the Inquiry Process agreed to by the PA(E)C:

- I. Identification of issues in the Audited Accounts, Balance Sheet and other Financial Statements of the Community Based Environmental Protection and Enhancement Programme (CEPEP) for the financial years 2009 – 2014;
- II. Preparation of Inquiry Proposal for CEPEP. The Inquiry Proposal outlines:
 - a. Background;
 - b. Objective of Inquiry; and
 - c. Proposed Questions.
- III. Consideration and approval of Inquiry Proposal by the Committee, when approved, questions were forwarded to the CEPEP on February 1, 2016. Written responses were received from CEPEP on February 29, 2016;
- IV. Preparation of an Issues Paper, based on written responses received from the CEPEP. The Issues Paper identified and summarised any matters of concern in the responses provided by the CEPEP;
- V. Determination of the need for a Public Hearing based on the analysis of written submissions. In this instance, a public hearing was held on Wednesday December 07, 2016.
- VI. Written request for additional information was sent to the CEPEP, Ministry of Rural Development and Local Government and the Ministry of Finance after the public hearing on December 07, 2016.
- VII. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

THE COMMUNITY BASED ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAMME (CEPEP) PROFILE

Background:

The CEPEP Company Limited was an Agency of the Ministry of Local Government and Rural Development. The company focuses on environmental protection, enhancement and beautification in service areas known as environmental work areas (EWAs). At the community level, CEPEP seeks to enlighten communities on the need to improve and protect the environment.

The programme is organized on the basis of contractual work in EWAs, where contracting companies are responsible for recruiting and managing workers to achieve targets. The programme also presents the opportunity for contractor and employee development. The Company is implementing “Project Tomorrow”- a Beverage Containers Clean Project (BCCP) launched by the Ministry of the Environment and Water Resources on October 8, 2013 to achieve environmental sustainability. The project would serve as an environmental data collection mechanism which will inform future waste management policy.

Vision:

To be the premier environmental protection company which fosters national pride at the community level.

Mission:

Working for the nation by protecting, enhancing and building our communities through environmental entrepreneurship.

Core Values & Guiding Principles

- Community Driven – The commitment to support viable initiatives at the community level and to promote disciplined and responsible behavior through all our activities.
- Entrepreneurship – The commitment to combine resources in order to seize any business opportunity that presents itself in the interest of our contractors and community entrepreneurs.
- Partnership -The commitment... to partner with other government and/or private agencies in the furtherance of the objectives of business development and environmental enhancement.
- Environmental Friendliness – The discipline and commitment to ensure that our contractors operate according to global standards in caring for the environment
- Public Accountability - The commitment to allow all our transactions to stand up to the scrutiny of our major stakeholders, the public of Trinidad and Tobago

Line Ministry – Ministry of Rural Development and Local Government

Minister – Senator the Hon. Kazim Hosein

Permanent Secretary – Ms. Desdra Bascombe

General Manager - Mr. Keith Eddy

ISSUES, OBSERVATIONS AND RECOMMENDATIONS

In the Committee's examination of CEPEP, the following issues were raised and the corresponding observations and recommendations made:

I. Role of the Ministry of Rural Development and Local Government

Line Ministries play a very important role in the operations of State Enterprises under their purview. According to the State Enterprises Performance Monitoring Manual, The Ministry is mandated to perform technical supervision of planning, monitoring and evaluating projects and programme implementation at CEPEP. However, at the time in which this enquiry took place, the Committee was unable to adequately determine the extent to which the Ministry provided appropriate guidance to CEPEP due to the State Enterprise being recently transferred to the purview of the Ministry of Rural Development and Local Government.

II. Role of the Ministry of Finance- Investments Division

The Investments Division is responsible for executing the investment policy as prescribed by Cabinet. The mandate of the Division includes oversight, monitoring and, where necessary, the rationalization of Government's equity holdings in commercial entities, also known as State Enterprises. Over the course of the Committee's enquiry, it was noted that the Investments Division did not adequately monitor and oversee the operations of CEPEP.

Recommendations:

- *As a matter of urgency, The Ministry of Finance – Investments Division should take the lead in ensuring that entities comply with the State Enterprises Performance Monitoring Manual; and*
- *To strengthen accountability and monitoring, the Ministry of Finance - Investments Division should ensure that State Enterprises prepare accountability reports covering all of their relationships and processes.*

III. Contract with the Arthur Lok Jack Graduate School of Business

In 2016, the CEPEP approached the Arthur Lok Jack Graduate School of Business to provide guidance and support on company stabilization initiatives, guidance on the marketing and communication strategy and institutionalization of governance best practices. In November 2016, Arthur Lok Jack Graduate School of Business completed and submitted its assessment

to CEPEP. The assessment highlighted that CEPEP had a weak Strategic Plan, a demotivated workforce, high management fees, board level problems, employment constraints and budget constraints. The assessment recommended a four (4) phase model for CEPEP: Stabilization, Extrication, Transformation and Execution. The entire process was estimated to take forty two (42) weeks.

Recommendations:

- *The Committee expects that CEPEP adheres to the recommendations provided by the Arthur Lok Jack Graduate School of Business and complete its reformation exercise by December 2017; and*
- *CEPEP should submit to Parliament, an Interim Report on the Status of the Reformation Exercise by August 01, 2017.*

IV. Issues Identified in CEPEP’s Audited Financial Statements

The Committee’s inquiry illustrated numerous inadequacies in CEPEP’s Audited Financial Statements. These inadequacies included but are not limited to the lack of internal controls, procedures and policies; the lack of inventory control; the absence of a fixed asset registry; the absence of measurable targets; the lack of a comprehensive performance regime; the absence of a risk management plan and process. However, additional evidence received from CEPEP illustrated the measures the company implemented to address the above issues (The Company implemented twenty-two out of thirty-four recommendations).

Recommendations:

- *CEPEP should continue to implement the recommendations and have the remaining twelve (12) recommendations implemented by May 2017.*

V. Discrepancies in CEPEP’s Income Statement

Audited Financial Statements are pivotal for the accounting of public funds. For the financial years 2009-2014, CEPEP had a total zero balance, which meant that the Company’s revenue and expenditure were identical every year for six (6) years. Written evidence from CEPEP indicated that “This accounting treatment was the policy of CEPEP. The Funding and Grants received are recognized initially as deferred income, the relating expenses incurred were set off against the funds received resulting in the unused balance being carried forward in the Statement of Financial Position as Deferred Income. Over the last few years, with the generation of other non-subvention/grant income, the Company should have been accounting

for the profit/loss element of these activities. However, the allocation of expenses relating to these activities in the Company's accounting system did not allow for this type of categorization. The other non-subvention/non-grant income generated by CEPEP is not substantial in relation to the total income on the company, in that it would not materially affect the financial statements, so the initial accounting policy was used."³

Recommendations:

- *CEPEP should immediately employ steps to implement proper financial accounting principles and standards;*
- *The Auditor General Department should take immediate steps to assist in implementing proper audit practices in CEPEP;*
- *CEPEP should submit all documents relating to revenue and expenditure incurred during the period 2009-2014 to the Auditor General Department for immediate auditing;*
- *Strengthen the internal controls of the Company to ensure the timely preparation and submission of Financial Statements;*
- *Internal auditors should conduct quarterly assessments and prepare a report on the financial performance on the activities of the entity; and*
- *CEPEP must adhere to the International Financial Reporting Standards (IFRSs).*

VI. Challenges Faced by CEPEP

Written evidence from CEPEP illustrated that the Company was working with a decreased Government subvention while maintaining the same number of contractors. In 2016, CEPEP's total cost pertaining to contractors and the Government Subvention were \$36,662,000.00 and \$40,000,000.00, respectively. However in 2017, while the total cost with respect to contractors remained constant, Government subvention decreased by \$5,000,000.00 which resulted in a deficit.

Recommendations:

- *CEPEP should conduct an immediate review of the quantum paid in Management Fees; and*

³ See Page 4 of CEPEP's response at Appendix 5

- *CEPEP should take immediate steps to monitor, evaluate and review all contracts and management fees.*

VII. Non-Compliant Contractors

CEPEP indicated that there was one hundred and six (106) contractors who were non-compliant with their statutory payments comprising of National Insurance of \$14,541,519.70 and Health Surcharge of \$2,154,957.19 giving an aggregate figure of \$16,696,477.00.

Recommendations:

- *CEPEP should write to non-compliant contractors instructing them of their statutory obligations and duties in accordance with the law;*
- *A report should be submitted to the Secretary of the PAEC ensuring compliance of the decision.*

VIII. Absence of Internal Audit Function

In addition to not having an Internal Auditor employed at CEPEP, it was revealed that the Company was without an Internal Audit Function for over nine (9) months. The role of Internal Audit is to provide independent assurance that an organisation's risk management, governance and internal control processes were operating effectively. The State Enterprises Performance Monitoring Manual states that *“Every State Enterprise is required to appoint an Audit Committee. It shall be composed of a minimum of two (2) non-executive directors and other independent Company professionals. The Minister of Finance may appoint other independent professionals to the Committee.”*⁴

Recommendations:

- *CEPEP should establish a proper Internal Audit Unit by May 2017;*
- *CEPEP should take urgent steps to implement an effective Internal Audit function by May 2017;*
- *The Audit Committee of the Board should immediately increase its monitoring capacity over the internal controls and Internal Audit functions of the Company;*
- *CEPEP should immediately develop a new internal audit policy which would clearly outline targets, goals and standards in order to improve the efficiency of the Internal Audit function; and*

⁴ State Enterprises Performance Monitoring Manual. Pg. 11. Para 2.2.6.3

- *CEPEP should urgently establish key performance indicators in order to measure the company's Internal Audit Performance.*

IX. Relocation of Main Office

In 2016, CEPEP moved its Head office from Chaguanas to Ste. Madeline. This was a very cost effective move due to the high rent paid at its previous quarters. The rent for the Chaguanas building from Debt Recovery and Administrative Limited started at \$288,154.00 per month in 2009 and increased to \$422,173.00 by 2012, whereas the building at Ste. Madeline is free.

X. Lack of Cost Benefit Analyses

A Cost Benefit Analysis is a systematic approach to estimating the strengths and weaknesses of alternatives (for example in transactions, activities, and functional business requirements); it is used to determine options that provide the best approach to achieve benefits while preserving savings⁵. Since 2012, CEPEP has yet to undertake another cost benefit analysis.

Recommendations:

- *CEPEP should make every effort to ensure that a Cost Benefit Analysis is initiated by May 31, 2017; and*
- *CEPEP should immediately employ measures to conduct effective Cost-Benefit Analyses by May 2017.*

⁵ David, Rodreck; Ngulube, Patrick; Dube, Adock (16 July 2013). "A cost-benefit analysis of document management strategies used at a financial institution in Zimbabwe: A case study". SA Journal of Information Management.

The Public Accounts (Enterprises) Committee respectfully submits this Report for the consideration of the Parliament.

Sgd.
Mr. Wade Mark
Chairman

Sgd.
Dr. Tim Gopeesingh
Vice-Chairman

Sgd.
Mr. Fitzgerald Hinds
Member

Sgd.
Mrs. Cherrie-Ann Crichlow-Cockburn
Member

Sgd.
Mrs. Jennifer Baptiste-Primus
Member

Sgd.
Ms. Shamfa Cudjoe
Member

Sgd.
Mr. Foster Cummings
Member

Sgd.
Mr. David Small
Member

Appendix 1

Minutes of Meetings

**THE PUBLIC ACCOUNTS ENTERPRISES COMMITTEE –
SECOND SESSION, ELEVENTH PARLIAMENT**

**MINUTES OF THE FOURTEENTH MEETING HELD ON WEDNESDAY,
DECEMBER 07, 2016 AT 9:58 A.M.
IN THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR,, LEVEL 9, OFFICE
OF THE PARLIAMENT, TOWER D, THE PORT OF SPAIN INTERNATIONAL
WATERFRONT CENTRE, 1A WRIGHTSON ROAD, PORT-OF-SPAIN.**

Present were:

Mr. Wade Mark	-	Chairman
Dr. Tim Gopeesingh	-	Vice- Chairman
Mr. David Small	-	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	-	Member
Mr. Foster Cummings	-	Member
Ms. Shamfa Cudjoe	-	Member
Ms. Keiba Jacob	-	Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary

Excused were:

Mr. Fitzgerald Hinds	-	Member
Mrs. Jennifer Baptiste-Primus	-	Member

COMMENCEMENT

- 1.1 At 9:58 a.m. the Chairman called the meeting to order and welcomed those present. Mr. Fitzgerald Hinds and Mrs. Jennifer Baptiste-Primus were excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE THIRTEENTH MEETING

- 2.1 The Committee examined the Minutes of the Thirteenth (13th) Meeting held on Wednesday November 16, 2016.
- 2.2 There being no other omissions or corrections, the Minutes were confirmed on a motion moved by Mrs. Cherrie-Ann Crichlow-Cockburn and seconded by Mr. David Small.

MATTERS ARISING FROM THE MINUTES OF THE THIRTEENTH MEETING

- 3.1 The Chairman informed the Members that SPORTT requested an extension to Friday December 09, 2016 to submit the additional information requested. The Committee granted the request for an extension to submit the additional information.
- 3.2 The Chairman informed Members that the Committee's Draft Report on the examination of SPORTT has been circulated for consideration. However the Report is incomplete because of the outstanding responses from the Ministry of Sport and Youth Affairs and SPORTT.

PRE-HEARING DISCUSSION RE: COMMUNITY-BASED ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAMME (CEPEP)

- 4.1 The Chairman reminded Members that the purpose of the meeting will be the examination of the Audited Accounts, Balance Sheet and other Financial Statements of the Community-Based Environmental Protection and Enhancement Programme (CEPEP) for the period 2009 - 2014.
- 4.2 Members discussed the issues of concern and the general approach for the Public Hearing.
- 4.3 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:15 a.m.

COMMUNITY-BASED ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAMME (CEPEP)

- 5.1 The Chairman called the public meeting to order at 10:27 a.m.
- 5.2 The Chairman welcomed officials from the Ministry of Finance – Investments Division, the Ministry of Rural Development and Local Government, CEPEP, members of the media and the public and introductions were exchanged.

The following officials joined the meeting:

OFFICIALS FROM THE MINISTRY OF FINANCE (INVESTMENTS DIVISION)

Ms. Sharon Mohammed - Senior Business Analyst
Mr. Varuna Ramdial - Senior Audit Analyst

MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT

Ms. Desdra Bascombe - Permanent Secretary
Mr. Hilliufa Ali - Accounting Executive II (Ag.)

COMMUNITY-BASED ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAMME (CEPEP)

Mr. Keith Eddy - General Manager
Ms. Jody David - Finance Manager
Mr. Dominic Grell - Operations Manager

Mr. David Roberts	-	Business and Entrepreneur Development Manager
Ms. Avelia Stewart	-	Human Resource Manager
Ms. Margaret Sampson-Browne	-	Corporate Communications Manager

5.3 The General Manager of CEPEP made a brief opening statement.

5.4 The following issues arose from the examination with the officials from CEPEP:

1. The role of the Permanent Secretary in ensuring accountability and transparency in monitoring and accessing the performance of CEPEP.
2. The role of the Investments Division in ensuring oversight and accountability in state enterprises.
3. The mandate and core function of CEPEP.
4. The role of the Ministry of Rural Development and Local Government in assessing the effectiveness of the internal audit function at CEPEP.
5. The number of persons employed at CEPEP.
6. The number of contractors employed by CEPEP over the period 2008 to 2014.
7. The challenges faced by the new Management and the possible recommendations and solutions to eliminate those challenges.
8. The absence of an internal audit function at CEPEP.
9. The lack of value for money audit.
10. The absence of risk management processes and procurement policy.
11. Status of the audited financial statements for fiscal year 2015.
12. The selection process for contractors by CEPEP.
13. The remuneration package of CEPEP's new management team.
14. The rationale for relocating CEPEP's head office from Chaguanas to St. Madeline.
15. The lack of payment of statutory deductions by contractors.
16. The status of compliant/non-compliant contractors of the income tax laws.
17. The mechanism in place for collecting waste other than the use of garbage bags.
18. The status of CEPEP Maritime and CEPEP Agriculture.
19. The measures in place to protect workers against the risk health and safety issues.
20. The operational expenditure of CEPEP.

Please see Verbatim Notes for the detailed oral submission by the witnesses.

5.5 The Chairman thanked the representatives from the Ministry of Finance – Investments Division, the Ministry of Rural Development and Local Government and CEPEP for attending the Public Hearing.

SUSPENSION

- 6.1 At 12:35 p.m., the Chairman suspended the *in public* meeting to resume a post-hearing meeting *in camera* with Members only.

RESUMPTION

- 7.1 At 12:39 p.m. the Chairman resumed the post-hearing meeting *in camera*.

POST-MORTEM DISCUSSION

- 8.1 The Members held a post-mortem discussion to determine the way forward, following the public hearing.
- 8.2 The Committee agreed to examine the audited financial statements of the Point Lisas Industrial Port Development Corporation Limited (PLIPDECO) for the financial years 2008 – 2015 at the next meeting.

ADJOURNMENT

- 9.1 The Chairman thanked Members for their attendance and the meeting was adjourned to **Wednesday January 18, 2017 at 9:30 a.m.**
- 9.2 The adjournment was taken at 12:40 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

December 08, 2016

Appendix 2

Attendees

Attendees

OFFICIALS FROM THE MINISTRY OF FINANCE (INVESTMENTS DIVISION)

Ms. Sharon Mohammed - Senior Business Analyst
Mr. Varuna Ramdial - Senior Audit Analyst

MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT

Ms. Desdra Bascombe - Permanent Secretary
Mr. Hilliufa Ali - Accounting Executive II (Ag.)

COMMUNITY-BASED ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAMME (CEPEP)

Mr. Keith Eddy - General Manager
Ms. Jody David - Finance Manager
Mr. Dominic Grell - Operations Manager
Mr. David Roberts - Business and Entrepreneur
Development Manager
Ms. Avelia Stewart - Human Resource Manager
Ms. Margaret Sampson-Browne - Corporate Communications Manager

APPENDIX 3

List of entities falling under the purview of the PAEC:

1. Agricultural Development Bank (ADB)
2. Caribbean Airlines Limited (CAL)
3. Caribbean Leasing Company Ltd (owned by ExporTT)
4. Caribbean New Media Group Limited (CNMG)
5. Caroni Green Limited
6. Clico Trust Corporation Limited
7. Cocoa Development Company of Trinidad and Tobago Ltd
8. Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
9. Community Improvement Services Limited
10. East Port of Spain Development Company Limited
11. Education Facilities Company Limited (EFCL)
12. Estate Management & Business Development Company Ltd. (EMBDC)
13. Export Centers Company Limited
14. Export Import Bank of Trinidad & Tobago (EXIMBANK)
15. ExporTT (formerly BDC: Business Development Company Limited)
16. Evolving TecKnologies & Enterprise Development Company Limited (eTeck) (formerly Property & Industrial Development Company of Trinidad & Tobago)
17. First Citizens Bank (FCB)
18. First Citizens Holdings Limited
19. Government Human Resource Services Company Limited (GHRS)
20. Government Information Services Limited (GISL)
21. Human Capital Development Facilitation Company Limited
22. InvesTT
23. Lake Asphalt of Trinidad & Tobago (1978) Ltd.
24. La Brea Industrial Development Corporation
25. Metal Industries Company Limited (MIC)

26. National Agricultural Marketing Development Corporations Limited (NAMDEVCO)
27. National Commission For Self Help Limited
28. National Energy Corporation of Trinidad and Tobago Limited
29. National Entrepreneurship Development Company Ltd. (NEDCO)
30. National Enterprises Limited (NEL)
31. National Flour Mills Limited (NFM)
32. National Gas Company of Trinidad & Tobago Limited (NGC)
33. National Helicopter Services Limited
34. National Information & Communication Technology Company Limited (NICTCL)
35. (iGovTT) (ttconnect)
36. National Infrastructure Development Company Limited (NIDCO)
37. National Insurance Property Development Company Limited (NIPDEC)
38. National Maintenance, Training & Security Company Limited (MTS)
39. National Project Development Services Ltd
40. National Quarries Company Limited (NQCL)
41. National Schools Dietary Services Limited
42. National Training Agency (1997) Ltd.
43. Natpat Investments Company Ltd.
44. Oropune Development Ltd. (owned by UDECOTT)
45. Palso Seco Agricultural Enterprises Limited (PSAEL)
46. Petroleum Company of Trinidad & Tobago Limited (PETROTRIN)
47. Phoenix Park Gas Processors Ltd.
48. Point Lisas Industrial Port Development Corporation Ltd (PLIPDECO)
49. Point Lisas Terminals Ltd. (owned by PLIPDECO)
50. Portfolio Credit Management Limited
51. Port of Spain Waterfront Development Ltd.
52. Rincon Development Ltd.
53. Rural Development Company of Trinidad & Tobago Limited

54. Seafood Industry Development Company Limited
55. Sports Company of Trinidad & Tobago Limited (SporTT)
56. Taurus Services Limited
57. Telecommunications Services of Trinidad & Tobago Limited (TSTT)
58. Tourism Development Company Limited (TDC)
59. Trinidad Nitrogen Company Limited (TRINGEN)
60. Trinidad Northern Areas Ltd.
61. Trinidad & Tobago Entertainment Company Limited (TTent)
62. Trinidad & Tobago External Telecommunications Ltd.
63. Trinidad and Tobago Fashion Company Limited
64. Trinidad & Tobago Film Company Limited
65. Trinidad & Tobago Fish Processors Ltd.
66. Trinidad & Tobago Food Processors Ltd.
67. Trinidad & Tobago Free Zones Company Limited
68. Trinidad & Tobago International Financial Centre Management Company Limited
69. Trinidad & Tobago Marine Petroleum Company Ltd.
70. Trinidad & Tobago Mortgage Finance Company Limited (TTMF)
71. Trinidad and Tobago Music Company Limited
72. Trinidad & Tobago National Petroleum Marketing Company Limited (NP)
73. Trinidad & Tobago Solid Waste Management Co. Ltd. (SWMCOL)
74. Trinidad & Tobago Tourism Business Development Limited
75. Trintoc Services (owned by PETROTRIN)
76. Union Estate Electricity Generation Company Limited
77. Urban Development Corporation of Trinidad & Tobago Limited (UDECOTT)
78. Vehicle Management Corporation of Trinidad & Tobago Limited (VMCOTT)
79. Youth Training & Employment Partnership Programme Limited (YTEPP)

APPENDIX 4
VERBATIM

VERBATIM NOTES OF THE FOURTEENTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE J. HAMILTON MAURICE MEETING ROOM (IN PUBLIC), MEZZANINE FLOOR, TOWER D, INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, DECEMBER 07, 2016 AT 10.27 A.M.

PRESENT

Mr. Wade Mark	-	Chairman
Dr. Tim Gopeesingh		Vice-Chairman
Mr. Foster Cummings		Member
Mr. David Small		Member
Miss Shamfa Cudjoe		Member
Miss Keiba Jacob		Secretary
Miss Hema Bhagaloo		Parliamentary Intern

ABSENT

Mrs. Jennifer Baptiste-Primus	Member
Mr. Fitzgerald Hinds	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member

INVESTMENTS DIVISION, MINISTRY OF FINANCE

Ms. Sharon Mohammed	Senior Business Analyst
Mr. Varuna Ramdial	Senior Audit Analyst

OFFICIALS OF THE COMMUNITY-BASED ENVIRONMENTAL PROTECTION AND ENHANCEMENT PROGRAMME (CEPEP)

Mr. Keith Eddy	General Manager
Ms. Jody David	Finance Manager

Mr. Dominic Grell	Operations Manager
Mr. David Roberts	Business and Entrepreneur Development Manager
Ms. Avelia Stewart	Human Resource Manager
Ms. Margaret Sampson-Browne	Corporate Communications Manager

**OFFICIALS OF THE MINISTRY OF RURAL DEVELOPMENT AND
LOCAL GOVERNMENT**

Ms. Desdra Bascombe	Permanent Secretary
Ms. Hilliufa Ali	Accounting Executive II (Ag.)

Mr. Chairman: Good morning and allow me to warmly welcome all the officials from the Ministry of Finance, Investments Division, the Ministry of Rural Development and Local Government, the Community-Based Environmental Protection and Enhancement Programme (CEPEP), members of the media and the public. May I advise that this meeting is being held in public and is being broadcast live on the Parliament’s Channel 11 and Radio 105.5 FM and the Parliament’s YouTube Channel *PanView*. Viewers and listeners can send their comments related to today’s enquiry to our email, that is Parl101@ttparliament.org, our Facebook, [Facebook.com/ttparliament](https://www.facebook.com/ttparliament) and [Twitter@ttparliament](https://twitter.com/ttparliament).

May I also indicate from the outset that the purpose of this meeting of the Public Accounts (Enterprises) Committee is to examine audited accounts, balance sheets and other financial statements of the Community-Based Environmental Protection and Enhancement Programme (CEPEP) for the period 2009 to 2014. The Committee is desirous of hearing from the key stakeholders at CEPEP to learn of the challenges being faced and determine some of the possible solutions and measures to overcome these challenges. The role of our Committee is to help CEPEP improve its delivery of services in an efficient, effective and economic manner. May I repeat, the role of our Committee is to help CEPEP improve its delivery of services in an efficient, effective and economic manner.

I will now take the opportunity to introduce our Committee and I can start on my immediate far right.

[Members of the PA(E)C introduce themselves]

Mr. Chairman: Good morning, my name is Wade Mark, Chairman of the Public Accounts (Enterprises) Committee. I will now invite officials from the Ministry of Finance, Investments Division to introduce themselves.

[Introductions made by all officials of the teams]

Mr. Chairman: Thank you. And we will like to welcome all of you. Mr. Eddy, may I ask, what has happened to your Deputy Chairman who was invited and who had accepted our invitation to be here this morning. Could you indicate why she is not here?

Mr. Eddy: Mr. Chairman, I did not receive any information from the Deputy Chairman as to why she has not attended.

Mr. Chairman: Okay. Thank you very much. Well, may I take this opportunity at this time—*[Crosstalk]*—well, we want to record our disappointment because we did invite the Deputy Chairman, because we know CEPEP is without a Chairman at this time and we did get a clear undertaking that the Deputy Chairman would have been here. So we are very disappointed and dissatisfied that the Deputy Chairman is not here and we will have to communicate that disappointment and dissatisfaction to the Permanent Secretary and through you, we would like you to express our dissatisfaction and we will also write as well. But may I take the opportunity at this time to invite the general manager, Mr. Eddy, to make some brief opening remarks at this time.

Mr. Eddy: Thank you and good morning, Mr. Chairman and members of the Committee. The Community-Based Environmental Protection and Enhancement Programme was formed in 2002. However, CEPEP Company Limited was formed in 2008. The programme's initial mandate included creation of opportunities for the development of small businesses, the expansion of employment opportunities for the benefit of semi-skilled and unskilled citizens within their local communities and the empowerment of communities to protect and improve the condition of the physical environment.

CEPEP Company Limited focuses on environmental protection, enhancement and beautification in service areas known as environmental work areas or EWAs. At the community level, CEPEP seeks to enlighten communities on the need to improve and

protect the environment. The programme is organized on the basis of contractual work in EWAs where contracting companies are responsible for recruiting and managing workers to achieve targets. The programme also presents the opportunity for contractor and employee development. In order to achieve our goals, CEPEP facilitates the community via the following programmes: Core, disaster emergency response, dead animal recovery and the marine division.

The CEPEP Company Limited continues to strive to be the premier environmental protection company aiding in fostering national pride at the community level and remains committed to its mandate of environmental protection and enhancement. The period under review, however, is well before the time of this current management. However, on coming aboard, this management was asked to return the programme to its original mandate. We are therefore thankful for the opportunity to appear before the review committee and to discuss the business of CEPEP.

Mr. Chairman: Thank you very much, Mr. Eddy. Could you tell this Committee how long you have been general manager?

Mr. Eddy: My appointment was in July, so it is just short of five months, Chairman.

Mr. Chairman: And the rest of your team, have they all been newly appointed or have they been there before?

Mr. Eddy: Mr. Chairman, they have all been newly appointed.

Mr. Chairman: You want to tell us how long they have been there as well?

Mr. Eddy: Yes, with the exception of David Roberts, the rest of the team would have been around the same time, just roughly about five months in the company. David Roberts is three months in the company.

Mr. Chairman: Thank you very much. Well, you know there is something called the continuity in administrations and the records would be there so you can do the necessary research to the best of your ability, assist the Committee. We do not have the power as yet to summon old boards or old management. But if I may begin, I would like to quote. In accordance with Part I, section 4, on page 37 of the Financial Regulations, and I quote:

“An accounting officer shall be responsible for ensuring—

- (a) that the financial business of the State for which he is responsible is properly conducted; and
- (b) that public funds entrusted to his care are properly safe-guarded

and are applied only to the purposes intended by Parliament.”

I am directing this question to the Permanent Secretary. How does the Permanent Secretary, as the accounting officer, ensure accountability and transparency in performing your role and responsibility in monitoring this enterprise called CEPEP to ensure that the proper system of accounting, as prescribed by the Treasury, is established and maintained? How do you ensure or how do you exercise supervision over the receipt of public revenue and how do you make proper provision for the safekeeping of public money? I would like the Permanent Secretary to share with this Committee in accordance with the financial regulations of the Republic of Trinidad and Tobago, as the accounting officer, how you are able to accomplish and ensure these areas that I have mentioned are sustained and maintained and promoted.

Ms. Bascombe: Thank you for the question, Chairman. I would answer that question in a general sense, because the CEPEP Company Limited was shifted to the purview of the Ministry of Rural Development and Local Government on August 25, 2016. So I will not be able to give general details about the period under review which is 2009 to 2014. But as an accounting officer, generally, we ensure that we have a close working relationship with all the entities under our purview. We look at estimates of expenditure, allocations and we usually ask all our state companies to provide monthly expenditure accounts and records. We also have meetings with our state enterprises of which there are three in the Ministry of Rural Development and Local Government.

At times we share circulars which have been issued by the Ministry of Finance in terms of systems and accounting controls with our CEOs who would in turn share it with the chairmen of their boards. To ensure accountability and transparency, we seek to ensure that all proper guidelines which govern our operations in the public service of Trinidad and Tobago are communicated to the persons in charge in the form of the CEO or a general manager, in this case, as well as they would convey this information to the boards.

We also, periodically, do site visits with some of our entities. We have a new relationship with CEPEP so we are not as far advanced as we are with our other state enterprises, but we seek to ensure that there is a working relationship with all our entities and there are three state

enterprises under the purview of the Ministry of Rural Development and Local Government. So we look forward to working closely with the CEPEP board and management as we move forward 2016 into 2017.

Mr. Chairman: You said that you make available the appropriate circulars and documents to those state entities, enterprises that would fall under the purview of your Ministry. Would that include the *State Enterprises Performance Monitoring Manual*?

Ms. Bascombe: Yes, whether we do it in hard copy or direct them to the website, yes, we ensure that it is known. Also, the Audit and Exchequer Act and there are certain circulars which we receive from the Auditor General's Department on conflict of interest. So anything which I feel would be relevant to the management of the operations we ensure that it is communicated.

Mr. Chairman: Well, seeing that you are new on the block, as you would say, just a few months ago having this entity being placed under your jurisdiction, have you been able thus far to have meetings with the board of directors of that organization along with the management to at least work out your vision, direction and mandate for this organization, given what you would know of those things? And at the same time, to do a review of where the organization is at, now that you are in charge of the overall accounting function as the accounting officer. Has such a meeting been held and as you are on that matter could you share with us as the Permanent Secretary whether you are aware of the mandate of CEPEP, seeing that it is now under your purview. What is the mandate of this organization?

Ms. Bascombe: Okay, I will take that question in parts. The board of CEPEP reports to the Minister. The management reports to the Permanent Secretary. I am aware that meetings were held between the former Minister of Rural Development and Local Government and the then board within the past three months. I as well as my accounting staff met with the management of CEPEP about a month ago to get an overview of what is the nature of their operations, any issues or challenges they may have which would impact on their service delivery as well as accounting matters, matters of records and public documents which may or may not have been accessible to them, bearing in mind that they are also new.

So we had such a very productive meeting about a month ago and I am not sure if this Committee is aware, we are also responsible, actually we give funding to CEPEP in Tobago and

we propose to meet with CEPEP in Tobago in short order as well, probably in early January. So that is part one and two of the question.

In terms of the mandate, I am aware of the original mandate of CEPEP and I am also aware of how this mandate has shifted over time into construction and they have assisted the health sector in constructing a few of their health centres. They have worked with the Ministry of Works which is clearly a move away from the original mandate of community beautification and entrepreneurship of small contractors. Originally, CEPEP, the mandate was to create small contractors who would stay in the programme for three years and then graduate into their own

private business and new players on the block. But the records have shown that that has not happened. The former Minister had given them a directive to return to the original mandate, but we are currently working out the mechanics of achieving this; also in light of the cut in funding that we received in 2016/2017, which would impact any plans and the direction of CEPEP.

Mr. Chairman: Thank you very much, Permanent Secretary. And I want to now go to the Investments Division before I allow my colleagues to intervene. Now according to this manual called the *State Enterprises Performance Monitoring Manual*:

“The Investments Division is responsible for executing investment policy as prescribed by Cabinet. Accordingly, the mandate of the Division includes oversight, monitoring and where necessary, the rationalization of GORTT equity holdings in commercial enterprises. The Division acts on behalf of the Minister of Finance (Corporation Sole) and carries out the corporate function. This includes representation of the Minister at shareholders’ meetings; establishment of new Enterprises and rationalization of the investments portfolio of the Shareholder.”

I want to ask the representatives here, is there any additional support provided to CEPEP and other state enterprises when there is change of Government or administration? And, what is the role of the Investments Division in ensuring oversight and accountability in state enterprises? I would like to have some clarification on these two areas, representatives of the Investments Division, please.

Ms. Mohammed: The support that the state enterprises get when there is a change in administration is, well, we ask them to, in terms of corporate governance, to

follow the monitoring manual in the setting-up of the various committees of the boards to make sure that there is clear separation—like the chairman cannot be on the tenders committee—and we ask them to liaise with us on any issues they may have. In addition, well, at the request of the companies we go in and hold something like a little workshop with the company on the roles and responsibilities of the board of directors, giving them an overview of the corporate governance aspect of companies.

In terms of part two, how we monitor, the companies are required to submit a number of reports to the Investments Division. It ranges from board minutes to the financial statements to monthly reports, cash flow reports. So through those reports we monitor the operations and the governance structure of the state enterprises.

Mr. Chairman: As it relates also to the whole issue of oversight and accountability, how does the Investments Division carry out that responsibility when it comes to state enterprises? Because you do have an oversight responsibility according to the manual that is before us. So we would like to know as a committee how do you execute that function to ensure that these entities do not become rogue entities since you are responsible for their oversight and ensuring that there is proper accountability as well. So we would like to get some clarification on the role of the Investments Division in this regard. Unless we are reading the manual wrong but we are clear on what we have read so far.

Mr. Ramdial: Chair, in terms of the oversight that the Investments Division has over the state enterprises as per what is written in the manual, that oversight is— how to put it?—stemmed by just what we, in terms of our requests from them, what they are mandated according to this, which is not legally binding. So that is

the first thing we need to get clear, that this is not a legally binding document. So we just request that information is sent, certain information that Ms. Mohammed would have already stated, what information is sent. Once that information is sent, that information goes to different officers who would analyze that information, input that information into a database and have that information stored. Anything that is outside of the policy of the Ministry of Finance the officers would, as I said, would analyze and report to the Permanent Secretary and the Minister of Finance, these breaches

if you were to say in policy, the company would then be written to and at that point we hope that they would make the necessary changes and get back in line with the policy of the Ministry.

10.55 a.m.

Mr. Chairman: We know the manual is not legally binding. We are clear on that, but we are also clear that your responsibility in carrying out oversight duties is to ensure that, as Mrs. Mohammed said, you do not have a Chairman sitting as a Chairman of the Tenders Committee; you said that. But we have read the newspapers reports where a Chairman of a state enterprise or statutory body somewhere was both Chairman as well as Chairman of the Tenders Committee. So we want to know whether as the Investments Division—I think it was a state entity when these things happen—whether these people are properly schooled before they take up their roles; whether they are fully aware and acquainted with the manual, even though it is not legally binding. But there are some guiding principles that you cannot violate, even though they are not legally binding. So I raise that in passing, but I recognize my colleague would like to raise a question, because I have one final area before I allow my colleagues to intervene.

Dr. Gopeesingh: Members of the Committee, welcome, and of course of the

Investments Division. What we are reviewing today is 2009 to 2014. We basically have been looking at audited financial statements, to a major extent, to look at areas of strengths, areas of weaknesses. Could you give us an appreciation, if you do have it, who conducted the audited statements from 2009 to 2014, including if you can, for 2015? Who would have conducted the audited statements for CEPEP over this period of time? That is the first question. Could you answer that?

Mr. Eddy: Through the Chair, I will ask the Finance Manager to respond.

Ms. David: Good morning. During the years 2009 to 2011, the auditors at CEPEP Company Limited was PKF.

Dr. Gopeesingh: Who is that?

Ms. David: PKF, Panell Kerr Foster. Through the years 2012 to 2014, Hardys conducted the audit of CEPEP; Hardys Chartered Accountants.

Dr. Gopeesingh: 2011 to 2014?

Ms. David: Yes, they also conducted the audit for 2015 as well.

Dr. Gopeesingh: That is a private company?

Ms. David: Yes it is.

Dr. Gopeesingh: Has any audit been done for 2015?

Ms. David: Yes, the audit for 2015 is currently in draft and awaiting approval from the board of directors.

Dr. Gopeesingh: The audit in 2011-2014, what was the cost for these three years, if you can give us an idea?

Ms. David: That I do not have readily available.

Dr. Gopeesingh: But on average, how much would you pay per year? **Ms. David:** Maybe approximately \$85,000 a year.

Dr. Gopeesingh: For each one of these audits?

Ms. David: Yes.

Dr. Gopeesingh: Are these audits now public?

Ms. David: Those audits were published. The 2014 was actually published in September of 2015, last year.

Dr. Gopeesingh: It was published?

Ms. David: Yes it was.

Dr. Gopeesingh: September 2015?

Ms. David: Yes.

Dr. Gopeesingh: While you are on it, could you help me and help the committee—GM, do you have a Miss Donawa working with you all still or has she resigned?

Mr. Eddy: We had a Mr. Donawa.

Dr. Gopeesingh: Rondell Donawa.

Dr. Eddy: Rondell Donawa—he has resigned.

Dr. Gopeesingh: With effect from when?

Mr. Eddy: November 16, 2016.

Dr. Gopeesingh: Do you have an understanding of—did he give a reason for his resignation? What was the reason? Was he asked to resign or did he resign on his own?

Mr. Eddy: He resigned on his own.

Dr. Gopeesingh: So October 2016?

Mr. Eddy: November 2016.

Dr. Gopeesingh: Could you help us now—this is for the general public through us. In 2002 CEPEP was conceptualized, and in 2008 the CEPEP Company

Limited was formed, correct? I know you are there just five months, but generally you would have some research going back to understand the way forward. Do you have any appreciation of the amount of workers and contractors that started in 2009 or 2008 and through the years from 2008 to 2014? That is the first thing, if you would just jot it down. What was the budgetary allocation per year from the various Ministries to you all, 2008 to 2014? If you have 2015 that would be helpful. How many contractors were there in 2008 and how many do you have, let us say, 2015/2016? And how many are there for one year or two years or three years, four years, five years, six years, seven years, eight years? Could you give us the names of the contractors over the period of time? I know you would not have that information now, but if you would be kind enough to send that for us. But if you could give us a ballpark figure this morning on those issues, if you would be kind enough.

Mr. Chairman: In responding may I also advise that you may give a ballpark figure, but you would probably need to put those things in writing so they can be more accurately reflected. I want to direct that matter to the Finance Manager, because you gave a ballpark figure of \$85,000, which is on record. But I would like you to really put in writing what was the exact figure.

Dr. Gopeesingh: Yes, sure.

Mr. Chairman: Mr. Eddy.

Mr. Eddy: Yes, Mr. Chairman. Again, taking your advice we will provide these figures in writing because we do not have exact figures. I believe in 2008 to 2014 there were between 134 contractors which rose to roughly 251 in 2014. We are currently carrying 261 contractors in CEPEP. So those are just rough numbers; I do not have them specific by years, but that is how the programme increased in

terms of the amount of contractors to CEPEP.

Dr. Gopeesingh: Hand in hand with the amount of contractors, some contractors have 40 people, 30 people, 50 people, 60 people working for them. Could you give us an appreciation of how many were employed over the period of time?

Mr. Eddy: I can tell you how many workers we currently have, but in terms of which contractors would have had—we had six. They were divided into various teams for each contractor. There are some contractors that have a combination of some six teams, each team is composed of 10 workers. They would have a six-team, a four-team, a three-team. Some contractors have three teams, some contractors have six teams, so there is really no standardization in terms of the way the contractors are set out in the EWAs. So we have again to provide that in writing so that we could tell you exactly, specifically which contractors in which EWAs are carrying six teams and four teams. We do have combinations.

Dr. Gopeesingh: So you will give us that for the six years, 2009, each one of the years, how many contractors, how many workers and so on, and how many districts that they were supervising.

Mr. Chairman: Before you continue. Just clarify again for us, “WA” means what?

Mr. Eddy: EWA, environmental work area.

Mr. Chairman: Thank you.

Dr. Gopeesingh: Your original mandate was environmental protection and enhancement. SWMCOL also does some environmental protection and taking care of the environment. Have you had any meetings or considered meeting with SWMCOL and seeing whether there is duplication of efforts or whether there are clear cut areas for enhancement of the community, because sanitation is an

important area for enhancement? Has there been any thinking on that so far with your new team, or have you seen any evidence of that being done in the past?

Mr. Eddy: We have met with SWMCOL; we have one of our team members who actually worked with SWMCOL in the past. We have not seen any duplication, because I believe SWMCOL handles mainly the dump sites. We spoke with them very recently in meetings. We are not seeing any duplication of efforts. CEPEP is doing more in terms of the core, the cutting of the grass, the clearing of the highways. We are working with the Ministry of Works and Transport. We are doing the bus route; we are doing some areas that were previously done by private contractors. So we have not specifically, in the time that we have been there, seen any kind of duplication of efforts between ourselves and SWMCOL.

Dr. Gopeesingh: May I suggest that you look at the whole question of refuse collection or refuse in different communities, because it is an eyesore in many communities. So while you keep the environment with the grass and the vegetation clean, you attempt to do so, whether SWMCOL is doing anything to enhance the community by collecting the refuse properly, I think this is something that you all need to critically look at, because the national community complains bitterly about that. To make our country clean, not only vegetation clean, you should look at the refuse situation across different communities.

Mr. Chairman: I just had one area I wanted to clarify before coming for a second round, but I will allow my colleagues to go. I just want to complete my final area of interest here.

In reviewing the audited financial statements of CEPEP to determine whether policy is being carried out efficiently, effectively and economically, some challenges have emerged and were identified in these reports, audited financial

statements for the period 2009 to 2014. I will give you some examples: the lack of internal controls, procedures and policies; the lack of inventory control; the absence of a fixed asset registry; the absence of measurable targets; the lack of a comprehensive performance regime; the absence of a risk management plan and process that would include, among other things, risk identification, evaluation of the probability and impact of risks; risk mitigation, monitoring and review. Another area that came out of these audited reports was an absence of procurement policy and the lack of maintenance of proper records. Permanent Secretary, I want you to pay attention to this: a lack of maintenance of proper records.

In light of what I have just identified as challenges, our committee is desirous of hearing from each team represented here today, stakeholders, solutions. We are interested in solutions for overcoming the challenges that I have highlighted coming out of the audited financial statements. That is the first thing I would like to get from you. Secondly, we would like you to provide us with a copy of the mandate of the company. We are hearing this mandate, talk about mandate and mandate, we want a concrete copy of the mandate of CEPEP before us. Please make a copy of the mandate of CEPEP available to our committee.

Those two areas I would like to have your input. It is very long in terms of the areas that we have extracted out of these reports for the period 2009 and 2014, and as I said we wanted to get

some guidance as it relates to solutions from you as to the way forward. How can we deal with those? How do we plug these leaks? How do we deal with those cracks that the system apparently seems to be experiencing as identified in the audited financial statements for the period 2009 to 2014? Those are my initial interventions. I have several other interventions to make, but I would like you to consider those areas and you can respond now or you

can respond later on in the proceedings. It is a listing I have given you, but I want to get some possible solutions.

You see, at the end of the day when we are submitting our report to the Parliament, we have findings and recommendations, but we want you to be part of the recommendations. We want you to be part of the process, so we want solutions coming from you. It must not only come from the members of the committee. We want to hear what you would want to advance, so we can consider as a committee. So when we are reporting to the Parliament on CEPEP, we would come up with concrete recommendations which would have your support for implementation. So could you share with us initially and maybe later on you can put in writing your thinking on what I have just submitted. Then I will go to Mr. David Small and then we will come back to Dr. Tim Gopeesingh. Mr. Eddy.

Mr. Eddy: Mr. Chairman, out of those audits we had 34 recommendations that we had seen, of which 22 have been implemented. We are, as a management team, putting things in place in order to fill those cracks. We have already put a company risk register in place to manage the risk of the company. We do have a list of fixed assets. I can go down the list and sort of give you some ideas, but all of those things that you have mentioned, there is a procurement process in the company given the size of the purchase. That has all been set up by the board committee and we follow those processes to the “T” now. So as a new management we have looked at some of these areas in terms of doing our review of the company, and we have started already to implement a number of the recommendations and put things in place to ensure that it does not continue to follow the pattern.

We have looked at the overall HSE system and we have made some changes to that, keeping in mind that we want to ensure that our employees are at risk because they work at the side of the roads, the roadways and highways. We want to make sure that they are now reporting things like near-misses, so that we can capture those things very early, before an incident actually happens or somebody gets hurt or killed. So we are as a new management have been looking

at all of those specific areas that you mentioned, and we have been putting things in place in order to be able to do that.

We are also measuring the performance of contractors. We have just developed a system to measure the performance of contractors. We are also using the technology to know where all the contractors are on a daily basis, and we have daily reports coming in to be able to do that. For the part we are using GPS technology to be able to tell where they are, so that when the calls come in we are going to be able to find them to put them into areas. We are setting up call lines so if there are any issues, because during disasters or anything that would have happened—particularly like the issue in Toco—usually CEPEP is a first responder. So we have the disaster emergency response team, so we are putting things in place to make those things more efficient.

Mr. Chairman: Just a minute. You see, when you say “GPS technology”, I might know what you are talking about, but you are talking to the public at the moment. People are listening to you in England right now, and different parts of the world. So could you just identify and just expand and elaborate, when you talk about GPS technology in the context of locating your contractors, just elaborate and explain and expand so people understand exactly what you are talking about.

Mr. Eddy: GPS is global positioning satellite. It is a technology that is used in a lot of instruments now, including your cell phones, so you can actually identify exactly where someone is. Through the GPS I can tell which area you are in, which road, which house you are in through that technology. So we are using that technology to be able to follow our teams out in the environment.

Mr. Chairman: What I would like you to do is to put in writing all those challenges and what you have been doing to implement them thus far; that is one. Could you provide us with a copy of the mandate of this company? When can we receive that copy of the mandate of the company, please?

Mr. Eddy: We will provide a copy. We would have that to you by the end of next week.

Mr. Chairman: Thank you. I will now turn to Mr. David Small and then after we have a question from Dr. Gopeesingh and Mr. Foster Cummings.

Mr. Small: Thank you very much, Mr. Chairman. I appreciate the opportunity to join in this session. Once again, welcome to everyone this morning.

I want to start by seeking clarification, because we have spoken this morning about the fact that the mandate—Permanent Secretary Bascombe was very clear that in the mandate of the organization there is a position now where you go back to the original mandate, where it is about building entrepreneurship. I have noted you have a Mr. Roberts who is the Business and Entrepreneurship Development Manager, so I suppose he would be a key player in this. My question is, you indicated you have 261 contractors on now, have those contractors been advised or what is the plan to advise them that the focus of the programme is now back to its original moorings and that the length of time for their services will be three years? What is the process? Have you advised them, do you plan to advise them, how are you planning to treat with that? Because if I accept what is being presented by the Permanent Secretary, that you are back to your original moorings, then the original

moorings mean that no contractor should be on for more than three years. So could you help me with where that process is?

Mr. Eddy: Going back to the original moorings of the programme, going back to the mandate is really getting CEPEP back, just as you mentioned, about the business entrepreneurship and about being able to graduate contractors out of the programme after three years, by providing the necessary training and assistance so that they become business people.

In terms of the core contractors, we have not made an official representation to them about going back to the original mandate, because we have contractors that would have been in the programme in excess of five years currently. We do have contractors that have an extended three-year contract beyond the five years, so there is a bit of a challenge. That is something that the board and management is dealing with now as to how do we now—because contractors are supposed to out of the programme in three years. If they stay in the programme they would be there for an extended period of eight years. So we would have to make sure that those contractors understand that they are getting the relevant training that is required, so that when they do exit the programme they are going to be up to speed in terms of becoming business people.

I cannot speak much about the years that would have gone previously, but I know what our mandate is, to ensure that through the Business Entrepreneurship and Development Officer that those contractors are trained and that they become independent contractors at the end of the three-year period.

Mr. Small: Thank you, Mr. Eddy. One bit inside of your response jumped out at me. You used the phrase “core contractors”, and I do not like that phrase. Given that we are operating with a clear new mandate, there should be nothing to describe anyone as a core contractors. You could probably say “overdue for leaving contractors”, I prefer you use that. I am always clear that we are running an enterprise, we are using state funds and if there is a clear mandate from the State— I noted in your document you provided, I think somewhere in the document one of your responses was that during a particular period 2010 to 2015 you did not receive any policy guidance from the Government. So I have a question on that on what was happening, but you cannot answer that because you were not there; so let us park that.

I am saying now you have clear guidance, clear policy direction. I do not believe that it is appropriate to be talking about core contractors. I am not saying to put people out of work, but by the same context I am sure if you do an advertisement for contractor to do work, you may be surprised at how many responses you would get. I would like for you and your team to focus on that.

Mr. Chairman, if you permit me. I have a question also about—could you advise me, do you have a board in place at all, any members of a board? What do you have in place in terms of governance?

Mr. Eddy: The Chairman resigned from the board, so we have a Deputy Chairman and four members of the board. So we do have a board in place at this point in time.

Mr. Small: Do you have an internal audit function?

Mr. Eddy: We had an internal audit function, but we are currently now on the market trying to recruit an internal auditor.

Mr. Small: For how long has the company been without an internal audit function?

Ms. Stewart: Good morning to the committee and Chair. I believe it is over nine

months we have been without an internal audit function. However, to piggy back on what Mr. Eddy said, we currently have an approved org structure that is before the board awaiting approval. A position that is part of that organizational structure is an internal auditor consultant. So once we get that organizational structure approved, then we will move forward to employ that consultant in that capacity.

Mr. Small: I am deeply concerned by that. Can I ask another question: does your board have a functioning audit committee?

Mr. Eddy: The answer to that is yes.

Mr. Small: So the board has an audit committee. But in my understanding, for the audit committee to function you need the reports of the internal auditor. So for me, that point, if for nine months you have no internal auditor, you may have a board audit committee, but they almost cannot function. So for me, an enterprise that is getting several hundred million dollars of taxpayers' money without an internal audit function is something that is a crisis. The horse is probably bolting through the gate as we speak, because no one is able to properly track. I think this should concern the Permanent Secretary also. We are not talking about a little bit of money.

If you permit me, Mr. Chairman, I have a question. The Parliament team sent out a question, and one of the questions asked was: Have you ever done a value for money exercise in the organization? Again, this predates you. The response was—and I deliberately use the word “response”—we have conducted a cost benefit analysis. I want to sick a pin there, because a value for money exercise and a cost benefit analysis are two different items. A cost benefit analysis looks to try to understand, okay we have spent money, have we gotten benefits for spending the money. That is largely what a cost benefit analysis does. Did we spend the money? We spent the money.

A value for money exercise looks at efficiency, effectiveness, and one of the key factors in there is something called “equity”. There are four factors in doing a full value for money audit. I would suggest to the management that this is something you should do, because I suppose most people are aware the country is in a state where we have a constraint on available resources, and that we should be trying to maximize the use of all the resources available. To the extent that CEPEP is

doing good work and is expending public monies, a value for money audit should be conducted annually, in my respectful view.

I have one more question, Mr. Chairman, if you permit me. I have spent a fair portion of the night—forgive me—looking at your accounts, and several things jumped out at me. I have a question; again, perhaps it is unfair for the current finance manager to answer, but I would like your professional opinion. In my observation of the accounts from 2009 to 2014, something jumped out at me. Every income and expenditure statement, there is a total zero balance. If you received \$464,000,235.37, you spent exactly that amount every year. That for me is an anomaly. I have analysed accounts in various places, and I have never seen where an income and expenditure match perfectly every year for a period of almost six years.

I am saying this in front of the Investments Division and the Permanent Secretary, something is wrong. That suggests to me that something is wrong inside of the accounts, because I think it is mathematically impossible, you are paying salaries, wages, contractors, all of these various things and then you get a subvention from the Government, and you have contracts and other things to get money, and it balances to zero. No zero surplus, no zero deficit every year. I would like your

professional opinion from the Finance Manager. I do not want to put you on the spot, but I am putting you on the spot.

11.25 a.m.

Ms. David: Thank you very much. It was something that jumped out at me as well when I reviewed the audits for the past couple of years. I did engage in conversation with Hardys with respect to how he accounted for it. He provided an explanation for it which I can provide in writing, so at least you will have a better understanding of what was his response to us having a zero net profit every year.

Mr. Small: Every year for six years. Because I saw some of the years were Pannell Kerr Forster also.

Ms. David: Yes.

Mr. Small: So, something, something, something in there. I am not an accountant, but I would like your opinion: have you ever, as a person involved in accounts, seen where income and expenditure match perfectly to the cent? Never seen it. So I just wanted to be, to make sure

that I am not being, you know, facetious. Mr. Chairman, I am stopping now. I have a few more questions, but I will allow other members to have the floor.

Dr. Gopeesingh: I just crave your indulgence. [*Crosstalk*] Yeah. You have audits for 2009, 2010, were they done by Pannell Kerr Forster? Yes? And 2011, 2012, 2013, 2014, done by whom?

Ms. David: No. No. No. The audits for the years 2009 to 2011 were done by PKF, Pannell Kerr Forster.

Dr. Gopeesingh: Right.

Ms. David: It is the audits from 2012 to 2015 that were done by Hardys. **Dr.**

Gopeesingh: 2012, 2013, 2014.

Ms. David: And 2015 as well.

Dr. Gopeesingh: So have you—the 2015 report available?

Ms. David: It is in draft.

Dr. Gopeesingh: It is in draft.

Ms. David: Yes. It is before the board for approval.

Dr. Gopeesingh: All right. So, but we have in Parliament here now 2012, 2013, 2014 done by Hardys.

Ms. David: Yes.

Dr. Gopeesingh: And 2015 is being done by Hardys now—

Ms. David: As well. Yes.

Dr. Gopeesingh:—and it is in a draft. Can you tell us whether, while Hardys was doing that audit, was there any person added to that firm to become an auditor while that audit was being done? Are you aware of that?

Ms. David: No. I am not sure. Added to Hardys or added to—

Dr. Gopeesingh: Added to Hardys; while the firm was doing the audit, was there someone added on to as an auditor in the firm while the audit was being done?

Ms. David: I am not aware of anything.

Dr. Gopeesingh: And are you aware that someone who was a consultant to CEPEP became an auditor during the audit of 2015 with Hardys?

Ms. David: No. I am not.

Dr. Gopeesingh: You are not aware.

Ms. David: That information was not given to us.

Dr. Gopeesingh: Could you check and verify whether that is so and provide an answer for us in writing?

Ms. David: Okay.

Dr. Gopeesingh: Yeah. Just two or three small questions. What is the state of the process used to engage the new management team of CEPEP? The new management team of CEPEP, what is the process used? And in the remuneration of the new management team, could you give us in writing the full remuneration package of the new management team and whether the recommendations of the Salaries Review Commission which help in the recommendations across the line, were they taken into consideration? If you have answers to that now we will appreciate it. And what process was used to engage the risk management company? You have a risk management company now, and what process was used? And what is the mandate of this risk management company? If you want to answer any of those now we will appreciate it; if not, we would like them in writing.

Ms. Stewart: With regard to the process that was engaged to hire this current management team, that process was led by the Arthur Lok Jack Graduate School of Business which was approved by the board of the company. And so, based on that all the members that are sitting here were hired through that process.

Dr. Gopeesingh: Do you know what was the cost of hiring the Arthur Lok Jack team to hire this risk management company?

Ms. Stewart: Currently, we do not have a risk management company that is engaged with the CEPEP Company Limited. We have a risk register which we mentioned previously.

Dr. Gopeesingh: So you are telling us that you asked the Arthur Lok Jack Graduate School of Business to determine the process for hiring a risk management team. Did the Arthur Lok Jack Graduate school complete its work to advise CEPEP on this new risk management team?

Mr. Eddy: I am not sure that the Arthur Lok Jack was engaged for a risk management company.

Dr. Gopeesingh: What were they engaged for?

Mr. Eddy: They were to—as far as I can remember, they were to review the strategic plan and provide a way forward. I have seen evidence of a review—there was a 2012 to 2015 strategic plan that we met in the company, and I believe that one of the remits was to review that plan and provide a way forward for CEPEP. Some of the recommendations that would have come out of that would have been the standardization of the teams, so to get away from the various six, four and three, that they would have one standard type of team for CEPEP. There was also—

Dr. Gopeesingh: Can you elucidate when was that Arthur Lok Jack School engaged for that consultation? What is the cost of that consultation?

Mr. Eddy: Okay.

Dr. Gopeesingh: Where are they at the moment? Have they completed their recommendations to you as a board or the management? And what were the major recommendations that they made? And as far as the risk management company, did you engage them, as part of that, to assist you in getting a risk management company?

Mr. Eddy: I will have to provide those responses in writing. I am not aware that they were asked to provide a risk management company. We have developed an in-house risk register for the company so that we can start looking at the risk, but I will provide the answer in writing as to whether or not they were engaged for—

Dr. Gopeesingh: Right. Thank you very much.

Mr. Chairman: Yeah. Please. And we too will submit those questions to you for responses. I now ask Mr. Foster Cummings to take the floor.

Mr. Cummings: Thank you, Mr. Chairman. Members of the Committee, members of the CEPEP management team, Investment Division, PS. I want to go back to the discussion concerning the core function of CEPEP. And I note that the General Manager did indicate to us in his opening that the core function involves employment creation, enhancement and maintenance of the environment and job creation. Am I correct? And in some of my readings here I realize

that there has or had been some shift from that core function into areas of project management and general contracting.

Before I go on to my other questions, could you advise us as to, in a general sense, what that shift involved and what were some of the projects that CEPEP became involved in outside of its core operations?

Mr. Eddy: Through the Chair, the shift involved—CEPEP built a community centre. CEPEP was also doing road paving and box drains. So that was really outside of the core business of the company at the time; hence the reason that we are now talking about returning to the original mandate.

Mr. Cummings: Are there, currently, projects of that nature being undertaken by CEPEP?

Mr. Eddy: No. I forgot to mention the health sector initiative which was another one. CEPEP is no longer doing any of those types of projects.

Mr. Cummings: Is CEPEP still involved, outside of its core mandate, in engaging in tendering for contracts in the state sector?

Mr. Eddy: Through the business development unit, one of the things that CEPEP does in the business development department, CEPEP does engage, either private or government entities as part of what we do in terms of earning income for the

company. So that is still ongoing as part of the business development. There were several contracts that we met there, most of which would have expired in 2015/2016, and I believe we have engaged one or two companies. Let me just let the Business Development Manager give a bit more clarification on those specifics.

Mr. Roberts: Thank you, good morning. And through you, Chairman, the Business Development Unit of the CEPEP Company Limited engages both public and private entities, as Mr. Eddy said. [*Coughs*] Please pardon my voice, I have the cold. And some of our clients include, of course, some clients in the private sector, but in the state sector we do some work for COSTAATI, for example, and also e TecK and a few others. The contracts that we do have with these entities, we have won successfully. Similarly, we do receive letters from some state agencies when we are unsuccessful. And so, as a company we try to practise what we preach. We

are here to support the entrepreneurs and ensure that they develop and are able to operate companies that are sustainable after they have left the programme and we too are doing our part to ensure that persons in the general population are aware of the services that we offer and engage us, once they are interested in doing so.

Mr. Cummings: Well, let me just ask: if it is that the CEPEP is a business incubator, you are trying to move small business people into becoming more established and CEPEP itself is on the market, is that not a conflict? Is it not that CEPEP then is competing with the very people involved in the incubator programme that might be tendering for the same projects? It is not likely that you might find on a project that CEPEP, the company, is tendering for—one of the participants in the incubator programme might be tendering for that same project?

Mr. Roberts: Allow me through you, Mr. Chair, to clarify the process then. CEPEP does not have any employees who would engage in beautification or landscaping, first and foremost. Those persons who are engaged to do that work are the contractors. So any work that is secured by the CEPEP Company Limited is in essence done by a CEPEP contractor. So our role in the Business Development Unit is that in the work that we secure we would now be able to engage the contractors to do that work because we do not do that work in house. We do not have the capacity nor are we interested in doing that ourselves. We do that through the contract labour. So we get the jobs, but it is more a facilitation.

Now, the development of the business incubator initiative would be supporting the entrepreneurs in terms of guiding them in the way that they tender for contracts in terms of how they price their goods, how they price their services, how they operate and do quotations, et cetera. So we are getting the work in the first instance, ensuring that these contractors do the work up to standard. The work is verified by our field officers through our operations department, but in essence the work is done by contractors, We do not actually do the work.

Mr. Cummings: Before I move off that point, I just want some clarity. The CEPEP tenders for a project, let us say the maintenance of the highway, for instance. You already have contractors engaged. You have 261 contractors engaged in your regular EWAs. Yes?

Mr. Roberts: “Uh hmm.”

Mr. Cummings: And the CEPEP now tenders and gets the contract from the Ministry of Works and Transport to maintain the highway. How do you determine which of your contractors in

your core programme would execute those works that you get based on tendering for other works? For instance, how would you

determine, after getting that contract for the maintenance for the highway—do you subcontract that to contractors already in your programme or is that just given to them as part of their regular responsibilities?

Mr. Roberts: Okay. Through you, Mr. Chair, that work would be done—there are a number of factors that we will consider in terms of assigning teams to that type of project. As of now, the teams that would be assigned to those types of projects would be contractors who are engaged with CEPEP already. One major factor would be geography. So we would look at teams that are in close proximity to the job sites, first and foremost, and also—

Mr. Cummings: Let me just ask you, let me just clarify.

Mr. Roberts: Sure.

Mr. Cummings: I am trying to determine whether the contractors are paid separately for those works or does it form part of your regular programme, your core programme?

Mr. Roberts: That is determined on a case by case basis—

Mr. Cummings: Okay. I get you.

Mr. Roberts:—based on the location.

Mr. Cummings: Let us move along.

Mr. Roberts: Sure.

Mr. Cummings: In 2010, there was a general manager of CEPEP, Mr. Clarke— do your records reflect that? Can you tell us—and that person was replaced as general manager around that time, human resource manager. When did Mr. Clarke exit CEPEP?

Ms. Stewart: I am unable to provide you with a specific date of when he exited, but I can provide that at a further date.

Mr. Cummings: So could you give us that information in writing, please? **Ms.**

Stewart: Yes. I can.

Mr. Cummings: We would like to know at what point did Mr. Clarke exit the position of general manager? If he stayed on with CEPEP, in what capacity did he stay on, and what was the remuneration received during 2010 at the time he exited the company? In addition to that,

what was the procedure utilized for the recruitment of the person who replaced him as general manager? What was the process utilized? And what was the salary received by that person and the members? That will also go for the full management team during the period under review.

My next question is—I am aware that the CEPEP head office was located in Chaguanas which is a central location, easily accessible by people coming from different parts of the country. Where is your head office now?

Mr. Eddy: Ste. Madeleine. The head office is located in Ste. Madeleine.

Mr. Cummings: All right. Can you tell us now or can you provide in writing, what was the rationale for shifting the office from Chaguanas to Ste. Madeleine? Was it a cost-saving initiative? Could you provide that to us in writing?

Mr. Eddy: Yes.

Mr. Cummings: Why the office was moved from a central location in Chaguanas to Ste. Madeleine in south Trinidad, “southish” Trinidad? Yes? Further, can you tell us what were the selection criteria? What was the process that was used to select these 261 contractors currently on the CEPEP programme? How were they engaged? What was the advertisement? What was the process? How were they selected? Could you give us that in writing, all 261? Because I realize that you had 134 contractors before. So that, in fact, the programme almost doubled to 261.

So you had an increase of 127 contractors and you now have 261. I would like to know what was the process used to recruit these contractors and give us the names of these contractors, please, and how long they have spent with the CEPEP programme?

Could you also give a list of all the construction projects and all the none-core projects? I saw some of them here. I am sure this is not a complete list. All the none-core projects engaged by CEPEP during this period under review, both construction projects and projects that you would have managed on behalf of other Ministries?

I also would like a breakdown in terms of the 261 contractors, which EWAs—you said that is environmental work areas—which environmental work areas these contractors are assigned to throughout Trinidad? I will hold there for now until later on, Chairman, thanks.

Mr. Chairman: Yeah. I just wanted to ask Mr. Eddy and maybe the Permanent Secretary: if the intention is to return CEPEP to its original moorings, my colleague was asking about you

competing for jobs either within the private sector or within the governmental sector, and you could at times be successful, would you not see this as a contradiction? Do you see you are undermining the very small contractors, medium-sized contractors who would have been competing for those very contracts in the government service or in the private sector when your mandate, according to what we were told, is to treat with what you have, train, graduate, let them get into the business, get new ones, train, graduate. So you are expanding the business entrepreneurship class in the country.

But if you are at the same time competing for contracts through your Business Development Unit with the Government and with the private sector, are

you not seeing a contradiction in terms of your mandate, as you have outlined this morning, or do you see it complementary? Because I am seeing a contradiction in terms of what you are supposed to be doing, and then you are actually competing with the small entrepreneur who ought to be seeking those contracts with the Government, you are getting those contracts and you are extracting from your very core, the labour.

And my colleague who spoke a short while ago did not indicate to us what was the process, what process was utilized. He said it is determined on a one-by-one basis, or we do not know if there is a—what process, what procurement process, what transparent process you are engaged in in determining if this contractor or the other contractor would gain, let us say, the job that you would have just successfully gotten from the private sector or from the Government.

So, Mr. Eddy, I just wanted to get your thoughts on that as to whether you are violating and breaching your very mandate that you want to return to as you seek to expand and engage small entrepreneurs, you know, in your operations. Just add to whatever you have already. What are your thoughts on that?

Mr. Eddy: I think the way we saw it is that as part of developing the business entrepreneurship of the contractors, because we are helping, the idea was to train these contractors so that they understand fully: how to apply for contracts outside of the CEPEP contract; how to manage their accounts; how to do various things; how they get their staff. And the way we saw it is that, in terms of being able to utilize the contractors, the current group of contractors, part of the reason, part of the things we looked at was that we have now developed a process where we can

actually evaluate contractors in terms of performance through some specific KPIs. And our idea was to use that as part of the way that we were able to choose

contractors. So the ones that are developing a little bit faster than the others that are coming on board that are understanding the processes that we would have then used those contractors to be able to do any of these private things that we would have gone out to bid for.

We also had the idea that we would, if we saw an ad in the newspapers for a private contract, we can say to contractors, you know, there is an ad in the newspapers, this is what is required, bring the paperwork in, we have a development unit that will actually help you. So it was really graduating to that, so that we will actually help you now be able to go out and bid for those contracts yourself, as opposed to CEPEP the company. So it was all part of what we saw in coming in as training and developing business entrepreneurs.

Mr. Cummings: And, Mr. Eddy, that was the point I was trying to make. In that, if you are involved in a business incubator then what you want to do, once there are projects out there to bid for, is that you want to guide the participants in the incubator in terms of how they can properly tender for projects, how they can prepare these documents. And so your Business Development Unit should really be guiding the contractors as to how they can prepare themselves to participate, instead of the CEPEP company actually going out there and competing along with the persons who you should be holding their hand and getting them to graduate to a higher level. That was the point I was trying to make.

Mr. Chairman: All right. Well, I think that you get the point. I recognize Mrs. Cudjoe. Miss Cudjoe, rather. Miss Shamfa Cudjoe.

Miss Cudjoe: Thank you.

Mr. Chairman: You are welcome, Miss Cudjoe.

Miss Cudjoe: Thank you, Mr. Chair. To the General Manager, through you, Mr.

Chair, I know earlier in the year we would have discovered that over 80 per cent of CEPEP contractors had fallen behind or were not in compliance with making their statutory payments as it relates to national insurance, health surcharge, some for VAT and so on. I want to know what has been done to rectify the matter. And can you provide for us, to date, the number of contractors that are still behind as it relates to statutory payment, by how much and what is being done to treat with the matter?

Mr. Chairman: Mr. Eddy.

Mr. Eddy: Yes. There was a significant amount of contractors that were failing to pay the statutory deductions. And based on the contract actually this should have been picked up a long time ago because some were owing significant sums of money. And it states in the contract that if you missed three consecutive payments then you will become non-compliant.

So, the first thing we did when we came in as a management was to utilize the contract to inform contractors that they were now non-compliant and as stated in the contract that their management fees would be withheld. That was done to all the contractors who were non-compliant at the time. Since that has happened we also had a meeting with the National Insurance Board informing them of what we found and since that time we have had maybe about half of that percentage or more now gone ahead and paid their statutory deductions to bring themselves compliant. **Miss Cudjoe:** So, to date, as we speak, what would you say roughly is the percentage of contractors that are compliant, that are fully compliant? Because the report shows that we have contractors who have not been compliant up to 40 months, from 40 to seven months. So where are we with that?

Ms. David: All right. Through the Chair. Good morning, again. I believe when we came in, it was roughly over 150 persons—this is just ballpark figures, right— that were non-compliant. To date, I think it is less than half of that that are actually compliant now, so it may perhaps be between maybe 70 to 80 contractors that are actually non-compliant at the moment. So it has significantly dropped over the last couple of months.

Miss Cudjoe: I will tell you something. Moving from one-something to 70 or 80 contractors might sound impressive, but it is not impressive or positive or beneficial to the worker who gets pregnant or gets ill.

Ms. David: Yes.

Miss Cudjoe: So I think we need to move to a place of 100 per cent compliance. I trust and hope that you have regulations and rules to treat with this and not to endorse and encourage contractors who are not compliant. So, please provide the necessary details as requested to us. And what are you doing or what have you done to treat with the matter?

Ms. David: Okay.

Mr. Chairman: Mr. Eddy, what would you recommend for rogue contractors as Miss Shamfa Cudjoe just said? If you have 150 contractors who were delinquent and denying people their rights

in terms of NIS benefits because of their failure to comply with the NIS arrangements, and we were able to bring them down, as you said, to 70, we still have almost another 70 to 80 contractors who are rogue elements in the system and who have defied your directives to “come up to scratch”, to come up to compliant level. So that all workers who are employed with those contractors would be able to enjoy their benefits in accordance with the law and in accordance with their monetary contributions on a regular basis to this or that contractor. What would you recommend to this Committee? Should we

terminate those contractors who have been delinquent and who have persisted in their delinquency even though you have made recommendations? Or would you say, allow them to continue as they are going and they will soon, maybe in the next three years, meet their obligations to the NIB? We would like you to tell us what would be your recommendations?—because we are very concerned.

11.55 a.m.

Mr. Eddy: Mr. Chairman, as per contract, had the previous management followed the contract to the letter they would have exited those contractors. Unfortunately, it was allowed to perpetuate for a long time, for over an extended period. So, as I said, we started to take the steps of following the contract. First thing we had to do was write to them and stop the management fee, informed them that they were non-compliant and stop the management fee, and then the next steps would have been to follow. We have requested legal advice as to how do we move forward, given the fact that these contractors have been allowed to be non-compliant in excess of three years in some instances. So we are now awaiting legal advice in order to proceed, but I do say that had the contract been followed to the letter they would have either become compliant immediately or they would have been exited from the programme on the basis of the contract and non-compliance.

Mr. Chairman: Are these contractors compliant in terms of income tax? I am talking about the contractors, not the employees, because they get minimum wage levels. The contractors, do they pay? Are they complying with the income tax laws of our country? Do you have any evidence that they pay income tax to the taxpayers of this country, Inland Revenue department?

Ms. David: Okay, I again. With respect to the contractors, what our contract says is that they have to bring us—because we actually pay the NIS and the Health

Surcharge over to the contractors in terms of the amounts every fortnight and every month. What they are supposed to do—the contractors—they are then supposed to go and remit, well, obviously make the payments and then remit back to us a copy of the receipt so that we can match it off and agree that, you know, they are now in compliance with their contract. With respect to the income tax, no. The contractors are all registered companies, we do not look at their income tax receipts, because it is not part of—in terms of the contract—a contractual obligation for them to remit those things, but that is something that BIR and, I guess, the contractors themselves would have to take up on their own.

Dr. Gopeesingh: CEPEP in its operations, the workers and the contractors cut the vegetation that needs to be cut along the highways, and roadways, and so on. But I noticed that you have independent contractors who collect this vegetation, yes, that CEPEP has employed?

Mr. Eddy: Yes, that is correct.

Dr. Gopeesingh: Now, how many are these independent contractors for just collecting the vegetation, and how much is paid, and how many contractors do you have there, collecting vegetation after the CEPEP workers have cut the vegetation? So, you have a separate department for collecting, a separate company or companies, contractors for collecting the vegetation. Could you give us an estimate of the annual cost that CEPEP has to pay to these contractors who are outside of the 261 contractors? How many contractors you have collecting vegetation? And how much money is paid to them? Because that is a separate area. We thought that CEPEP was collecting the vegetation, but you seem to have independent contractors now collecting this vegetation and dumping it. So could you give us the amount of contractors employed? What is the cost on an annual

basis for collecting this vegetation that is cut? You have any idea now?

Ms. David: Hi, again. Good morning. Currently we have approximately between 100 and 105 contractors that pick up the waste. On average it cost us at least \$1.6 million a month in payment for the services that they provide for us.

Dr. Gopeesingh: So, it is \$19 million approximately per year in collecting the vegetation?

Ms. David: Waste removal, yes.

Dr. Gopeesingh: Have you considered instead of contracting that outside—and what is the accounting mechanism to determine the collection is running efficiently, and effectively, and cost effective, and value for money? Because many times you would drive down and you

would see garbage bags filled with material for two or three days. Now, do you not think that that should be a core component of CEPEP? Why you have your contractors cutting the vegetation and not removing it? They should be able to be mandated to cut it and remove. So, now when you separate that it causes weaknesses and efficiency in the cleaning. So, that is one. So, 19 contractors make about \$1.6 million per year? How many you said? How many contractors?

Mr. Eddy: About 100.

Ms. David: About 100.

Dr. Gopeesingh: This is something to consider. Now the garbage collection is put in garbage bags. This is not environmentally friendly, because these garbage bags are dumped in the dumps. Can there be no other mechanism for collecting this without having to put these in garbage bags? Sometimes you drive along and you see 100, 150 garbage bags, that is damaging the eco aspect of the environment, because a garbage bag takes years to decompose, and I want to suggest that you

look at this immediately. Why you cannot have a certain amount of trucks or vehicles? Have you considered getting some vehicles that could crush these vegetation and make it manure or compost for sale subsequently? This is the thinking that needs to go into it. So, you have one there cutting, another set of contractors collecting, and dumping environmentally non-friendly garbage bags into the dump sites, which take years to decompose, so I want to advise or recommend that this be looked at immediately by your company. And why can everything not be the core competence of CEPEP? That is one.

Two, the CEPEP maritime, how many beaches do you monitor and protect in terms of the CEPEP maritime environmental management? And, are you aware of how many beaches and maritime sites across the country there are, and how much do you participate in cleaning up? What percentage do you participate in cleaning up?

And the third area is the CEPEP agriculture, for which I know was doing a very good job, because if we are to be sustainable, agriculture has to play an important role, and would you not consider that the CEPEP agriculture now continue to be a very significant part of your CEPEP programme, and help with the national diversification and sustainable development of the country? So could we get some comments from you, General Manager?

Mr. Eddy: Yes, I would let the Operations Manager take the first part of the question, because some of the things that the member is suggesting we have already started looking at. So, let me just allow—

Mr. Grell: To the Chair, good morning. CEPEP company is already engaged in providing green waste to a number of farms in the Cumuto, Valencia, and Tabaquite areas. That has been ongoing. We came into a situation where we realized that composting should take place, and we have sent some equipment that was there for some time, some chippers, to be repaired, having taken on VMCOTT as our provider. So, that is taking place right now. In addition to which, we have engaged CARDI, that is the Caribbean Agricultural Research and Development Institute, and they are providing us with expertise. We have already allocated a site to do composting on-site, so that is going to be taking place shortly.

Dr. Gopeesingh: Where?

Mr. Grell: On-site at St. Madeleine. One of the few benefits of being there is that we have space to use to actually do composting.

Dr. Gopeesingh: Material is cut from Port of Spain?

Mr. Grell: No, only for those waste operators in close proximity to us will be dropping it.

Dr. Gopeesingh: Are you going to continue utilizing private contractors for collection?

Mr. Grell: It makes sense right now because of the spread of the programme. If we were to engage in terms of purchasing a number of vehicles, and trucks, and so on, to go all over the country, the maintenance cost alone would be astronomical. And by having waste removal operators we have engaged in a number of systems to ensure that the waste is picked up properly and in a timely and efficient manner, in that the waste operator is linked to a particular contractor in the area, and the contractor signs off on documents for the waste that is collected. When you do see waste—

Dr. Gopeesingh: What is the method of auditing to make sure that there is no collusion to say that X amount of—

Mr. Grell: That is where the field officer and the regional coordinator comes in.

Dr. Gopeesingh: Do you have a mechanism, an audit department within CEPEP to determine on a daily basis 261 contractors cutting vegetation across the country and dumping them at the side of the road? Do you have that mechanism within CEPEP for auditing that? And is it being done effectively and efficiently?

Mr. Grell: It is being done effectively and efficiently, and as I said—

Dr. Gopeesingh: That is what you say. Can you show evidence of that to us, that on a monthly basis—or evidence to show that the auditing in that aspect is being done? And give us an idea of how many of these pieces of garbage across the road—if you have an auditing department, which you are paying for—has been collected and dumped properly by the contractors who are hired and paid for to collect these pieces and so on. Just a last issue from a social perspective and from a health perspective, what steps have CEPEP taken to protect X amount of workers on the roadside and when they want to use the washrooms and toilet facilities? How can a human being be subjected to that? They start to work from six in the morning to about 11.00 during the day and do not have available an area for toilet facilities, and has to beg a neighbour or something. Could you make some comments on that? This is humanly unacceptable, and for years this thing is going on from 2009 or whatever, 2008 to 2016. Could you respond to that?

Mr. Grell: Certainly. I will start with the issue of using the toilets, if I may. The contractors usually provide transportation for their workers on site. If it is that it is a special project we provide the transportation. We keep a vehicle on site, ensure that they are protected from the rain, and also ensure that there is close proximity to toilet facilities. Those are special projects such as the North Coast Road, and Lady Young Road, and so on. It is really the contractors' responsibility to see to the needs of their workers. In the past there was a system whereby—I am talking

2003 now—trucks with portable toilets on the tray would have been driving around to specific areas. It was not a very effective system. As to your next—

Dr. Gopeesingh: No, you have not answered that, Sir.

Mr. Grell: I have not?

Dr. Gopeesingh: You have floated across the entire issue and it is unacceptable, your response. You have flip-flopped on the entire issue. Tell us what definite areas. You said it is left to the contractors. It is left to CEPEP to monitor that. You are the responsible agency, and you have to ensure that the contractors provide that type of facility. What have you done about it? I know you all have come on three months, and five months, and six months, but could you look

into that? It is not humane, and people are getting wet into the rain and have to run and hide for shelter under somebody's home. That is unacceptable by today's work standards.

Mr. Chairman: Yes, Mr. Eddy, I think Dr. Gopeesingh is suggesting that the CEPEP should look into this issue. It is an issue that touches very, very seriously on human condition, and we do not want to be going to and fro on this one. We would ask you to consider, and we would probably at our level make a recommendation to that effect. So, consider it, and as I am on the floor I want you to consider whether contractors are meeting their financial commitment to the State insofar as income taxes are concerned? I would hate to think that contractors are receiving moneys every month and they are not paying income tax. I pay income tax. All of us pay income tax. So, we would like to know if that is taking place, and if it is not taking place, please advise us so we can make a recommendation to the CEPEP company to take action in that regard. So, we would want to get from you what is taking place. Okay?

Miss Cudjoe: I have one final question through you, Chairman. There have been some complaints in the public domain that CEPEP no longer cleans drains and cut grass that is above a certain level, can you tell us about that change in policy, if that is true?

Mr. Eddy: Well, CEPEP cuts grass, and I do not know that we have a level that we go to. We have done areas that are quite—I have seen the CEPEP crews on the Lady Young Road trimming trees and stuff, so I am not aware of that at all.

Miss Cudjoe: And what about cleaning drains?

Mr. Grell: To the Chair, thanks again. The cleaning of drains is something that really does not fall under the mandate of CEPEP, but we do it in certain areas, certain residential areas. That is a Ministry of Works operation, waterways, water courses. But, we have been receiving a number of requests to do it, and where it is safe we do engage in it. Just to make a point on your question, if I may Dr. Gopeesingh, you mentioned about the safety of workers.

Dr. Gopeesingh: The health of workers.

Mr. Grell: The health of workers. Well, let me address the safety of workers. We have a health and safety unit, but we also ensure that when we are working on road verges, particularly for the highways and major arteries of the road, that we engage the Ministry of Works to get the proper policing, the proper signage, and to ensure that the lane in many cases is blocked, and that is something we do not mess around with at all. That is in place each time. Thank you.

Mr. Cummings: Mr. Eddy, the waste contractors that were spoken about, or the waste collectors, is it the same philosophy behind these contractors? Are they part of an incubator system as well?

Mr. Eddy: No. The answer to that is no. That is done under a separate contract.

They are assigned to contractors so that we are able to quickly remove the waste rather than it staying on the side of the road.

Mr. Chairman: But I think you also—what Mr. Foster was asking is that, are they contracted for a specific time, just as how the original mandate that you are going back to, three years, and then you get graduated out of the programme. Those persons who are collecting waste, are they following the same mandate, after three years they are graduated out? Or are they there permanently on the job five, six, seven, eight? I think that—

Mr. Eddy: Okay, all right. The intention is to bring them as part of the programme to graduate them after three years. I was sort of responding from what we have seen, that they have also been in the programme for an extended period of time.

Mr. Chairman: Before Mr. Small asks his question, I have a question. Internal auditing—I want to get back to that—to me, is the first line of defence in transparency, accountability, and good governance. So, I would like to find out from Mr. Eddy and the Permanent Secretary, as well as the Investments Division of the Ministry of Finance, as stakeholders, are you comfortable, are you happy, are you satisfied with the situation where you have no internal audit function occurring in a very important institution and organization, like the CEPEP company, for nine consecutive months? What is the Investments Division doing about that if they are receiving monthly reports?

What is the Ministry of Rural Development and Local Government, through the accounting officer, doing about that? Because it is untenable for any organization spending millions and tens of millions of taxpayers' dollars every month to come and tell this Committee that after nine months, "I do not have an

internal audit function or unit in my organization”. It is unacceptable. And I really would like to get an explanation from the Investments Division of the Ministry of Finance and the Permanent Secretary in the Rural and Local Government Ministry, what is happening, and what steps you all are going to be taking immediately to bring an end to this unfortunate situation? This is going to put extreme pressure on the external auditors in the final analysis. Because if you have no internal function how are you going to monitor and ensure that there are no breaches, irregularities? What systems you have in place to avoid fraud, for example, from occurring?

So, I would really like to ask the Investments Division representatives to help us, to guide us, to give us their recommendation as to how do we address this emergency that is occurring at CEPEP? And also the Permanent Secretary, give us your solution and your recommendation to deal with this emergency. So, please, the Investments Division.

Mr. Ramdial: The internal audit function within any organization will be based on the structure of that organization. Internal audit within the state sector is generally, I would say, relatively new. It is not like in the private sector where it has been around for a long time, you have internal auditors and you have that capacity built in there. So, one of the problems you had with the state sector was getting internal auditors unto your structure.

That process, and I think the PS would ascribe to that, takes quite long when you need to go to CPO to get all that information approved in terms of what salary, an approved org structure. Aside from going to the board and having the board approve an org structure, it then has to go to the line Ministry, it has to go to CPO to be able to get an approved salary to pay an internal auditor. A lot of these companies that are not revenue generated companies like maybe NGC, that

generate their own revenue but operate out of government subvention, most of them have very limited amount of money that the CPO allows them to use to hire an internal auditor. And therefore one of the biggest problems that you face is that the compensation package is just not attractive for a company for someone to take up that position, and therefore companies now sometimes are looking to outsource their internal audit function. But, again, it depends on the subvention that you receive; in the case of CEPEP, I suppose, the subvention that they receive, it is not easy to hire internal auditors and the compensation is not there.

Mr. Chairman: All right, I know that in the public service from the '80s—I was a former public officer, and internal auditors have been on the establishment since I know myself working in the public service. So, I do not know where you are getting your information from. But, listen, may

I ask the Permanent Secretary to address this matter for me, please, because it is a very serious matter and it could lead to all kinds of irregularities? I would really like you to, as the accounting officer, give us your recommendation as to how we would deal with this matter.

Ms. Bascombe: Okay, thank you, Chair. There is indeed a crisis in the auditing field in the public service of Trinidad and Tobago. There is a dearth of qualified auditors. As the officer from the Investments Division said, it is not an attractive field, and not all the positions are travelling. But, be that as it may, we have sort to address the issue of CEPEP, because we realized there is a crisis at hand.

In our last meeting with the CEPEP management, our team offered the assistance of the internal auditors attached to the Ministry of Rural Development and Local Government on a short-term basis, while they seek to put things in place to recruit their own auditor. But, I may caution that. Our internal auditors are currently stretched to capacity, because they audit the operations at head office as

well as the 14 municipal corporations, and we only have a staff of 14 auditors of various grades. The highest person is an Auditor III.

What we have been doing, before CEPEP became our responsibility we recognized that there was a need to audit the corporations as well, so we assigned our auditors to audit two corporations, and we have started seeking to recruit retired auditors from the public service who have 20 to 30 years' experience and bring them on, on short service contracts to audit the various corporations. So, by extension it is possible that we will be able to use this strategy to assist CEPEP in the short-term.

Dr. Gopeesingh: Can I ask, Chair, in that context CEPEP is operating with a management team and workers for looking after the management of CEPEP itself, could you give us an idea of what are the direct charges for the management of CEPEP outside of your contractual obligations to the contractors? And this will fall into the question of an internal audit team, how much does CEPEP spend on a monthly basis for managing CEPEP, well, in terms of your executive team, and your other workers who are not contractors?

Mr. Chairman: Who will answer that?

Dr. Gopeesingh: Finance.

Ms. David: Hi. Again, good morning. Maybe on average—

Dr. Gopeesingh: We are not hearing you, please.

Ms. David: A gross salary for the management team may be—

Mr. Eddy: The total for the management of the operations on a monthly basis. **Ms. David:** Roughly about \$2 million just for the executive team.

Dr. Gopeesingh: On a monthly basis?

Ms. David: Yes.

Dr. Gopeesingh: So it cost you about \$2 million from an administrative perspective on a monthly basis to manage CEPEP? So \$24 million per year approximately for the management team and the workers. How many workers do you have working from an administrative perspective to manage CEPEP?

Ms. Stewart: Mr. Chairman, and the Committee, we have a current count of 126 people. That is inclusive of the six members of the management team, which is also inclusive of the general manager.

Dr. Gopeesingh: What would be the approximate charge for the executive team on a monthly basis out of that \$2 million, including your General Manager and the five other members of the executive team?

Ms. David: Through the Chair, I think it is approximately about \$200,000 a month for the executive team in terms of salary.

Dr. Gopeesingh: And the other 120 workers is about \$1.8 million?

Ms. David: Roughly, yes. That also includes our contributions to NIS as well. **12.25 p.m.**

Dr. Gopeesingh: In the context of what Permanent Secretary Bascombe just mentioned a while ago, CEPEP needs internal auditing and you need quite a lot of auditing of, what you were saying, the waste operators and a number of people; auditing of the contractors who are not paying the NIS and paying what they are supposed to do. Is it too much to ask for an internal audit team and hiring an internal auditor on a contractual basis regularly to help you and to help determine the way forward based on your management practices for value for money and for effectiveness, efficiency and so on?

Mr. Eddy: Certainly not too much to ask. We did recognize that this was a very serious area and in the short term we had attempted to contact a few of the auditing

companies to try and at least bring somebody on in the short term while we get the board approval for the position. So it is an area that is of concern to myself as well as the management team and we are contacting some of these companies.

Dr. Gopeesingh: I have a last question to ask. In going forward, what is CEPEP's thinking, from you as the General Manager and your executive team—well, of course, the board is not here—on the human resource issue of these contractors, the 261? What are you going to do in terms of your management of these? Are you going to terminate some? Are you going to continue them? What are you going to do? What are your plans for these 261 contractors and the 100-plus who are also collecting the garbage—the waste? Any ideas on that?

Mr. Eddy: We are awaiting board direction, but we do have a reduced subvention and we are carrying the same amount of contractors as we did with a larger subvention. So we are currently reviewing the full gamut of the contractors and we will make a recommendation to the board at that time.

Dr. Gopeesingh: Yes. And do not forget you have to send us the information, who were there six years, seven years; how long they have been there. And forgive me, Mr. Chairman, just one. How much does a contractor receive on a monthly basis, let us say, for a six-month, a 10-person team? How much does that CEPEP contractor receive when they have a 10-man team, on a monthly basis?

Mr. Eddy: A team consists of 10 workers, they would have various iterations. I think the monthly fee ranges from about \$23,000 to probably about \$36,000 depending on the amount of teams that you would have had.

Dr. Gopeesingh: No, but let us say an average 10-man team.

Ms. David: We do not have any 10-man team. What we have is one team will comprise of 10 workers.

Dr. Gopeesingh: Well, that is what I mean.

Mr. Eddy: Yes. I know what you are asking but we could provide that in writing. I do not have the exact number.

Dr. Gopeesingh: But it ranges from what? You were giving an idea.

Mr. Eddy: Well, what I was giving you was, in terms of the contractor that we have and the spread of teams, it goes back to what the finance manager is saying, no contractor would just have one 10-man team. So that is a number we will have to pull out. They would have 10 teams of six, so which means that will be sixty workers, and then added to that they may have another four—they may have four teams. That is another 40 workers. So they could have as much as 200/300 workers for one contractor.

Dr. Gopeesingh: Really?

Mr. Eddy: Yes.

Mr. Chairman: All right. We are inching and rushing toward 12.30 p.m. There is a sitting of the House of Representatives at 1.30 p.m., so we want to conclude in the next few minutes. I want to ask the Finance Manager to go to the CEPEP financial statements for 2014 and turn to page 18 of that report under “Personal Costs”.

Ms. David: I do not have the audited financials in front of me right now.

Mr. Chairman: Okay. Well, let me read it for you. I see salaries for 2014, \$15 million. You said a short while ago that salaries are about \$2 million a month.

Mr. Eddy: I am not sure if that is a yearly figure—

Mr. Chairman: Is this a yearly figure?

Mr. Eddy: It might be a yearly figure, because \$15 million a month—

Mr. Chairman: But if it is \$2 million a month, that is supposed to be about \$24 million.

Mr. Eddy: Yes.

Mr. Chairman: So something is wrong here.

Mr. Eddy: Well, that is in a period before. You were saying 2014?

Mr. Chairman: 2014, yes. But right now your total salary for the month— **Mr. Eddy:** For the month, it is approximately \$2 million.

Mr. Chairman: Okay.

Mr. Eddy: So they may have been just over one million and something.

Mr. Chairman: Could you provide us with a list of your permanent employees—the number? We do not want names. How many permanent employees you have there; how many contract employees you have. So we are talking about both within your office, CEPEP, number of permanent employees, number of contract employees and number of temporary employees that you have in your establishment.

Ms. Stewart: Mr. Chairman, and the Committee, currently the 126 employees we have within the headquarters are all contracted employees, the management team included. So all employees who are housed there are on contracts. But I can provide you with that list.

Mr. Chairman: Yes, we know. We will want them in writing. Okay. We would have liked to continue but time is against us. The Committee will decide if we need you again. Okay? But may I ask Mr. Eddy whether he would like to make any closing remarks as we try to bring our enquiry and public hearing to a close?

Mr. Eddy: Mr. Chairman, we certainly would like to thank you for the opportunity to come before the Committee. Although we are not very long in the position, we want to assure you that we will take every step to ensure that CEPEP is run in the way that we believe that it should. We would like to thank you and the Committee members and simply to say happy holidays to everyone. And we will provide the responses in writing.

Mr. Chairman: Well, on behalf of the Public Accounts (Enterprises) Committee, we would like to extend our appreciation to the team from the Ministry of Finance, Investments Division, the team out of the Ministry of Local Government headed by the distinguished Permanent Secretary, Mrs. Bascombe, your team from the CEPEP organization headed by your good self. We would like to thank you all for being here. May I also say, in closing, that we look forward to your recommendations in writing? We are also going to be sending to you a list of all the questions that you would have been asked to submit in writing. There are several questions that we could not have asked this evening because of the time, but we will also send those questions to you to give us written responses to.

We look forward to putting forward some recommendations to the Parliament that would seek to make this organization called CEPEP—this company, this state entity—more efficient, more effective and more economical in its operations. But we look forward, as I said, to your submission. We would like to ask you to have submissions to us within a two-week period, if that is practical and possible, so that we can do what we have to do on the way forward.

So once again, on behalf of the PA(E)C, we would like to extend our appreciation to you all for being here. We would like to thank the members of the media for being here as well and members of the public who would have been following the proceedings of this hearing live on Channel 11 and 105.5 FM. We also thank the Investments Division's representatives from the Ministry of Finance for being here. So we now suspend these proceedings and we thank you for coming. Thank

you.

12.35 p.m.: *Meeting adjourned.*