



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF AGRICULTURE, LAND & FISHERIES
OFFICE OF THE PERMANENT SECRETARY

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AGR: 2/1/6 Vol. II

September 01, 2017

Mrs. Jacqui Sampson- Meiguel
Clerk of the House
Office of the Parliament
Level 3, Tower D,
Port of Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Mrs. Sampson- Meiguel,

The Seventh Report of the Public Accounts (Enterprises) Committee for the Second Session of the Eleventh Parliament on the examination of the Audited Accounts, Balance Sheet and other Financial Statements of the Estate Management and Business Development Company Limited (EMBD) for the financial years 2008 to 2010.

Your letter Parl 5/4/103 dated July 03, 2017 refers.

Please find attached, the response of the Minister of Agriculture, Land and Fisheries to the findings and recommendation of the Seventh Report of the Public Accounts (Enterprises) Committee for the Second Session of the Eleventh Parliament on the examination of the Audited Accounts, Balance Sheet and other Financial Statements of the Estate Management and Business Development Company Limited (EMBD) for the financial years 2008 to 2010 submitted for the consideration of the Public Accounts Enterprises Committee

The delayed submission is regretted.

Sincerely,

.....
Ms. Angela Siew
Permanent Secretary

Att.

PERMANENT SECRETARY
MINISTRY OF AGRICULTURE, LAND AND FISHERIES



**GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF AGRICULTURE, LAND & FISHERIES**

Response of the Minister of Agriculture, Land and Fisheries to the Findings and Recommendations of the Seventh Report of the Public Accounts (Enterprises) Committee (PAEC) for the Second Session of the Eleventh Parliament on the examination of the Audited Accounts, Balance Sheet and other Financial Statements of the EMBD for the financial years 2008 to 2010

The Committee is respectfully asked to note that every effort was made to provide urgent and relevant responses to the queries raised despite the fact that such issues at times went beyond the scope of the initial period of examination which was for financial years 2008-2010.

ISSUES, OBSERVATIONS AND RECOMMENDATIONS

I. Late Submission of Audited Financial Statements

Recommendations:

- **EMBD should implement stringent measures to ensure adherence to the stipulated deadlines set out in Section 3.1 of the State Enterprises Performance Monitoring Manual.**

In accordance with Section 3.1 sub-section 17 State Enterprises Performance Monitoring Manual (SEPM):

“State Enterprises are required to publish in at least one (1) major daily newspaper a summary of its audited financial statements within four (4) months following the completion of the financial year and a summary of the un-audited half-yearly statements within two (2) months of the mid-year date subject to the approval of the Minister of Finance. These summary statements should contain the disclosures required by the Securities Industry Act, 1995.”

The EMBD's action plan going forward is as follows:

- A three (3) year limit for roll over of audit firms
 - Close off three (3) weeks after year end
 - Preparation of draft financial statements for audit along with schedules by two (2) months after year end
 - Introduction of an interim audit before year end
 - Final audit completion within three (3) months of year end
 - Publishing of audited financial statements four (4) months after year end
 - In order to ensure the above steps are achieved, EMBD has engaged in institutional strengthening which includes augmenting the staff of the finance department and providing the appropriate training.
- **EMBD should host an AGM to approve the audited financial statements for the fiscal years 2011 and 2012 and to also appoint an Auditor no later than June 30, 2017.**

The EMBD anticipates that, subject to the schedule of the Investments Division of the Ministry of Finance, an Annual General Meeting will be convened by the end of August 2017 for the approval of the audited financial statements for 2011 and 2012 and the appointment of an external auditor for the fiscal years of 2013, 2014 and 2015.

- **EMBD must submit the audited financial statements for the periods 2011 and 2012 to the Parliament no later than July 31, 2017.**

The EMBD has submitted its audited financial statements for the periods 2011 and 2012 and the Ministry of Finance is required to lay it in Parliament.

- **EMBD should take urgent steps to complete the audited financial statements for the years 2013-2016 and submit to the Committee no later than October 31, 2017.**

EMBD is currently committed to meeting the deadline of October 31, 2017 for completion of outstanding audits for years ended 2013-2015. As mentioned earlier, appointment of auditors for this period is expected by August 2017. As an integral requirement of the RFP, auditors were required to submit detailed timelines for completion to which adherence will be demanded. With respect

to year end 2016, in accordance with best practice, EMBD will again tender for the next three (3) annual audits.

- **The Ministry of Finance -Investments Division should strengthen its overall capacity and take more proactive role in monitoring and evaluating the management of the operations of State Enterprises to ensure timely submission of audited financial statements and all other relevant documents to the Parliament.**

The Permanent Secretary, Ministry of Finance has advised that a response to that recommendation was submitted to this Committee by letter referenced F (I) 1/48/1 dated July 24, 2017.

II. Gap in Strategic Alliances with the line Ministry

- **The Ministry of Agriculture, Land and Fisheries should meet with all entities under its purview at the beginning of each fiscal year to discuss their plans.**

Upon the appointment of the new Boards of Directors in 2015/2016, the Honourable Minister met with the Boards and set out some of the key strategic priorities. In certain cases these Boards received a written Letter of Expectations. On a regular basis the Minister meets with the Chairman of the Boards to discuss matters related to Government Policy, and other matters involving the entities. The recommendation for the Ministry itself to meet at the start of the fiscal year is accepted.

- **The Ministry of Agriculture, Land and Fisheries should meet with all entities under its jurisdiction on a quarterly basis to monitor their progress.**

The Minister meets with Chairman of each entity on a regular basis and with Boards on a periodic basis. The Ministry itself will meet with all entities on a quarterly basis.

- **The Ministry of Agriculture, Land and Fisheries should take urgent steps to establish a Monitoring and Evaluation Unit to assist with its oversight responsibility.**

The establishment of the Monitoring and Evaluation Unit is being actively pursued. A similar recommendation was made by the JSC on Public Administration and Appropriations. The Ministry has sought the assistance of the PMCD, Ministry of Public Administration and Communication and is preparing a Cabinet Note for submission to that Division.

III. Status of Strategic Plan

Recommendations:

- **EMBD should formulate a Strategic Plan and have same approved by the Ministry of Agriculture, Land and Fisheries no later than September 30, 2017.**

The EMBD will obtain the approval of the Ministry by September 30, 2017.

- **EMBD should submit a copy of the Strategic Plan to the PAEC no later than November 30, 2017.**

The EMBD is committed to providing the PAEC with a copy of its Strategic Plan by the deadline.

IV. Relocation of EMBD's Head Office

Recommendations:

- **EMBD should take urgent steps to obtain a lease from the Commissioner of State Lands by July 30, 2017.**

EMBD's application for a lease for EMBD's head office is currently pending before the Commissioner of State Lands (COSL). In the interim the EMBD has requested the COSL to extend the licence agreement for a further period of three (3) years.

- **EMBD should cease any further expenditure on the development of the bungalow until a lease has been secured.**

Developmental works on bungalow ceased since August 2015.

V. Lack of an Internal Audit Unit

Recommendations:

- **EMBD should establish an Internal Audit Unit by July 30, 2017.**

The establishment of an Internal Audit Unit is underway, with the hiring of an Internal Auditor in April 2017 and his subsequent efforts in this regard. Staffing of the Unit has been highlighted as a priority and assessments in this and other areas continue with a view to ensuring compliance before the end of 2017.

- **The Permanent Secretary should ensure that top management positions at the state enterprises under his/her purview do not remain vacant for extended periods of time.**

The recommendation is noted and the Permanent Secretary will work closely with the state enterprises to ensure that vacant positions are filled.

VI. Mandate of EMBD

Recommendations

- **The Permanent Secretary should ensure that EMBD returns to its original mandate.**

The recommendation is noted. EMBD's main focus is to close out its involvement in the development of lands for Caroni (1975) Limited VSEP Programme. The Honourable Minister of Agriculture, Land and Fisheries will ensure that the mandate of the EMBD is in line the Government's Policy.

- **The Permanent Secretary should exercise greater oversight in the management and operations of the EMBD, especially in the transfer of public funds.**

The recommendation is noted. The Permanent Secretary has reviewed this and will be putting mechanisms in place to fulfil this recommendation.

- **The Permanent Secretary must utilise the provisions of Financial Regulation 10 for large expenditure items affecting the financial administration.**

The recommendation is noted. The Permanent Secretary is aware of this provision and will be utilising such when the need arises.

VII. Absence of a Procurement Unit

Recommendation:

- **EMBD should establish an appropriate Procurement Unit by July 31, 2017 in accordance with the guidelines provided by the Ministry of Finance, consistent with the new procurement legislation.**

An assessment is being conducted based on the requirements of the Company on the expansion of the Procurement Unit within the EMBD, with a view of meeting existing requirements of Procurement Legislation and thereby adhering to principles of accountability and transparency.

VIII. Trade and Other Payables

Recommendations:

- **EMBD should implement more stringent internal controls to ensure greater accountability and transparency in satisfying and meeting its financial obligations.**

It is of paramount importance to this Board of Directors that greater accountability and transparency pervades the organisation. From a Corporate Governance standpoint the Board has active and properly segregated committees including Tenders, Audit, Human Resources, Legal and Finance and Investments. Additionally, an Internal Auditor has been appointed and is formulating an Internal Audit Plan. The new management team has begun to implement stricter control systems at the departmental level and revisions are being made to augment and improve documented internal controls. We expect that the management team and, by recommendations for improvement, the Auditor, will drive the control improvement process. With respect to financial obligations we recognise some of the issues that have arisen in the past concerning funding for various projects and in some cases even the processes that existed in the past were likely not strictly adhered to. This of course will be the purview of on-going special audits and project reviews, reports of which will be forthcoming. We intend also to introduce a segregated project accounting system powered and reengineered by a modern IT solution which will contain attendant controls. However cognizance must be taken of the fact that most of the existing payments in this category are subject to audit review and in some cases forensic review which were the prudent courses of action taken by the Board, the outcome of which would determine if any obligations, in these cases, at all exist.

- **EMBD should make every attempt to pay all certified outstanding debts; and**

Please note that all outstanding payments have been provided in our draft estimates of development expenditure provided to the Ministry as a matter of prudence. All such payments are currently overdue if found valid, and all therefore provided as immediately due and payable in our draft estimates in the relevant year. However, the Committee would appreciate that any definitive statement as to the likelihood of individual payment or the sums thereof may prejudice any ongoing due diligence or litigation with regard to

ascertainment of the validity of each payable. This is further highlighted by some the findings with respect to payables so far. Payables remain disclosed as a requirement of prudence. However, there are likely to be adjustments/write backs and/or abatements once the proper reviews of works in place are completed, or the extent to which consultants may or may not be liable to reductions, deductions or damages etc. in respect of works improperly certified or other irregularities.

- **EMBD should provide the Committee with its detailed plan to liquidate its outstanding certified debt by July 31, 2017.**

As at July 25, 2017 the outstanding debt owed mainly to contractors and consultants stood at TT\$2.214B. The Committee is asked to note however that TT\$1.505B or 68% of this balance is the subject of legal proceedings. The remainder of TT\$0.708B is being reviewed. Once there is a determination of the legal matters and the relevant due diligence/value audits are concluded on the residual payables, the appropriate application will be made to the Line Ministry for settlement.

IX. Challenges Experienced

Recommendation:

- **EMBD must submit a detailed action plan to improve accountability, transparency and overall governance by July 31, 2017.**

The EMBD's action plan and proposed timelines going forward are as follows:

- Deployment of Internal Audit Unit (IAU) and staffing it to aid in oversight of EMBD's activities - Dec 2017
- Internal Audit Strategic Plan to identify key risks - Sep 2017
- Frequent Meetings of Board Committees to oversee operations - minimum of one meeting per quarter.
- Expansion of Procurement Unit in line with procurement legislation - Dec 2017
- Establishment of new pre-qualification list of contractors and consultants assessing the applicants litigation history, experience financial capacity, HSE record, availability of resources etc - March 2018
- Implementing policies to aid in strengthening and improving document retention and safe-keeping - Nov 2017

- Strengthen ties with EMBD's Line Ministry as well as set up regular meeting schedules with the EMBD's Line Ministry - EMBD to request same from its Line Ministry by 31st July 2017.
- Review of internal policies & procedures - Ongoing
- Regular inventory of Company's fixed assets - Bi -annually.
- Publication of audited financial statements in press by 31st January of every year.