



The Government of the Republic of Trinidad and Tobago

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**MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT**

Ms Keiba Jacob  
Secretary  
Public Accounts (Enterprises) Committee  
Parliament of the Republic of Trinidad and Tobago  
Level G-7, Tower D  
The Port of Spain International Waterfront Centre  
1A Wrightson Road  
Port of Spain

August 2<sup>nd</sup> 2017

Dear Ms Jacob,

**Re: Responses to Public Accounts (Enterprises) Committee Recommendations**

Previous correspondence on the subject matter ending with your letter dated July 27<sup>th</sup> 2017 refer.

Please be advised this matter is not outstanding.

The Responses to Public Accounts (Enterprises) Committee Recommendations dated June 29<sup>th</sup> 2017 was sent to you by both the CEPEP Company Limited and by the Permanent Secretary, Ministry of Rural Development and Local Government.

Attached is a copy for your information and records.

Respectfully,

**Desdra Bascombe**  
**Permanent Secretary**  
**Ministry of Rural Development and Local Government**

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**Office of the Permanent Secretary**

Kent House, Long Circular Road, Maraval, Trinidad W.I.

Tel/Fax (868) 622-7410/622-1979 Ext 3202/3207 E-mail: [localgovps@gov.tt](mailto:localgovps@gov.tt)

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**P.O. Box 5455, Factory Road, Ste. Madeleine, Trinidad, W.I**  
**Phone: (868) 698-2737, 0753, 0754, 0755, Fax: (868) 698-0166**  
**Email: cepep.info@cepep.gov.tt; Website: www.cepep.co.tt**

**Ms. Keiba Jacob**  
 Secretary  
 Public Accounts (Enterprises) Committee  
 Parliament of the Republic of Trinidad and Tobago  
 Level G-7, Tower D  
 The Port of Spain International Waterfront Centre  
 1A Wrightson Road  
**PORT-OF-SPAIN**

29<sup>th</sup> June 2017

Dear Ms. Keiba Jacob,

**Responses to Public Accounts (Enterprises) Committee Recommendations**

Further to your correspondence dated 2<sup>nd</sup> May 2017, The CEPEP Company Limited (CCL) is providing our status report based on the Committee's recommendations.

Below are CCL's responses:

<b>Recommendation Number</b>	<b>Recommendation</b>	<b>Remarks</b>
III. Contract with Arthur Lok Jack Graduate School of Business (ALJGSB)	CCL to adhere to recommendations provided by ALJGSB and complete reformation exercise by <b>December 2017</b>	CCL's management will comprehensively review the recommendations provided and submit a report to the Board of Directors (BOD) for their action.
	Interim Report on Status of Reformation exercise by <b>August 1<sup>st</sup> 2017</b>	This will be provided as soon as a decision is made on the Reformation exercise.

<p>IV. Issues Identified in CEPEP's Audited Financial Statements</p>	<p>CCL should continue to implement the recommendations and have the remaining twelve (12) recommendations implemented by May 2017</p>	<p>All the external auditor recommendations have been implemented except for the following:</p> <p>a) Disagreement of Subledger and GL Accounts Payable</p> <p>CCL's previous financial history was lost due to a server crash in 2013.</p> <p>This extensive system crash severely impacted on the operations of the Finance Department, as the loss of data and lack of usability of the system reduces our ability to retrieve data necessary for report generation.</p> <p>In addition to the loss of information of the accounting software, there also appears to be no other management financial reports stored on the Finance shared drive for that period.</p> <p>As such, reconciliations necessary to deduce the issues surrounding the variances between the Disagreement of Subledger and GL Accounts Payable cannot be performed at this time.</p> <p>CCL is however working towards restoration of the lost information.</p>
<p>V. Discrepancies in CEPEP's Income Statement</p>	<p>CCL should immediately implement proper financial accounting principles and standards</p> <p>CCL should submit all documents relating to revenue and expenditure incurred during the period 2009 -2014</p> <p>Strengthen the internal controls of the Company to ensure the timely preparation and submission of Financial Statements</p> <p>Internal auditors should conduct quarterly assessments and prepare a report on the financial performance on the activities of the entity</p>	<p>CCL has implemented proper financial accounting principles. With respect to the deferred income balance, CCL is engaging the help of the internal auditor for a way forward.</p> <p>CCL has copied (on a CD) the detailed GL's for the period 2010 to 2014. See CD included in package.</p> <p>The internal auditor reviewed policies within the Finance Department and provided recommendations to strengthen internal controls.</p> <p>The Internal Auditor has conducted a preliminary review of the monthly financial reports for quarter ended March 2017. A report on the findings should be completed by end of July 2017.</p>

		The internal auditor has included quarterly Financial Statement assessments as part of their Audit Plan for the year.
	CCL must adhere to the IFRSs	Adherence to IFRSs will be monitored by Internal Auditor and would be tested by external auditors.
VI. Challenges Faced by CCL	CCL should conduct an immediate review of the quantum paid in Management Fees	A review of contractors' management fees was conducted, and recommendations were provided to the BOD.
	CCL should take immediate steps to monitor, evaluate, and review all contracts and management fees	Contractors compliance is currently being monitored by CCL's Compliance Department.
VII. Non – compliant contractors	CCL should write to non-complaint contractors instructing them of their statutory obligations and duties	All non-compliant Contractors have been notified of their statutory obligations and duties.
	<b>A report should be submitted to the Secretary of the PAEC ensuing compliance of the decision</b>	All non-compliant Contractors have been notified of their statutory obligations and duties.
VIII. Absence of Internal Audit Function	CCL should establish a proper Internal Audit Unit by <b>May 2017</b>	An Internal Auditor (consultant) has been engaged with the company effective February 2017. An additional internal auditor is being sourced and will be engaged by August 2017.
	CCL should take urgent steps to implement an effective Internal Audit function by <b>May 2017</b>	CCL has engaged the services of an Internal Auditor.
	The Audit Committee of the Board should immediately increase its monitoring capacity over the Internal Controls and Internal Audit functions of the Company	At our first Audit Committee meeting held in May 2017, the committee was apprised of their roles and responsibilities.
	CCL should immediately develop a new internal audit policy which would clearly outline targets, goals, and standards to improve the efficiency of the Internal Audit function	At their request, the Internal Auditor provided the Audit Committee with an Audit Schedule of planned reviews.
	CCL should urgently establish key performance indicators to measure the company's Internal	This would be addressed at the next Audit Committee meeting.

	Audit Performance	
X. Lack of Cost Benefit Analyses	CCL should make every effort to ensure that a Cost Benefit Analysis is initiated by <b>May 31, 2017</b>	This would be performed internally.
	CCL should immediately employ measures to conduct effective Cost Benefit Analyses by <b>May 2017</b>	This would be performed internally.

If you require further clarification of the foregoing matters noted, please do not hesitate to contact the General Manager, Mr. Keith Eddy at 721-1118 or [keith.eddy@cepep.gov.tt](mailto:keith.eddy@cepep.gov.tt).

Respectfully,

  
**Mr. Keith Eddy**  
**General Manager**