



THIRTEENTH 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

THIRD SESSION OF THE 11TH PARLIAMENT

Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the Union Estate Electricity Generation Company Limited (UEEGCL) for the financial years 2008 to 2015.



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
Dr. Nyan Gadsby-Dolly	Member
Mr. Foster Cummings	Member
Mr. David Small	Member

Committee Staff

The current staff members serving the Committee are:

Ms Keiba Jacob	Secretary
Ms Hema Bhagaloo	Assistant Secretary
Ms Melanie Chin	Graduate Research Assistant
Ms Anesha James	Administrative Assistant

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



Dr. Nyan Gadsby-Dolly
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 Sheets and other Financial Statements of the Union Estate Electricity Generation Company Limited (UEEGCL) for the Financial Years 2008 to 2015** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve UEEGCL's performance. The issues identified in this report were found during the period under examination (2008 to 2015).

During this inquiry, the following issues arose:

- The non-adherence to the State Enterprises Performance Monitoring Manual;
- The Lack of robust and/or meaningful Oversight by the Ministry of Finance-Investments Division;
- The Absence of an Internal Audit Department and Internal Audit Process;
- The Absence of a Current Strategic Plan;
- The increase in Administrative Expenses;
- Unsigned Bank Reconciliations;
- The Lack of Policies guiding the Organisational Direction of the Company; and
- The Late Submission of Audited Financial Statements to the Parliament for the Financial Years ended 2016 and 2017

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

- The Ministry of Finance-Investments Division should host semi-annual meetings with all State Enterprises under its purview to assess their performance over the past fiscal year and take the initiative to recommend actions to eliminate the deficiencies at State Enterprises going forward.
- UEEGCL, and by extension, TGU should take urgent steps to establish a proper Internal Audit Department by July 31, 2018.

- UEEGCL should take urgent steps to implement an effective Internal Audit function.
- UEEGCL 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.
- The Audit Committee should cease its direct involvement in the audit processes of the company going further and urgently employ an Internal Auditor to perform these functions.
- The company should establish an official Procurement Policy and have same approved by the Line Ministry and Ministry of Finance- Investments Division by September 30, 2018.
- UEEGCL/TGU should formulate a Strategic Plan and have same approved by the Ministry of Energy and Energy Industries and the Ministry of Finance-Investments Division no later than July 31, 2018 and submit a copy of the Strategic Plan to the PAEC no later than August 31, 2018.
- All bank reconciliations should be reviewed and approved with signature by the relevant Senior Manager immediately after completion.
- Bank reconciliations must be prepared on a monthly basis and completed in the General Ledger before the third week of the following month going forward.
- UEEGCL should urgently develop an Internal Fraud policy to deal and treat with any instances of non-compliance and have it approved by the Ministry of Energy and Energy Industries by August 31, 2018.
- The company should finalise and submit its Risk Management policy to the Line Ministry for approval no later than June 30, 2018.
- Audited Accounts no later than July 30, 2018 and have them submitted to the Ministry of Finance- Investments Division by August 31, 2018.
- The Finance and Accounting Department, should set clear targets and milestones for successful performance levels and submission of Audited Financial Statements.
- The Ministry of Finance- Investments Division and the Ministry of Energy and Energy Industries should exercise their oversight functions by ensuring that all State Agencies under their purview submit their Audited Accounts to the Parliament in a timely manner.
- UEEGCL should undertake a quarterly closing process of financial accounts to ensure the ongoing completeness and accuracy of data collected.

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 to examine the performance of 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 maximize 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 decisions can be made. 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>

Change in Membership

On December 1, 2017 a decision was made at a sitting of the House of Representatives to replace Ms. Shamfa Cudjoe as a Member with Dr. Nyan Gadsby-Dolly.

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)

* 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>

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)*

At a meeting held on November 15, 2017, the Committee identified the following entities for examination in the Third Session of the 11th Parliament:

- i. National Entrepreneurship Development Company Limited (NEDCO);
- ii. National Maintenance, Training and Security Company (MTS);
- iii. National Training Agency;
- iv. Union Estate Electricity Generation Company Limited;
- v. National Commission for Self Help;
- vi. Export Centres Company Limited;
- vii. National Helicopter Services Limited;
- viii. Youth Training & Employment Partnership Programme Limited;
- ix. Lake Asphalt of Trinidad and Tobago (1978) Limited;
- x. Trinidad and Tobago National Petroleum Marketing Company Limited (NP); and
- xi. Trinidad and Tobago Creative Industries Company Limited.

The Inquiry Process

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

- I. Identification of issues in the Audited Accounts, Balance Sheets and other Financial Statements of UEEGCL for the financial years 2008 to 2015;
- II. Preparation of Inquiry Proposal for UEEGCL. The Inquiry Proposal outlines:
 - a. Background;
 - b. Objective of Inquiry; and
 - c. Proposed Questions.
- III. Questions were forwarded to UEEGCL on January 18, 2018. Written responses were received from UEEGCL on February 16, 2018;
- IV. Preparation of an Issues Paper, based on written responses received from the UEEGCL. The Issues Paper identified and summarised any matters of concern from the responses provided by the UEEGCL;
- 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 March 7, 2018.
- VI. Written request for additional information was sent to the UEEGCL after the public hearing on March 12, 2018. The responses were subsequently received on March 26, 2018.
- VII. Report Committee's findings and recommendations to Parliament upon conclusion of the inquiry.

UEEGCL's PROFILE

Background:

UEEGCL was incorporated on February 26, 2008 and its primary responsibility was to hold equity on behalf of the Government of the Republic of Trinidad and Tobago (GORTT), for the acquisition, construction, ownership, operation, management and maintenance of power generation facilities. To date UEEGCL, through its wholly owned subsidiary TGU, has successfully managed the construction, commissioning and operation of a 720 MW combined cycle gas fired power plant. This Plant is currently UEEGCL's only power generation asset.

Union Estate Electricity Generation Company Limited ("UEEGCL"), as a "stand-alone", unconsolidated entity consists of two (2) staff - both of whom are administrative personnel. While the figures reported on UEEGCL financial statements are quite significant, they are so because of the operations of its sole subsidiary, Trinidad Generation Unlimited ("TGU"). Oversight of the administrative and operational activities of UEEGCL and TGU are established through both companies having the same Board of Directors. UEEGCL therefore, in the context of responding to the questions posed, will make efforts to relate to the activities of TGU unless it is clear that the questions are specifically to UEEGCL as a "stand-alone".

Line Ministry – Ministry of Energy and Energy Industries

Minister – Senator the Hon. Franklin Khan

Permanent Secretary – Mr. Selwyn Lashley

Chairman- Ms. Sandra Jones

Assistant General Manager – Ms. Maxine Wynne

Chief Executive Officer, TGU – Mr. Namdeo Boodram

ISSUES, OBSERVATIONS AND RECOMMENDATIONS

In the Committee's examination of UEEGCL/ TGU, the following issues were identified and the corresponding observations and recommendations proposed:

I. **The non-adherence to the State Enterprises Performance Monitoring Manual**

The Internal Audit Report of TGU Procurement Process for the period December 31, 2014 to June 30, 2015 was not submitted to Ministry of Finance- Investments Division in a timely manner. The Audit was conducted by Grant Thornton ORBIT Solutions Limited to determine compliance with the internal controls of the procurement policies and procedures and was submitted to the company in December 2016. The Ministry of Finance – Investments Division, as well as the Board of Directors, received a copy of the report in the year 2018. During the testing of transactions eighteenth (18) areas were identified where internal controls were not in accordance with the policies and procedures. However, Officials from UEEGCL stated that the internal control deficiencies identified in the report were being addressed.

Furthermore, in accordance with Section 3.2.8 of the State Enterprises Performance Monitoring Manual – Additional Monitoring Indicators, 'State Enterprises are required to submit reports to the Investments Division to facilitate ongoing monitoring, one such report was the quarterly internal audit report'. However, the Company does not have an internal audit department and as such the internal audit of the Procurement Process was outsourced.

Recommendations:

- ***UEEGCL should implement measures to ensure adherence to the stipulated deadlines set out in Section 3.2.8 and 3.2.9 of the State Enterprises Performance Monitoring Manual.***
- ***UEEGCL should develop strategies for effective communication within the organisation and with the Board of Directors to inform them of all issues arising from the operational activities of the Company going forward and submit a report on the initiatives taken by September 03, 2018.***

II. **The Lack of robust and/or meaningful Oversight by the Ministry of Finance-Investments Division**

In accordance with the State Enterprise Performance Monitoring Manual, the mandate of the Ministry of Finance- Investments Division, as Corporation Sole includes oversight, monitoring, and where necessary, the rationalisation 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.

The Committee noted that the Division failed to provide sound oversight to UEEGCL when asked about the oversight mechanisms in place to monitor the Company. The officials from the Ministry of Finance – Investments Division responded in futuristic terms rather than about what was done in the past. The CEO of UEEGCL also indicated that the eighteen (18) issues identified in the Internal Audit report, were being rectified by the entity at the management level, considering that the management would have created those problems or be responsible for creating them. Hence, there was no form of intervention by the Ministry of Finance-Investments Division.

Recommendations:

- ***In accordance with Section 3.2.8 of the State Enterprise Performance Monitoring Manual, the Ministry of Finance- Investments Division must ensure the receipt of all reports from State Enterprises under its purview on a quarterly basis commencing June 30, 2018.***
- ***The Ministry of Finance-Investments Division should host semi-annual meetings with all State Enterprises under its purview to assess their performance over the past fiscal year and take the initiative to recommend actions to eliminate the deficiencies at State Enterprises going forward.***

III. The Absence of an Internal Audit Department and Internal Audit Process

The role of Internal Audit is to provide independent assurance of 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.”

UEEGCL did not have an Internal Audit Department for the period 2008 to July 2013. The Committee was informed that the Internal Audit function for TGU was managed by the AES Corporation, the Joint Venture partner.

Moreover, it was indicated that for the period 2013 to 2015, UEEGCL outsourced the Internal Audit of the Procurement Process of TGU to Grant Thornton ORBIT Solutions Limited. Based on the Internal Audit report from Grant Thornton, a decision was taken to revise the organisational chart of TGU to provide for internal audit and compliance services.

The Committee further sought clarification as to the reasons an audit was specifically requested into the procurement processes of the company. The company indicated that upon a preliminary review by the Audit Committee into a number of purchase orders issued, a detailed audit of the systems were recommended to evaluate the procurement processes of the organisation since there was no internal audit department. Furthermore, the Committee was concern that the audit committee, performed the audit review instead of employing an internal auditor to conduct this task.

Additionally, the Internal Audit Report revealed several deficiencies such as no chronology in purchase orders, such that invoices were dated before the purchase order was issued.

In addition, there were instances where quotations were received from people who were either not on the approved vendors' list or were not invited to tender. However, the company advised that in attempt to correct the abuse of the procurement process, a procurement policy was revised and the company was treating with the issue.

Recommendations:

- ***UEEGCL, and by extension, TGU should take urgent steps to establish a proper Internal Audit Department by July 31, 2018.***
- ***UEEGCL should take urgent steps to implement an effective Internal Audit function.***
- ***The Audit Committee of the Board should immediately increase its monitoring capacity over the internal controls and Internal Audit functions of the Company.***

- *UEEGCL 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;*
- *UEEGCL should urgently establish key performance indicators in order to measure the company's Internal Audit Performance;*
- *The Permanent Secretary should ensure that top management positions at state enterprises under his/her purview do not remain vacant for extended periods of time;*
- *The Audit Committee should cease its direct involvement in the audit processes of the company going further and urgently employ an Internal Auditor to perform these functions;*
- *In accordance with Section 3.1.5 of the State Enterprise Performance Monitoring Manual, State Enterprises are required to submit to the Minister of Finance within fourteen (14) days following the end of each month, lists of all contracts which were awarded during the month, together with the value of each contract; and*
- *The company should establish an official Procurement Policy and have same approved by the Line Ministry and Ministry of Finance- Investments Division by September 30, 2018.*

IV. The Absence of a Current Strategic Plan

Strategic Planning is the process of developing organisation wide statements of policy, strategies and goals so communicated as to ensure participation by the entire organisation. It involves the establishment by the Company of objectives, guiding policies and strategies for reaching the goals, which are to be in alignment with the Strategic Plan of the respective Line Ministry. Changes in long range Strategic Plans alter the character and direction of an organisation.

Officials from UEEGCL/TGU stated that a high level strategic plan was developed and the development of a full strategic plan was in progress.

The Committee noted that based on the approved organisational structure, several posts that were approved by Cabinet since November, 2016 remained vacant as of March, 2018. These positions

included Chief Financial Officer, Internal Auditor, Compliance Officers, Finance Team Lead, and Material and Logistics Team Lead.

However, based on the strategic business objectives stated in the high level strategic plan, UEEGCL intended to expand its market share to the wider Caribbean to increase and diversify the revenue streams. To achieve this objective, the company's major focus was to build the capacity and competency bases within TGU, create opportunities to partner with other regions and countries who may have power plants and required assistance to treat with other kinds of energies.

The Board of Directors of TGU stated that a strategic planning session was considered to treat with its strategic objectives and a proposal of its strategic objectives was presented to the Ministry of Finance as of March, 2018.

Recommendations:

- ***UEEGCL/TGU should formulate a Strategic Plan and have same approved by the Ministry of Energy and Energy Industries and the Ministry of Finance-Investments Division no later than July 31, 2018 and submit a copy of the Strategic Plan to the PAEC no later than August 31, 2018.***
- ***UEEGCL should actively pursue other ventures to expand its revenue stream.***
- ***The Company should submit a report on the steps taken to improve market share and the revenue anticipated no later than August 31, 2018.***

V. The increase in Administrative Expenses

There has been a significant increase in the company's Administrative Expenses, and in particular, Contract Service Fees and Security Expenses over the period 2014 to 2015. Contract Service Fees grew at a rate of 116.0% within a one (1) year period from US\$1.62Mn in FY 2014 to US\$3.5Mn in FY 2015 whilst Security Expenses grew by approximately 110.4% from US\$270,000 in FY 2014 to US\$568,000 in FY 2015.

Additionally, in the year 2015, the company incurred a number of maintenance activities; both planned and unplanned which required both local and foreign consultants to certify the equipment and parts. Thus, the 116.0% increase was primarily based on both planned and unplanned maintenance at the TGU.

Furthermore, the company indicated that for the period 2014 to 2015, the Security Fee figure as per the UEEGCL's audited consolidated Financial Statements, moved from US\$270,000 to US\$568,000. This represented an increase of US \$298,000 due to the consolidation of Safety and Ambulance costs into the security cost line amounting to US\$213,000 of the \$298,000 increase. The remaining balance of the increase was due to the addition of security services for TGU's Head Office in Chaguanas totaling US\$85,000.

Recommendations:

- *The company should look at ways of minimising Administrative Costs going forward.*
- *UEEGCL/ TGU should submit a report on the initiatives being taken to ensure that total revenues sufficiently cover its operating and administrative expenditure.*

VI. Unsigned Bank Reconciliations

Based on the Internal Audit Report of the Procurement Process of TGU to Grant Thornton ORBIT Solutions Limited, there was over one hundred and twenty (120) instances of cheque payment vouchers either not having the signature of the person who prepared or approved it. The Committee noted that this issue was based on a sample and there may have been more than one hundred and twenty (120) occasions actually occurring. In addition, the company's external auditors PKF also highlighted that bank reconciliations were unsigned and undated over the period December 31, 2011 to December 31, 2015 and noted that failure to perform bank reconciliations in a timely manner can render the company vulnerable and capable of expeditiously and effectively addressing issues that may severely jeopardise the financial health of the organisation.

Recommendations:

- *All bank reconciliations should be reviewed and approved with signature by the relevant Senior Manager immediately after completion.*
- *Bank reconciliations must be prepared on a monthly basis and completed in the General Ledger before the third week of the following month going forward.*

VII. The Lack of Policies guiding the Organisational Direction of the Company

There has been an absence or disregard for policies at UEEGCL stated in the Internal Audit Report. These policies included an Internal Fraud Policy, a Procurement Policy and a Risk Management Policy.

The auditors observed that there were instances where the company paid for goods and services that were not received or authorised/completed. Thus, the company may have been exposed to several fraudulent activities, particularly in the absence of an Internal Fraud Policy whereby there were no sanctions or penalties in place.

Moreover, the company was operating in the absence of a risk management policy. Risk management contributes to the demonstrable achievement of objectives and improvement of performance in human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product quality, project management, efficiency in operations, governance and reputation. It is part of the responsibilities of management and an integral part of all organisational processes, including strategic planning and all project and change management processes. However, the officials from UEEGCL advised that although risk management policies and plans existed, the company was in the process of developing a coordinating plan to present to the Board for approval.

Recommendations:

- ***UEEGCL should urgently develop an Internal Fraud policy to deal and treat with any instances of non-compliance and have it approved by the Ministry of Energy and Energy Industries by August 31, 2018.***
- ***UEEGCL/TGU should ensure that its Procurement Unit operates in accordance to the guidelines provided in Appendix B- Section 3.1: Procurement Unit/ Function of the State Enterprises Performance Monitoring Manual.***
- ***The company should finalise and submit its Risk Management policy to the Line Ministry for approval no later than June 30, 2018.***

VIII. The Late Submission of Audited Financial Statements to the Parliament for the Financial Years ended 2016 and 2017

In accordance to Section 3.2.5 of the State Enterprise Performance Monitoring Manual, State Enterprises are required to submit its Audited Financial Statements to the Minister of Finance within four (4) months of their financial year end. These reports are to be laid in Parliament and subsequently submitted to the Public Accounts (Enterprises) Committee for consideration. However, UEEGCL was in breach of this guideline as the company's Audited Financial Statements for FYs 2016 and 2017 were not submitted.

Officials from UEEGCL indicated that the Audited Accounts for FY 2016 was at the Ministry of Finance – Investments Division and once an Annual General Meeting is held, the Audited Accounts for the FY 2017 to be submitted to the Corporation Sole.

Recommendations:

- *UEEGCL as well as the Ministry of Energy and Energy Industries should adhere to the stipulated deadlines in Section 3.1 of the State Enterprises Performance Monitoring Manual which states that audited financial statements must be submitted to parliament within four (4) months after a company’s end of year and within two (2) months of the mid-year date subject to the approval of the Minister of Finance.*
- *UEEGCL should make every effort to ensure that its Annual General Meeting is held to finalise and approve the 2017 Audited Accounts and have them submitted to the Ministry of Finance- Investments Division as soon as possible.*
- *The Finance and Accounting Department, should set clear targets and milestones for successful performance levels and submission of Audited Financial Statements;*
- *The Ministry of Finance- Investments Division and the Ministry of Energy and Energy Industries should exercise their oversight functions to ensure that all State Agencies under their purview submit their Audited Accounts to the Parliament in a timely manner.*
- *UEEGCL should undertake a quarterly closing process of financial accounts to ensure the ongoing completeness and accuracy of data collected.*

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.
Dr. Nyan Gadsby-Dolly
Member

Sgd.
Mr. Foster Cummings
Member

Sgd.
Mr. David Small
Member

Appendix 1

Minutes of Meetings

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

**MINUTES OF THE TWENTY- SEVENTH MEETING HELD ON
WEDNESDAY, MARCH 07, 2018 AT 9:35 A.M.
IN THE ARNOLD THOMASOS (EAST) MEETING ROOM, LEVEL 6,
AND IN THE J. HAMILTON MAURICE ROOM, MEZZANINE
FLOOR, OFFICE OF THE PARLIAMENT, TOWER D, THE PORT OF
SPAIN INTERNATIONAL WATERFRONT CENTRE, 1A
WRIGHTSON ROAD, PORT-OF-SPAIN.**

Present were:

Mr. Wade Mark	-	Chairman
Mr. Fitzgerald Hinds	-	Member
Mrs. Jennifer Baptiste-Primus	-	Member
Mr. Foster Cummings	-	Member
Mr. David Small	-	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	-	Member
Ms. Candice Skerrette		Secretary
Ms. Hema Bhagaloo	-	Assistant Secretary
Ms. Melanie Chin	-	Graduate Research Assistant

Excused were:

Dr. Tim Gopeesingh	-	Vice Chairman
Dr. Nyan Gadsby-Dolly	-	Member

COMMENCEMENT

- 1.1 At 9:35 a.m. the Chairman called the meeting to order and welcomed those present. Dr. Tim Gopeesingh and Dr. Nyan Gadsby-Dolly were excused from the meeting.

THE EXAMINATION OF THE MINUTES OF THE TWENTY-SIXTH MEETING

- 2.1 The Committee examined the Minutes of the Twenty-Sixth (26th) Meeting held on Wednesday February 21, 2018.
- 2.2 There being no omissions or corrections, the Minutes were confirmed on a motion moved by Mr. David Small and seconded by Mrs. Jennifer Baptiste-Primus.

MATTERS ARISING FROM THE MINUTES OF THE TWENTY- SIXTH MEETING

- 3.1 With reference to item 6.4, the Chairman informed the Members that further questions for additional information were sent to the National Training Agency (NTA) on February 22, 2018 and the responses to questions 1 and 2 that were due within forty-eight (48) hours were received by the Secretariat on February 23, 2018.

OTHER BUSINESS

- 4.1 The Chairman raised the issue of a concern submitted by an employee of the National Training Agency via letter dated 28 February 2018 regarding the unaudited financial statements and the purchase of 350 kindles devices by the National Training Agency. The Secretariat circulated the correspondence for the Committee's consideration.
- 4.2 The Committee agreed to the following:
- A letter be sent to the National Training Agency requesting the actual distribution list, inclusive of the signatures of each recipient of the Kindle devices;
 - In Drafting the Twelfth Report, a recommendation was made for the Auditor General to conduct an urgent special forensic audit into the operations and procurement processes of the National Training Agency.

PRE-HEARING DISCUSSION RE: THE UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED (UEEGCL)

- 5.1 The Chairman reminded Members that the purpose of the meeting was to examine the Audited Accounts, Balance Sheets and other Financial Statements of the Union Estate Electricity Generation Company Limited (UEEGCL) for the period 2008 to 2015.
- 5.2 Members discussed issues of concern and the general approach for the public hearing.
- 5.3 There being no further business for discussion *in camera*, the Chairman suspended the meeting at 10:11 a.m.

THE UNION ESTATE ELECTRICITY GENERATION COMPANY LIMITED (UEEGCL)

- 6.1 The Chairman called the public meeting to order at 10:20 a.m.
- 6.2 The following officials joined the meeting:

Union Estate Electricity Generation Company Limited³

- | | | |
|------------------------------|---|------------------------------------|
| • Ms. Sandra Jones | - | Chairman, UEEGCL and TGU |
| • Ms. Maxine Wynne
UEEGCL | - | Assistant General Manager, |
| • Mr. Vishnu Dhanpaul | - | Director, UEEGCL and TGU |
| • Mr. David D'Andrade | - | Former Chairman, UEEGCL and
TGU |

³ Trinidad Generation Unlimited is a subsidiary of Union Estate Electricity Generation Company Limited.

- Mr. Namdeo Boodram - Chief Executive Officer, TGU
- Mr. Nigel Chinapoo - Chief Operating Officer, TGU
- Mr. Ian Anthony - Corporate Secretary, TGU

Ministry of Energy and Energy Industries

- Mrs. Kevar Cummings-Williams - Director HR Services
- Mr. Sheldon Butcher - Senior Chemical Engineer
- Ms. Heidi Wong - Advisor
- Mr. Marc Rudder - Senior Energy Analyst

Ministry of Finance – Investments Division

- Ms. Michelle Durham-Kissoon - Permanent Secretary
- Ms. Yvette Babb - Director, Social and Economic Transformation
- Mr. Ryan Maharaj - Senior Business Analyst (Ag.)

6.3 Key Issues Discussed

1. The role and mandate of the UEEGCL.
2. The oversight function of the Ministry of Finance - Investments Division in assessing the operations of the UEEGCL.
3. The mechanisms implemented by the Ministry of Finance - Investments Division to ensure proper governance and internal controls at the UEEGCL.
4. The reasons for the failure of the UEEGCL to submit its Internal Audit findings to the Ministry of Finance-Investments Division in a timely manner.
5. The providers of legal and professional services for the fiscal years 2013 to 2015.
6. The reasons for the recruitment of external legal services in fiscal year 2015.
7. The absence of a formal procurement policy.
8. The failure of TGU's management team to submit the Internal Audit Report of Trinidad Generation Unlimited Procurement Process to the current Board of Directors.
9. The absence of an Internal Audit Unit at TGU.
10. The measures implemented by TGU to address the issues identified in the Internal Audit Report of its Procurement Process.
11. The timeframe for the recruitment of an Internal Auditor.
12. The absence of a Strategic Plan at the UEEGCL and TGU.
13. The status of the vacant positions on the Organisational Structure that were approved in November 2016.
14. The procurement process used to recruit Grant Thornton Orbit Solutions for the internal audit examinations between fiscal years 2013 to 2015.
15. The complement of permanent, short-term and contract members of staff at TGU.
16. The measures in place to increase revenue streams.
17. The reasons for the increase in Contracted Services, Events and Community Work, Meals and Entertainment and Salaries and Wages from fiscal year 2014 to fiscal year 2015.
18. The role of audit committee;
19. The existence of unsigned bank reconciliations.
20. The absence of an Internal Fraud Policy and Risk Management Policy and the timeframe for the implementation of a formal Risk Management Policy.

21. The status of the UEEGCL outstanding Audited Financial Statements for the fiscal year 2016.

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

- 6.4 The Committee agreed to send additional questions to UEEGCL for written submission.
- 6.5 The Chairman thanked the representatives from the Ministry of Finance – Investments Division, the Ministry of Energy and Energy Industries, UEEGCL, members of the media and the Members for their attendance.
- 6.6 The adjournment was taken at 12:51 p.m.

We certify that these Minutes are true and correct.

CHAIRMAN

SECRETARY

March 07, 2018

Appendix 2

Attendees

Attendees of the Twenty-Sixth (28th) Meeting of the Public Accounts (Enterprises) Committee

Union Estate Electricity Generation Company Limited⁴

- Ms. Sandra Jones - Chairman, UEEGCL and TGU
- Ms. Maxine Wynne - Assistant General Manager, UEEGCL
- Mr. Vishnu Dhanpaul - Director, UEEGCL and TGU
- Mr. David D'Andrade - Former Chairman, UEEGCL and TGU
- Mr. Namdeo Boodram - Chief Executive Officer, TGU
- Mr. Nigel Chinapoo - Chief Operating Officer, TGU
- Mr. Ian Anthony - Corporate Secretary, TGU

Ministry of Energy and Energy Industries

- Mrs. Kevar Cummings-Williams - Director HR Services
- Mr. Sheldon Butcher - Senior Chemical Engineer
- Ms. Heidi Wong - Advisor
- Mr. Marc Rudder - Senior Energy Analyst

Ministry of Finance – Investments Division

- Ms. Michelle Durham-Kissoon - Permanent Secretary
- Ms. Yvette Babb - Director, Social and Economic Transformation
- Mr. Ryan Maharaj - Senior Business Analyst (Ag.)

⁴ Trinidad Generation Unlimited is a subsidiary of Union Estate Electricity Generation Company Limited.

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 ExporsTT)
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. ExporsTT (formerly BDC: Business Development Company Limited)
16. Evolving Technologies & 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. Palo 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 TWENTY-SEVENTH MEETING OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE HELD IN THE ARNOLD THOMASOS (EAST) MEETING ROOM, LEVEL 6, (IN CAMERA), AND THE J. HAMILTON MAURICE ROOM, MEZZANINE FLOOR, (IN PUBLIC), TOWER D, INTERNATIONAL WATERFRONT CENTRE, #1A WRIGHTSON ROAD, PORT OF SPAIN, ON WEDNESDAY, MARCH 07, 2018 AT 10.20 A.M.

- Mr. Wade Mark - Chairman
- Mr. Fitzgerald Hinds - Member
- Mrs. Jennifer Baptiste-Primus - Member
- Mr. Foster Cummings - Member
- Mr. David Small - Member
- Mrs. Cherrie-Ann Crichlow-Cockburn - Member

- Ms. Candice Skerrette - Secretary
- Ms. Hema Bhagaloo - Assistant Secretary
- Ms. Melanie Chin - Graduate Research Assistant

- Excused were:
- Dr. Tim Gopeesingh - Vice Chairman
- Dr. Nyan Gadsby-Dolly - Member

Union Estate Electricity Generation Company Limited⁵

- Ms. Sandra Jones - Chairman, UEEGCL and TGU
- Ms. Maxine Wynne - Assistant General Manager, UEEGCL
- Mr. Vishnu Dhanpaul - Director, UEEGCL and TGU
- Mr. David D'Andrade - Former Chairman, UEEGCL and TGU
- Mr. Namdeo Boodram - Chief Executive Officer, TGU
- Mr. Nigel Chinapoo - Chief Operating Officer, TGU
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Ministry of Energy and Energy Industries

- Mrs. Kevar Cummings-Williams - Director HR Services
- Mr. Sheldon Butcher - Senior Chemical Engineer
- Ms. Heidi Wong - Advisor
- Mr. Marc Rudder - Senior Energy Analyst

Ministry of Finance – Investments Division

- Ms. Michelle Durham-Kissoon - Permanent Secretary
- Ms. Yvette Babb - Director, Social and Economic Transformation

⁵ Trinidad Generation Unlimited is a subsidiary of Union Estate Electricity Generation Company Limited.

Mr. Chairman: May I welcome all of you, first of all officials from the Ministry of Finance - Investments Divisions, the Ministry of Energy and Energy Industries, the Union Estate Electricity Generation Company Limited (UEEGCL), as well as the media and members of the public. Let me first of all introduce our team here and we will then go on to the officials who are here with us. My name is Sen. Wade Mark and I am chairman of the Public Accounts (Enterprises) Committee. I will now ask my colleague on my immediate right to introduce himself and we will go around the table until we reach at the end.

[Introductions made]

Mr. Chairman: May I invite members of the Ministry of Energy and Energy Industries, as well as officials of the Union Estate Electricity Generation Company Limited to introduce themselves at this time.

[Introductions made]

[Mrs. Baptiste-Primus enters room]

Mr. Chairman: May I, at this time, invite my colleague to introduce herself for the record.

Mrs. Baptiste-Primus: Thank you kindly, Mr. Chairman. Good morning everyone, Jennifer Baptiste-Primus, a member of this Committee.

Mr. Chairman: Thank you so very much to everyone. May I inform everyone that the meeting that is taking place at this time is being held in public and is also being broadcast live on the Parliament's Channel 11, as well as Radio 105.5 FM, and the Parliament's YouTube Channel *ParView*. Viewers and listeners can send their comments related to today's topic via email parl101@ttparliament.org, [facebook.com/ttparliament](https://www.facebook.com/ttparliament), [twitter@ttparliament](https://twitter.com/ttparliament).

Members, may I also inform everyone that the purpose of our meeting of the Public Accounts (Enterprises) Committee is to examine the audited accounts, balance sheets, and other financial statements of the Union Estate Electricity Generation Company Limited for the period 2008—2015. The Committee is desirous of hearing the challenges being faced by the key stakeholders at this particular entity known as Union Estate Electricity Generation Company Limited, or UEEGCL, in an attempt to determine some of the possible solutions to these challenges.

The role of the Committee is to help UEEGCL improve its delivery of services in an efficient, effective, and economic manner. I think it is appropriate at this time for me to invite the Chairman of the UEEGCL to make some brief opening remarks at this time.

Ms. Jones: Thank you, Mr. Chairman and members of the Committee. I seek your indulgence to introduce the other members of the team if I may before I do opening remarks? I am Sandra Jones, Chairman of the Union Estate Electricity Generation Company Limited.

[Introductions made]

Mr. Chairman: Thank you so much for that introduction. It was an oversight on my part. So I think that we have now corrected it, so you are now invited to make brief opening remarks at this time.

Ms. Jones: Thank you, Chair. Chairman and hon. members, thank you for the opportunity to make these few opening remarks before the commencement of the deliberations. Most of the activity of UEEGCL and its subsidiary, TGU, takes place at TGU which manages and operates this 720 megawatts combined-cycle electricity generation plant located at Union Estate in Vessigny

Village, La Brea. TGU is one of the three independent power producers, IPP, operating in Trinidad and Tobago, and I must say it is the most efficient.

The Trinidad and Tobago Electricity Commission (T&TEC), presently takes 600 megawatts, or approximately 50 per cent of the nation's current demand from TGU and expects very shortly to increase this amount to 640 megawatts. At this dispatch, TGU not only saves T&TEC money, but also saves the National Gas Company of Trinidad and Tobago (NGC) approximately 100 mmscf metric measurement in gas daily, such savings being sufficient to supply two standard methanol plants.

Construction of the facility commenced in TGU in 2008 with a foreign partner. The first phase of the facility was commissioned on August 01, 2011, and the total facility was completed in December 2012. UEEGCL bought out the foreign partner in 2013 leaving the management and operations solely in the hands of the Government of the Republic of Trinidad and Tobago through UEEGCL. The audited consolidated financial statements of UEEGCL for the period 2008—2015 reflects this history. The audited consolidated financials from 2008 to July 2011 will reflect the construction period of the facility, and those from August 2011 to 2015 will reflect the early operation periods of the facility; the audited consolidated financials will also reflect the period of the joint venture from 2008 to July 2013, and thereafter when Government, through EEGCL, took full control of the facility.

The role from 2008 to where we are now has been challenging, but we are proud to say that our management and staff have successfully managed and maintained the operation of the facility from 2011 to present. The team has made significant strides in bringing pride to the citizens of Trinidad and Tobago in the following ways: the facility was completed within budget; the facility is fully operational; it is run entirely by local personnel since start-up in 2011 and has been meeting its required availability target of 93 per cent of the 720 megawatts under the Power Purchase Agreement. It should be noted that the United States norm for power availability is 88 per cent and we are achieving our 93 per cent.

The operations of TGU have been endorsed by the international financial community through its success in raising US \$6 million unsecured 11-year bond. The successful borrowing on the international market is a direct result of investors' confidence in TGU. This investor confidence has largely been as a result of the high level of the operations of the company, and it has resulted in a four-fold oversubscription of the bonds surpassing any such financing completed for the Latin American region. TGU's bondholders are from the Caribbean, North America, Europe and Asian regions. To date, TGU has been able to maintain that investors' confidence.

In closing, I need to add we are committed at TGU and Union Estate to institutional strengthening activities to ensure that the gains that we have made over the years, that we can keep and surpass them. Thank you very much.

Mr. Chairman: Thank you so very much. Because of the very significant role that this entity plays in the national development, before we can get into the audited financial accounts of this entity, I think it is very prudent for us to first enquire of the Permanent Secretary located in the Investments Division in the Ministry of Finance as to the precise role and function of the Investments Division of the Ministry in conducting oversight responsibilities of this particular entity, particularly in the field of the financials; and exactly how does the Investments Division of the Ministry of Finance go about conducting its oversight duties and responsibilities insofar as this important entity is

concerned, for the taxpayers of Trinidad and Tobago? Madam Permanent Secretary, you may wish to provide us with some clarity on this matter, please?

Ms. Durham-Kissoon: Thank you, Chair. Now, the Union Estate Electricity Generation Company Limited is one of the flagship entities in the energy sector. Our relationship with the company continues to evolve over the years and we look forward to strengthening and deepening the partnership. We must say that the unsecured 11-year bond raised by the subsidiary in the sum of US \$600 million was encouraging, and not only did it repay Government its advances, but we believe that it contributed to heightening Trinidad and Tobago's profile in the international financial market.

The company's responsibility now was to ensure that TGU maintains its international credit rating and meeting the expectations of bondholders. We in the Ministry of Finance will facilitate the company in this regard, and we are putting measures in place to continue to ensure that the company meets and stands up to the scrutiny of the international credit rating agency.

Mr. Chairman: Madam Permanent Secretary, are you satisfied that given flagship nature of this very important entity that the Government, through the Investments Division at the Ministry I should say, is happy and comfortable with the degree of financial internal controls that govern the activities of this very important flagship company; and if you are not, what steps have been taken by your Ministry to bring this very important entity into what is called 21st Century proper governance shape?

Ms. Durham-Kissoon: Thank you, Chair. The internal controls— Now, the company runs a very lean organization— I believe there are two members of staff—and we received a copy of their internal audit report just this week, on Monday. The report suggests some significant weaknesses and I believe the report has listed about 18 issues dealing with internal controls, and this report focused mainly on procurement. We received alongside the report the note from the Chairman which acknowledged the weaknesses and the measures that are being put in place, and as far as the Ministry of Finance, we would follow-up with the company through our central audit committee to ensure that these recommendations as noted in the report are followed up upon.

Mr. Chairman: Could you advise us which period you are referring to as it relates to that internal audit report?

Ms. Durham-Kissoon: The report covers the period December 31, 2014 for the six-month period ending June 30, 2015.

Mr. Chairman: Who secured that report, or who actually conducted that audit I should ask?

Ms. Durham-Kissoon: The company, UEEGCL, commissioned—it does not have an Internal Audit Department. So it commissioned an audit firm to conduct this audit.

Mr. Chairman: What is the name of that audit firm?

Ms. Durham-Kissoon: Grant Thornton LLC.

Mr. Chairman: Is there any subsequent audit reports from the company subsequent to what you have just read to us?

Ms. Durham-Kissoon: I am not aware of any, Chair. I received this one on Monday.

Mr. Chairman: I think this report, if I am not mistaken, we have a copy of it ourselves, and that report from what I am seeing here would have been commissioned—It was for the period ended 31 December, 2014, and January 01 to June 30, 2015. Now, what is the term of this report?

Ms. Durham-Kissoon: That is the same report I have, Chair.

Mr. Chairman: Could anyone advise us when this report was commissioned and issued? Madam Chair, Sandra Jones, could you advise us when was this report submitted to the company, Union Estate?

Ms. Jones: Chair, I was told that it was submitted in 2016.

Mr. Chairman: What time in 2016 precisely?

Ms. Jones: If I may, I can speak with Mr. D'Andrade?

Mr. Chairman: Please.

Mr. D'Andrade: The communication of the transmittal of the document came, I think, in December 2016.

Mr. Chairman: December 2016?

Mr. D'Andrade: Yes.

Mr. Chairman: But why has the PS only received this report, Madam Chairman, only this week if this report would have come into the possession or into the hands of the Union Estate since December of 2016?

Ms. Jones: Chair, I must admit it was an oversight, I was told, but as soon as we were aware of it we took action to make sure that it got into the right places.

Mr. Chairman: May I ask, Madam Chair, how long your board has been in existence and has been installed at this particular Union Estate?

Ms. Jones: This board was installed in June 2017.

Mr. Chairman: And you were only made aware of this report when, in 2017 or 2018?

Ms. Jones: We were made aware of it in 2018.

Mr. Chairman: When in 2018?

Ms. Jones: February 2018, the latter part.

Mr. Chairman: But why would a company seek to deny access to the board of directors of the Union Estate, why would the management seek to deny the board of directors under your chairmanship, not to mention the Ministry of Finance—Permanent Secretary has just admitted she is only in receipt of this document last week? I have not asked the Director of the Ministry of Energy and Energy Industries whether they are in receipt of such a document, but could you explain to this Committee why such an important flagship company would deny the people of Trinidad and Tobago, through your board as Chairman, such a critical report? Because as you know, this is a very critical internal audit report. Could you share with us, clarify with us what has happened there?

Ms. Jones: Chair, I concur with your views. I was informed that largely efforts were being made to take corrective action in treating with some of the issues that the auditors flagged. The Chief Executive Officer is here and he can be able to give further explanation on the matter. Mr. Boodram.

Mr. Chairman: Chief Executive Officer, you wish to clarify for this Committee's clarification or edification as to why this report—I would not want to say it was deliberately misheld. I do not want to go there, but how long have you been CEO of this entity, Sir?

Mr. Boodram: Since September 2015.

Mr. Chairman: And could you tell us why the chairman of the board, as well as the Permanent Secretary in the Investments Division were not given this report with all the serious implications? We have not gone into that area as yet, but why that report was not made available to Ms. Sandra

Jones immediately upon her becoming Chairman on behalf of the people of T&T in control of this very important board and company called Union Estate? Could you tell us why?

Mr. Boodram: In terms of the report, we had in fact handled most, rather practically all of the deficiencies already, and I did not see it necessary at that time seeing that we had handled all of the issues and developed a new procedure with respect to procurement.

Mr. Chairman: Mr. CEO, remember you are a trustee of the people of this country and I do not think it is a question about your feelings. I think you have a duty. This is an entity that is 100 per cent owned and controlled by the taxpayers of the country, and it is a duty on your part to bring to the attention of the taxpayers, through the board of directors, through the line Ministry, through the Investments Division, such a report. Because the report, as I said, we have not begun to examine its contents, but how can you indicate to this Committee that you did not see it fit, or it was not fitting at that time to submit because all the recommendations were addressed?— and that is something that I query.

Mr. Boodram: Chair, the report was in fact submitted to the previous board and, as I said, we were addressing the issues related to them.

Mr. Chairman: All right. Just let me raise one other question before— I have a series, but I want to ask Ms. Sandra Jones, there is in your report of December 31, 2015 on page 29—and I just discovered the page because I thought it was missing, but in 2014, I understand, it is here. So it is the Union Estate Consolidated Financial Statements for December 31, 2014. There is an item on page 29 and your figures are expressed in US dollars, eh, not TT dollars. Under administrative expenses there is an item called Legal and Professional Fees. In 2013, it was US \$1.845 million; in 2014, it was US \$1.263 million, but I have ran into a roadblock. Madam PS, Madam Chair rather, when we looked at the audited financial statements for the year ended 31 December, 2015, there are no notes on administrative expenses. So I cannot tell you nor the population of the country what were the legal costs and professional fees for 2015. Could you, first of all, explain to us who provides, or who provided these legal and professional services to this company called Union Estate for 2013, for 2014, and for 2015?

10.50 a.m.

But more importantly, could you tell this Committee what it costs Union Estate in financial 2015 for the services under this item, Legal and Professional Fees? Which company provided that service? And do you have the names of the directors of the company in question? We need to get that information.

Ms. Jones: Chair, could I ask Mr. Chinapoo to provide the information, please?

Mr. Chairman: Mr. Chinapoo. Thank you.

Mr. Chinapoo: Thank you, Chair and Committee. The 2015 Legal and Professional Fees figure, to my knowledge, is 1-1-3-9 which compares to the 2014 figure of 1-2-6-3. We can send to the Committee the schedule of the administrative expenses that will match the 2014 line for line so that the Committee can be aware of the—

Mr. Chairman: Yes, we would welcome that. And could you tell us who provided these legal and professional services to the Union Estate Electricity Generation Company Limited for the years identified? And I am just dealing with 2013, 2014 and 2015 so far.

Mr. Chinapoo: To my knowledge, there were a variety of service providers during those periods, there was not one individual firm and the services being rendered differed in the individual years.

In 2014, if the Chair allows, I can go backwards from 2015 because it is just easier chronologically. In 2015, Union Estate would have been incurring costs and most of these legal costs are actually flowing through from the subsidiary TGU as these are the consolidated financial statements. At the parent company level, as you heard, is a shell, an oversight company to TGU.

Mr. Chairman: Yes.

Mr. Chinapoo: So during 2015, TGU would have been undertaking its attempt to examine the bond market and get proposals from financing companies. That bond was eventually closed the following year in 2016 but significant legal and other costs would have been incurred by a variety of local and foreign counsel and we can provide a schedule of those fees. In 2014 and 2013, the company was engaging legal firms, both local and international, subsequent to the handover of the facility from the EPC contractor and while the facility was handed over within budget, there were some discrepancies that both AES, the former joint venture partner and UEEGCL were working on post-commissioning of the plant that required these legal services.

Mr. Chairman: Yeah. We are dealing with 2014 and 2015; we are dealing with 2013. You must have, in your possession, the names of the legal entities, both local and foreign that provided those services as well as the amounts that were paid to these local entities and foreign entities. Do you have that information available to you?

Mr. Chinapoo: I do not have the schedule in front of me right now but we are able to provide it.

Mr. Chairman: You do not have the schedule available? Did you have any agencies or any companies within your enterprise, within your company that provided legal and professional services?

Mr. Chinapoo: Sorry, Chair, within TGU or Union?

Mr. Chairman: No, well remember Union Estate is a shell, is the holding company with two employees, but the real company is TGU with about 70-odd workers. So I am asking you, since TGU is the driver of a lot of the activities but you are responsible, through the Chairman, for that entity, can you tell this Committee whether you have anyone within your organization who has a company that has provided legal and professional services during the period that we are reviewing? We are talking about 2008 to 2015. Can you tell this Committee whether there is anyone within the family of TGU and or Union Estate or both that has an interest in the provision of legal and professional services?

Mr. Chinapoo: So the company did have a corporate secretary so we would have paid for services for its corporate secretary and as well as outside of the corporate secretary are other local counsel in addition to the international counsel. Those would be the main parties.

Mr. Chairman: I will pause for the moment and ask Mr. Hinds and then Mr. Small and then Mrs. Baptiste and I will come to my colleagues on the other side. Go ahead.

Mr. Hinds: Thank you very much. Granted that your board has recently or fairly recently taken responsibility for this entity, when I listened to your presentation in your opening remarks today and I listened to the opening remarks of the PS in the Ministry of Finance Investments Division, I felt having listened, that as a citizen without access to what is in front of me, I would have been wholly comforted by all that I heard. But having access to what is in front of me, I cannot be so comforted and therefore, I want to return, before we get into the specifics, to the initial issue that was raised, properly so, by our Chairman, as to the question of the oversight responsibility of the board, of the Investments Division, Corporation Sole.

When the PS in the Investments Division spoke, she spoke, in my view, in futuristic terms, what will be done in the future; we were concerned about what was done in the past. And then when I heard the CEO who has been there since 2015, tell us this morning that he decided that that list of adversities, 18 of them, as the PS in Investments told us, was being dealt with by the entity at the management level, considering that the management would have created those problems or be responsible for creating them, we are hearing this to mean “himself create the problem and himself fixing them and himself telling himself that they fix”. That is not proper oversight and management of an entity of such national significance. So we are not altogether comforted.

I would like to place for the future, if a CEO takes that position, in relation to the board and more than that the Investments Division on behalf of the Ministry of Finance, I must say flatly I consider that to be dangerous. I consider that and that decision to be a danger to the company—a danger to the board and a danger to the company, a danger. And I say so because now we are getting into the substantive issues in front of us, the serious issues in front of us, just to think that a decision was taken not to share it with those who must have financial oversight to prevent these things from happening to be very dangerous.

So we would like, just to follow up on the last point made by the Chairman, to get in writing of course, the companies that provided the legal services and the amounts paid to them and other pertinent information so that this Committee could perform its oversight role. I will give way for the time being to my colleague, Mr. Small, and proceed from there. And before you go, I said what I said in terms of danger for the note of the board.

Ms. Jones: Yes, Sir.

Mr. Hinds: Thank you.

Mr. Small: Mr. Chairman, thank you very much for giving me the opportunity. Good morning again to everyone. Mr. Chairman, again, before I come in, I wish to say that I am deeply troubled by what I have heard so far and then the documentation has some startling and actually shocking revelations of some things that have been happening in this company. But I am not satisfied with the response, Mr. Chairman, I got from the CEO on this matter of a staff member providing services to the company. I think anybody in any type of entity would know that that is complete disregard for good corporate practice. No entity—even if you do that, there needs to be a Chinese wall—you just do not have somebody providing services, a staff member providing services. And then, here is my concern.

According to the CEO, the legal fees total was about \$1.123 million for 2015, however, what you provided to us in 2015, I looked in the consolidated accounts, the note that would normally break that out is missing so the note is not included. Perhaps, I have a wrong copy, Mr. Chairman, I do not know. But the copy I have, the note that would break out the administrative expenses for us to see what those numbers are is not—missing, and in the unconsolidated, the number for 2015 is zero and yet you said the total is \$1.123 million. So I am a pretty good study with financial accounts and these types of errors are not supposed to happen when you engage a professional accounting firm. Something went wrong in here and I am not blaming anybody but when I look at this, I start to wonder what else is amiss because there is a trend of activity happening at TGU that is not in line with good corporate practice.

I would like to ask, Mr. CEO, my first question, the employee that you referenced regarding services, legal or whatever, is that employee still engaged with the company?

Mr. Chinapoo: Sorry, if I could, Member, just clarify one or two points and answer your question.

Mr. Small: Certainly, please, we love information.

Mr. Chinapoo: So we just checked, I opened the soft copy to give you the figure so the official audited financials have the page with the breakdown, we will endeavour to get it to you. I am not sure why it is not your package but we do have it. There is no employee who is also engaged to provide services. There is no employee at TGU or at UEEGCL who also engages to provide services. The comment I made, just to clarify, is that we have legal services being provided from a number of sources but one is on contract which is our Corporate Secretary which is a contractual position. So there is no staff member who provides any services.

Mr. Small: So let me get this clear. Forgive me, I want to be clear because we like to have correct information. You have a Corporate Secretary engaged on a contract to provide corporate secretarial services. So that is the arrangement?

Mr. Chinapoo: Yes, Sir, that is correct.

Mr. Small: Okay, well that helps us.

Mr. Chinapoo: I apologize for the confusion.

Mr. Small: Because when information is presented to us in a particular way, you read it and you are not sure what you are seeing.

Mr. Chinapoo: No, I apologize for the confusion but hopefully we have clarified.

Mr. Small: Good, well, all right and the oversight is a printing error because it goes up to note 17 and then it goes to note 19, so note 18 is missing.

Mr. Chinapoo: We do apologize. We saw the page miss here, we do have the official financial—

Mr. Small: That is fine, Mr. Chief Operating Officer.

Mr. Chinapoo: All right, Sir.

Mr. Small: Mr. Chairman, through you, I have a couple other short little baby questions at the beginning here. Madam Chair, forgive me, I note that you would have taken office at a time when this audit would have been already completed and by your record, what you put on the record today, you only found out about this mere weeks ago. I noted the comment of the CEO but several of the findings inside of here of the auditor—let me help you, Madam Chair, because this is egregious.

In the auditing business, there is something called looking at the chronology of the dates of how things happen. So if a company issues a purchase request and then issues a purchase order and then the supplier provides an invoice, you would think that the dates would go: the 1st of March, 10th of March, 15th of March, but the auditor here has found several dozen instances where the invoices were dated before the process began. So that you have invoices for services dated before the purchase order was issued, “dais fraud”. I am not going to put any type of colour on it. That is fraud, that is collusion. There is no way a provider can provide an invoice for services before the purchase order was issued, unless there is a nice group of people sitting there, working inside of the system trying to beat the way in which—the controls of the company and I am going to go down the line. And this is not directed at you, Madam Chair. This is because the company had no internal audit process and when you bring in an external auditor to look at it, this is what they find. That people have systematically abused the processes of the company for their own gain or for whatever type of gain. So again, let me help you, Madam Chair. Because I would have thought that as an incoming board, as the CEO, I would have said, Madam Chair, we had some serious issues

at this company, we are working through to find a way to be able to resolve these issues or we have resolved these issues but I want you to be aware that if someone ask a question, these are the things that have come out, rather than have the Chairman now sitting there and not fully au courant with some very egregious things that have been happening at the company. If someone feels that they are not egregious, please explain to the Committee why some of these things have happened. And bear in mind, the auditor comes in and does a sample. So if the auditor comes in and does 5 per cent or 10 per cent sample and finds dozens of these transactions, it suggests that the universe of bad things that have happened is much larger than what is presented here. I am in the audit business myself so I understand what happens when an auditor does a sample and this is scary because the numbers in here—and this is, through the Chair. The auditor is very kind in that they have listed the number of incidents but they did not put the value. So I would like, through the Chair, to request for several of these, for many of these things, what were the value of these so-called transactions that occurred.

I would just go to one more before I yield to my colleague here, Mr. Chairman, because I spent all night reading your documentation. It was very elucidating. So you have another finding where a couple dozen again, quotations were received from people who were either not on the approved vendors' list or were not even invited to tender. So I am not aware of how a tenderer could provide something and they are not even on the vendors' list. Well, you can see how this document is tabbed up; I am scared of this document. The Permanent Secretary of the Ministry of Finance would only have received these a few ago and so may not have had the time to spend all night reading it as I did, but this is scary stuff in here and I will come back to a couple of these things, but it points.

So I want to get the CEO, I would like to find out from the CEO, when you received this report and you started to action it, did you not think that there was a complete breakdown, at least, in some areas of the administration of this business and at the very least, I should alert the new members of the board that these issues are particularly egregious issues and what is the action plan to treat with them? Because what normally happens, Madam Chair and Mr. CEO, is that you have an internal audit unit, they put all of the findings and then the management puts action for them and then a timeline to get it done. If you have done, as you said, completed, I want to see that timeline. I want to see what was the management's response for every single item, it is not in here. All this does, it flags where the problems are and I have it nicely coloured here—tabs all over the place because the issues in here are serious.

Mr. CEO, I would like to get a response from you on one, did you really understand the severity of what was going on in the company and two, if you understood what was severely going on wrong in the company, did you not draw it to the immediate attention of the new board?

Mr. Boodram: Chair, in fact, this report was presented to the previous board and as I said, actions were taken and I will provide a timeline and the actions that were taken to address the issues. In terms of bringing the attention to the new board, again, I am of the opinion that we had finished addressing these issues because we came out with—by the end of 2016 and early 2017, we had put these issues at rest. At the time the new board came on, there were other issues that we were dealing with and I did not see these issues as still existing or posing any threat going forward.

Mr. Small: I have one quick follow-up, Mr. Chairman. I have listened to your response and I am not convinced and I am not satisfied with the response. You are the Chief Executive Officer and

here is what I posit to you. Even if I accept what you say 100 per cent, you would have received notification from this Committee that you were coming here. I would have thought that you would have properly briefed your Chair and your board, provided a schedule that, Madam Chair, this is information being provided to the Committee and these issues may come up and that Madam Chair, this is the executive action that we have taken, as you have said, to complete all these actions so you can assure the Committee from your point of view as the Chair. So, Madam Chair, I am asking you, did you get any briefing on these issues from the CEO?

Ms. Jones: Member, when we were preparing for presentation for this meeting, the CEO as well as the Chief Operating Officer did have some discussions on these matters with us. I must say, though, that the last board and the Chairman is here, because of the issues that they saw coming out from the start-up period of starting up the company, they recognized that they had to instead of—to move from dealing with operating the plant, they had to really and truly treat with the issue of getting the institution and the management systems up and running. I do not know if it was a concern of theirs but certainly, I must give credit to the last board and the Chairman, in particular, for actually commissioning that internal audit report because they did not have the capability from within.

What we have seen here with respect to the internal audit findings of that period, really was a bit of concern for us and since we got in as a board, we did ask about issues about internal audit. We saw that there was a need and we noted that within the then existing structure, a decision was made to have internal audit be done—contracted out. This board felt that no, this should not be, we should have that in-house capability and we have taken action to ensure that a compliance officer which was introduced in the organizational structure for the last board coming out of that internal audit report that they received, that is there and we have approved a position of internal auditor. And as a matter of urgency, the ads will be going out shortly and we are seeking to really and truly address those issues.

What I must say, though, that without the capability of having the presence there of an internal auditing unit, we did take on board that an attempt was made to introduce a computerized system by the name of MAXIMO which really and truly has some auditing features. So I hope that I have answered the question that you have asked but certainly, some attempt was made when we were preparing for this, but we are concerned and we are taking action.

Mr. Small: Mr. Chairman, I have one final comment. Madam Chair, I thank you for your response and your frankness. I want to say that having had some experience with auditing and understanding compliance, there is a difference between auditing and compliance, so having a compliance officer does not treat with audit issues, so I want to put that on the record. There is no question about that. Anyone wants to argue about that with me, we can have a discussion in the corridor after.

The other issue, MAXIMO, I am very familiar with MAXIMO because I have some other experience in other places and while MAXIMO allows for a trail of operating, it is really to deal with the operating part of the business. What we see here, Madam Chair, with the greatest of respect and to all the members of the board, is a pattern of behaviour by officials who are in charge of procurement who have found ways to twist and bend the system. Let us not try to put any other nice, you know, cosy words around it. These findings suggest there is a pattern of behaviour over a period of time. Because what happens, the—Grant Thornton came in and reviewed documentation from a period and of the documentation that they could find, no Minutes of the

tenders committee, no Minutes—it goes on. So I am happy to hear, Madam Chair, that the company is looking to treat with internal audit, having an internal audit function in the company because that is the way forward. All I am saying is that because you did not have an internal audit, people were very, very mischievous and because we will be requesting to quantify the numbers in it—the instances are listed but not the numbers. Because I expect that the numbers might be actually pretty scary as to what went wrong because we want to understand and, Madam Chair, let me be clear. Last comment, Mr. Chair. If we do not understand what went wrong with this, we may not be able to prevent it in the future and that is all. That is what the Committee is about. We want to make sure that the company is in a better place going forward. Mr. Chair, I am done for this round.

Mr. Chairman: Before I ask Mrs. Jennifer Baptiste-Primus to intervene, Ms. Jones, we were told earlier on by the former Chairman that the company was in receipt of this Grant Thornton report, audit report, we understand, in December of 2016. One of the recommendations coming out of that report was the urgent engagement of an internal auditor. That was December of 2016, we are now in March. We got some responses from the company to some of our queries and questions. And would you believe that this flagship company in the energy sector, involving hundreds of millions of dollars, is still searching for an internal auditor? Is this company serious? How can you explain to the taxpayers of this country and to this Committee that after almost 15 months, this company has not been able, with all the resources at its disposal, to locate an auditor, an internal auditor, to monitor its activities at an internal level? Madam Chair, could you tell this Committee when would that happen?

Ms. Jones: Chair, as I indicated, previously the last decision with respect to internal audit from what we saw, our board saw, that the intention was to contract in that internal auditing service. What we have decided is to have that capacity and capability within and we are hoping that by April, we should be able to have somebody on board to actually get that function up and running.

11.20 a.m.

And I must say again, we are very mindful of the new procurement legislation and we do have a revised procurement policy there to really treat with those issues. We are concerned, and as I said before, about those areas of deficiencies and, certainly, this company, it is a flagship company, and I must put on the table, as well, that it is critical for the survival of this company that we have all our systems up and running because we do have a bond outside there and any signals that there are problems in the company pertaining to these issues, those things will have implications for our bond security.

Mr. Chairman: Madam Chair, I am not satisfied that this company under your chairmanship has taken the bull by the horns on this matter. We would be requesting, as a result of the lethargy exercised by this company, that the 18 egregious breaches to the company's own policies that took place and that were manifested in this report that was submitted to the company since December of 2016, we do not know, as a Committee, whether the problems may have multiplied. We do not know how many new breaches would have occurred because there has been no internal audit since this last report was submitted on the 30th of June, 2015.

So what we would like to request of you is a fresh internal audit report to be submitted to this Committee from the first of July to the 31st of December, 2017, because the company, apparently, is not taking its task and responsibility seriously and therefore we, as the watchdogs of the public

purse, have to take responsibility for this matter. And I take no pride and joy in saying that I am totally dissatisfied with what I have been told, and this Committee has been told, this morning about the very lackadaisical approach taken by this company to employ an internal auditor. Fifteen months after you are now telling us, Madam Chair, that in April we may have one. There is no guarantee you will have one in April.

Madam Chair, I now ask the distinguished Member, Sister Jennifer Baptiste-Primus to take the floor.

Mrs. Baptiste-Primus: Thank you kindly, Mr. Chairman, and good morning again to everyone. I would like to start by saying that given the fact that you informed us, Madam Chair, that the new board was appointed in June 2017, and you have sought to put systems in place, I want to keep the focus on accountability. And, through you, to the former chairman of the board and the CEO, I have sat here and I have listened quite attentively to the responses that you have given so far, Mr. CEO. You play a very critical role in the organization. You are directly responsible for the organization's operations—day-to-day operations—in collaboration with the Chief Financial Officer. I was a bit taken aback, Mr. CEO, when you shared with this Committee the fact that you took the decision not to bring to the attention of the new board, and the new chairman of the board, a critical document as this, titled: “Internal Audit Report of Trinidad Generation Unlimited Procurement Process”.

You have to be careful about cloaking yourself in authority that you do not have. Your responsibility as the CEO of such a flagship company, a new board coming in place, you have a grave responsibility to prepare a brief—a detailed brief—for the chairman and the board members, of all the issues facing the organization and, of course, this report should have been at the top of the list. So that I really want to disagree with the approach you have taken and to discourage you from engaging in such practice. Because, in fact, what you are doing is manipulating what information should go before the board and, thereby, by your action, would deprive the board of critical information that could lead the board in making informed decisions in the best interest of the company.

Having said that, you informed this Committee that the premise upon which you failed to inform the chair and the board of the existence of this report until last month, was, as you stated, “Many of the weaknesses identified in this report have been addressed”. Could you share with this Committee at least two or three of those weaknesses that you, in your capacity as the CEO, addressed?

Mr. Boodram: What we have done—

Mr. Chairman: You could just put on your mic, Sir?

Mr. Boodram: Sorry. Okay. With respect to unsigned documents, we have modified the approval process and the centralization of approvals within the Maximo Asset Management system. For tender document discrepancies, a new management tenders committee and updated process was enforced with approvals at all stages of the process prior to the issue of a purchase order. With respect to reconciliation as sign off discrepancies, we have updated and enforced all procurement transactions being done through the asset management system with the enforced attendant system controls. With respect to payment voucher and wire transfer documents not appropriately signed, all payment processes have been updated and new check lists and controls are in place to ensure alignment with the procurement and approval processes.

Mrs. Baptiste-Primus: Mr. CEO, I am sitting here and still waiting to hear you address the critical issue of the internal auditor, and I would also like you, Mr. D'Andrade—am I pronouncing your name correctly? D'Andrade or D'Andrad?

Mr. D'Andrade: D'Andrade.

Mrs. Baptiste-Primus: D'Andrade. Mr. D'Andrade, you were the former chairman of the board. Having read this report, did you and your board not think it necessary to implement that critical decision to employ an internal auditor? This is a multi-billion-dollar organization. How could it not have an internal auditor? The report indicated that that was critical. Why did your board not implement that critical decision that was recommended?

Mr. D'Andrade: One of the things that we are not seeing there was that there was an internal audit committee of the board that initiated this audit and at their findings we went out to get auditors—external auditors—to do a detailed study. So that detailed study came from the fact that we were monitoring, via the board committee, what was going on in internal audit. When we got it, the effort was made to correct the problem, and I think the CEO was the person who was assigned that task and could go into great detail of what has been done and how it has been achieved.

So we were not sitting down and waiting for anything to happen. We were acting to correct what we saw as a problem in the procurement systems. One of the things that we faced as a board was that in January 2011, we were given the task to build an organization, to manage this company and we had three months in which to prepare to do it. There are some areas that we had to focus on, which was the operation and the maintenance part of it. The others, we did put in systems but, of course, in the time frame everything was tight and, therefore, the board audit committee was the one that we used.

We also have to remember that up until 2013 that all the controls and systems were being provided by the minority shareholder who was the one that was managing the project in the beginning. So, yes, I agree that this was not what we would have liked to have, but we did take action, once we found out, to correct it.

Mrs. Baptiste-Primus: And having listened to you, one must give credit to the committee. But then, if the critical recommendation coming out of that process was to ensure that an internal auditor was brought into the organization and the board failed to address that critical issue, then the question could be asked: How better off is the organization before and after? What was the purpose of bringing the company on board to do the assessment? Not to make the organization a little more efficient, I would say?

Mr. D'Andrade: I agree. But the objective, whether we had one on board or we bring in somebody, was to get audits done, and at the time it was debated whether we should have someone full-time or whether we should have contracted service, and we were depending at that point on the audit committee to continue their role in monitoring what was happening while we sort out the problem of how we are going to deal with the internal audit. There were many other issues occurring at the time. So while we are focusing here on what is happening with audit, there were many other issues occurring in the company at the time and you were constrained by the amount of limited time that you had to do any of these things. In a green field plant, the systems and processes would have started when the construction begin. We should have started this in 2009. We started it in 2011, three months before the plant was due to be handed over to us.

Mrs. Baptiste-Primus: And while this Committee, I am quite sure, would agree with the challenges that you would have faced and credit must be given to your committee, I am not satisfied that having the report in hand, that focus was not placed on the critical recommendation made. I am not satisfied on that.

But, Mr. Chairman, if you permit me. Madam Chair, your board, having taken the decision to—when would the advertisement for the internal auditor—what is the time frame for the advertising of the position? What is the time frame for actually securing the services of this person?

Ms. Jones: The advertisement was expected to go out by next week for the latest, and we are hoping, with the recruitment process, we should be able to—*[Mic not on]* Sorry. We should be able to have that process completed by—

Mrs. Baptiste-Primus: You should repeat it for the benefit of persons who are listening, because they would have missed the—

Ms. Jones: Thank you very much. Sorry about that. It is expected that the advertisement will go out by next week because the board has signed off on the two positions of, one compliance officer and the other, internal auditor. And we are hoping that the process will be completed by the earliest by, you know, the first week in April or so, because they are just two positions and we are hoping that before the end of April we would have somebody on board. But we have taken note of the Committee's request to have that internal audit done and this is something that we would probably, at the board, try and see if we can contract in that service right away to have that audit process start right away.

Mrs. Baptiste-Primus: I would suggest to the board also, two other positions that are critical. I mean, we are all aware that the procurement legislation is imminent—would be proclaimed. Therefore, in preparation of that piece of legislation, is there provision for bringing a procurement officer, a contract officer on board in the organization?

Ms. Jones: Well, there are positions there. Certainly, we have noted that with the new procurement legislation there are certain kinds of skill-sets that you would require and we have taken on board that recommendation and we are going to try and get that right away—that position right away. As well, we want to be able to have a resident legal person on board.

Mrs. Baptiste-Primus: Thank you, Chairman.

Mrs. Crichlow-Cockburn: Madam Chairman, I am looking at the structure that was provided for TGU. First off, has TGU ever had a strategic plan?

Ms. Jones: Yes, it did.

Mrs. Crichlow-Cockburn: For what period?

Mr. D'Andrade: I think, initially, as I mentioned before, we were given this task to build out an organization with three months, and normally that would have taken two years. It is unfortunate that it happened that way but that is what it was. So our focus up until the time that we bought out the minority shareholder, was to get the plant up and running, otherwise the penalties financially would have been very severe. So our focus was to build the organization, get the system operating, and it was after 2013 when we bought out the minority shareholder, that then we started focusing on other aspects of the company. But the focus initially was to get the system up. We were caught between satisfying the demands of the PPA and monitoring the contract. And with the contract going late, we were facing serious issues—

Mr. Chairman: Could you tell us, for the benefit of the listening public, what PPA means?

Mr. D’Andrade: The PPA is the power purchase agreement with T&TEC and there were certain conditions in there that we had to meet. There were conditions that were occurring in the construction. They were already six months late, and if you exceed a certain limit, then the whole project is at risk. So while we are focusing here on our systems, those were the points that were a big risk to the company and to the financiers of the company. And in 2013, where you are looking at legal fees, we had to take the contractor to the DAB to fight for \$106 million. So it is not that there were no other risks, the focus on the risk now is what the new board is looking on. But at the time that we were there, the focus was on the risk proposed by our failure to meet the power purchase agreement and by the contractor not completing his job within a time frame that would not destroy the PPA. And you are talking, as I said, on the liquidated damages that we were looking at, is over US \$100 million.

Mrs. Crichlow-Cockburn: Mr. former chairman, I would have understood the company’s concerns then, but, I mean, for the benefit of the Committee and the listening public, I am finding it very difficult to understand that a company that treats with millions, if not billions of dollars, would have been operating for all of this time without a strategic plan. Because then it begs the question: what would have guided the operations of the company? Yes, you would have had those critical things to deal with, but post-2013, what has this company been using to guide its operations?

And the reason it becomes even more critical, for me, is that I am looking at your structure and normally your strategy would determine your structure, and this structure suggests to me that it is not really appropriate for the company. And that is why I need to understand, and the Committee needs to understand, what is the company’s strategy and how did you come up with this structure for the organization?

Mr. D’Andrade: The basic structure there is for the operation of TGU. Anything beyond the operation of TGU will come through UEEGCL. And at the UEEGCL level, our strategy was for a question of expanding, and I think in our strategic plan you would have listed the efforts that we were going to do at the UEEGCL level. So that organization is supposed to be ring-fenced as TGU, and the UEEGCL would have TGU as a base from which it could develop its other system.

Mrs. Crichlow-Cockburn: Okay. But I am looking at the structure here and I am seeing “vacant”. We would have dealt at length with internal audit, which is a mystery of biblical proportions for me that an organization like TGU would have not had an internal audit function. But you also look—we did not have compliance; we do not have a finance team lead; we do not have the person responsible for logistics; we do not have a chief financial officer. Those positions are vacant, and I am going based on what was submitted here, and this structure was signed off on in November of 2016.

So I noted the chairman just indicated that they have now approved for the internal audit and compliance positions to be filled, but as early as November 2016 this structure was approved. So how do you justify to this Committee, and to the public, that having approved these positions in 2016, we are now in March 2018, they have not even been advertised? These are positions that must be considered critical to any organization, particularly a state enterprise that is responsible for billions of dollars. So the Committee and the public need to understand what has happened, you know, what went on. Why have these positions remained vacant so long?

Mr. D’Andrade: In the initial arrangement, and I said up to till 2013, all those functions that you see there would have been performed outside of Trinidad by the AES corporation. It was not until we had the decision from the Government at that point in time in 2014 that we would then be in a position to start looking at something beyond just operating the facility. And it is that that informed that document. But then in 2015, we were asked to go out and raise funds to pay back the Government. Our focus at that point in time was to do that. So there were other things happening that prevented us from filling those positions as quickly as we would have liked to, but we recognized that we had to do it once the minority shareholder had been bought out. We now had to take all the business functions that he was supposed to be doing and we could not do it until we had decided the road forward from the Government.

Mrs. Crichlow-Cockburn: I am still not sure that you have that, because you do not have a strategic plan, but we would leave that for now. Earlier on, in response to a question concerning the Corporate Secretary, the suggestion was the person is on contract. Are we speaking here, contract of service, or for service? Is the Corporate Secretary, although being on contract, considered an employee or a contractor?

Mr. D’Andrade: No, I do not think he is considered as an employee.

Mrs. Crichlow-Cockburn: So all of these positions that we have here that are noted as contract, are all of those individuals contractors and not employees of TGU?

Mr. D’Andrade: Where we had contract, they are contracted through a company. So they would be working for TGU but they would have been contracted through a company.

Mrs. Crichlow-Cockburn: Thank you very much.

Mr. Chairman: Mr. Foster Cummings.

Mr. Cummings: Thank you, Chairman. I am glad that we reached to that point because one of the matters I wanted to address—Chairman, could you give us a little more information in relation to which of the senior employees—well, I am not sure whether I should call them employees now, or contractors. Which of those positions are being operated in the manner just explained by the former chairman? In senior management, which of those positions are being operated in the manner just explained by the Chairman, that is to say, not an employee, but a contractor or a company contracted providing that position?

Ms. Jones: Member, none, currently. Only the Corporate Secretary we have contracted out that service. All the others are employees of TGU.

Mr. Cummings: Okay. In the audit report, the summary of issues identified several shortcomings. Can I ask if, as a result, when these situations existed, whether the board had the occasion to initiate any investigation relating to corruption or allegations of corruption? And if so, if any action would have been taken against any employee as a result?

Mr. D’Andrade: No, we did not initiate any investigation for corruption. Most of the purchase orders at those times were for parts for the plant. We were buying parts because we were late and we had to have parts if we were going to achieve the reliability requested by the power purchase agreement of 93 per cent. So the bulk of that—in fact, in the sample we took, over 60 per cent of what was there, would have been parts that we bought. It is easy to check that the part that was ordered is in the warehouse.

Mr. Cummings: Mr. Boodram, how long have you been with TGU?

Mr. Boodram: I have been with TGU since May of 2011.

Mr. Cummings: And before becoming CEO, what position did you occupy?

Mr. Boodram: I was plant manager.

Mr. Cummings: Mr. Chairman, that is it for now.

Mr. Chairman: I just wanted to clarify, Madam Chair, what is the name of the company of the Corporate Secretary? Because we understand he is now a contractor operating through a company. Could you identify the name of the company that the Corporate Secretary operates through?

Ms. Jones: Certainly, Chair. I would ask Mr. Anthony there to be able to give the information to you, please.

Mr. Chairman: Mr. Anthony, could you share with us what is the name of that company?

Mr. Anthony: Mr. Chairman, thank you. Yes. Renovateur Attorneys-at-Law.

Mr. Chairman: Okay. That is the name of the company. All right, thank you. Can you tell us if this particular company that you have identified for us has provided any services to the Union Estate or TGU over the past years that are under review, 2008 to 2015? Could you share with us whether this particular company that you have identified as the contractor company would have provided services—legal, professional services over that period of time?

11.50 a.m.

Mr. Anthony: Mr. Chairman, yes. In 2011, I was advised that there was a major discussion with the board whether they would hire or they will not hire. I was also advised the reason why, but I am not sure if it is for this Committee, and so the decision was taken to hire as an outsource contractor and I was hired to provide corporate and legal services.

Mr. Chairman: Would you want to share with this Committee—so the period in question that you would have been engaged as a company to provide legal and professional services, would have been between let us say 2011 to 2015? Or would it have been before?

Mr. Anthony: It would have been from 2011.

Mr. Chairman: 2011.

Mr. Anthony: Yes, prior to that the services was provided by a law firm.

Mr. Chairman: A law firm. Okay. You want to share with us—the figures that I quoted earlier, would that be part of the legal and professional fees that would have been paid? Or would it have been a portion? Or would you want to share with us, from your recollection, what would have been the actual sum the company would have received during the period under review that you have identified; 2011 to the current time?

Or would you prefer to detail for us in writing the total in terms of the year.

Mr. Anthony: Mr. Chairman, yes. I was going to suggest to you that is best that it go in writing because it would not have been my services alone.

Mr. Chairman: Yes.

Mr. Anthony: Yes. We could break it down.

Mr. Chairman: Yes, all right. I also would like to ask as we are on the subject of outsourcing. Whether the Chairman is in a position to help this Committee, to guide us as to the total cost incurred through the outsourcing of the internal auditing firm, Grant Thornton ORBIT Solutions to engage in the internal audit function for the period 2013 to 2015. Do we have an appreciation of what is the amount that would have been paid to this particular firm? And do we have an idea as to the procurement process that would have been employed to recruit this firm?

Ms. Jones: Chair, with respect to the cost. We beg your indulgence to submit it in writing to you. With respect to the procurement process, I would ask my colleague the former Chairman to respond to that, please.

Mr. Chairman: Thank you.

Mr. D'Andrade: At 2011, in terms of the procurement and legal services, AES was still in charge of those functions. Mr. Anthony had worked on the project, through a different company and therefore AES was in agreement to hire Mr. Anthony for that purpose.

Mr. Chairman: So, that this particular company, you are saying that first of all, Madam Chair, you are going to provide us in writing of the total cost?

Ms. Jones: Yes.

Mr. Chairman: And as it relates to the recruitment process, this would have happened when AES would have had total control of the company during the material point in time that this firm was recruited.

Mr. D'Andrade: I think I erred, I was responding to a different contract. We would have engaged Grant Thornton ORBIT Solutions, subsequent to the purchase of the minority shares in which the Government became the sole shareholder. And in that case we were looking for a well-established company to do this because whatever audit we would have done, we would have wanted it to be as thorough as possible. And Grant Thornton ORBIT Solutions was the one we selected.

Mr. Chairman: Was that on a sole selective basis?

Mr. D'Andrade: Well, EY was doing for us, other audits, so we did not want to have the same person doing two things.

Mr. Chairman: Mr. D'Andrade, could you share with us the name of the audit that Ernst & Young would have been conducting at the material point in time?

Mr. D'Andrade: It was the financial audit. They did the financial audit.

Mr. Chairman: For what period?

Mr. D'Andrade: For TGU.

Mr. Chairman: For what period?

Mr. Chinapoo: Chair, if I can assist. Ernst & Young has been the financial auditors doing the annual financial audit of TGU from the time of acquisition of the AES shareholding. So from 2013 forward to present day.

Mr. Chairman: Can you make a copy of that report available?

Mr. Chinapoo: Yes.

Mr. Chairman: Thank you very much. Your current staff at the company exactly is about what now, Madam Chair?

Ms. Jones: Sixty-eight.

Mr. Chairman: And the bulk of those people would be permanent employees?

Ms. Jones: Yes.

Mr. Chairman: And so do you care to share with us, how many are permanent? How many are on contract? How many are casual? How many are short-term in terms of employment?

Ms. Jones: Could I give you that in writing as well? Or if not, I can ask the Chief Operating Officer to just run through very quickly for us. A brief summary.

Mr. Chairman: Yes. The Chief Operating Officer can help us.

Mr. Chinapoo: Thank you, Madam Chair. Chair and Committee, we have already discussed the contractual engagement of the Corporate Secretary. All other positions are permanent staff positions the majority of the 68. There is one item on the org chart if I can direct you. It is almost exactly in the middle to the bottom, it is a box called Power Plant Trainees—

Mr. Chairman: “Uh-huh.”

Mr. Chinapoo:—Engineers and Techs that is a trainee programme so those are the only staff that are, for want of a better term “contract”. So that is a rotating training programme, where we expose young qualified people to support and learn and create a pool of operators for us to access. All other positions, the majority of the 68, are permanent positions.

Mr. Chairman: Madam Chair, could you tell us if there is any intention at this time from your knowledge to dispose of the assets of this company? To any local, foreign or a combination of both, interest?

Ms. Jones: From my knowledge we do not have that on the table at present.

Mr. Chairman: I also observed that in terms of your strategic business objectives. You identified to grow market share not only in T&T, but in the wider Caribbean region, and increase and diversify your revenue streams as another strategic business objective. Could you tell us, how successful the company has been in achieving these two strategic business objectives, thus far? To increase diversify its revenue streams and to grow its market share in T&T and the wider Caribbean region? You want to share with this committee how successful the company has been in achieving any of these objectives?

Ms. Jones: Chair, it is still a work in progress. With respect to the revenue stream and the strategic intent in growing the market, we are currently working as well with the Investment Division, the Corporation Sole we are guided by that of the Ministry to really and truly come up with strategic business plans to really treat with these issues.

Currently our major focus, as we have said before, was accessing revenue to repay the Government its investment.

This board, we are going into a strategic planning session, and we are looking at ways and means that we can recommend to the Investments Division, possibilities we have talked about those things informally. But, we want to go through a strategic planning session. It is our expectation that within this month that we should be able to conclude those discussions so that we can send forward a concrete proposal to the Ministry of Finance.

Now, with respect to the wider Caribbean region, and growing and so on, our major focus is really and truly building the capacity and competency within TGU, so that it can really and truly stand up and be that beacon that we want it to be. We saw opportunities as well that we can be able to partner with other regions, countries who may have power plants and may we want us to be able to treat with other kinds of energies that we should be able to deal with.

But as it is right now, our major focus is really on building TGU and the investment portfolio. We are looking at it and that will be a major part of our strategic planning process and a major outcome that we are expecting to achieve shortly.

Mr. Chairman: And may I ask that you submit in writing to this Committee a list of all the permanent employees; the names of these individuals, their qualifications and experience; and their respective compensation packages. We would like to have that in writing.

Ms. Jones: Certainly.

Mr. Hinds: Thank you very much, Madam Chair. That having sat in these chairs over time, conducting this important oversight work, we have had some experiences. Some of those experiences have led some of us, or at least let me speak for me, to arrive at certain predispositions. One of mine is that there are many agencies and entities in this country, all established with very noble intentions. They have become in some ways, runaway horses and they generate more trouble and more bleeding, especially in times of economic stringency as we have now, as we have to live with now we miss the dollars that we have wasted.

So, we have for my part, some predispositions and we are determined all of us to assist Trinidad and Tobago in ironing out those rocks to make sure that going forward, we all benefit from what she offers, Trinidad and Tobago, in a fair and transparent and equitable way.

Now, if as we heard earlier, the position of Corporate Secretary is seated with a service provider contractor and if I have a company, my main focus will be my company not your own. Even as a service provider, I am not saying that I will not have concerns for you, but it is a very human condition to be concerned about your own. And, therefore, I just wonder to myself, maybe you can put this one in writing. It is a little bit sticky, maybe you can put this in writing, whether a service provider should be sitting in the chair here today before our Committee in the context of which you told us. I am not sure, could we take that one in writing, given that it is not an employee of the company accounting to us here today.

Now, I have noticed in your consolidated financials as at December 31, 2015, and I am going deliberately slowly, so you can pick the page up, and I am looking in particular at page 30, top right-hand corner, it is numbered. So, I am looking at the consolidated figures, under the rubric operating expense. And the backdrop I set, in terms of the way these entities State entities have managed affairs is where I am coming at. When I look at, for example, the 2015 insofar as contract services are concerned, I see that the figure for 2015 is \$3.5 million US as opposed to the 2014 figure of \$1.62 million US, it more than doubled from year-to-year. I take it that the contract service providers, the cost for their services would be included in this? Am I correct in thinking that?

Ms. Jones: Yes.

Mr. Hinds: I am correct?

Ms. Jones: Yes. Contract services.

Mr. Hinds: Yes. So, it more than doubled between 2014 and 2015. Could someone give me a small indication as to why that would be so?

Ms. Jones: Member, if I may, could you repeat again for us, please?

Mr. Hinds: I am talking about your consolidated accounts in US dollars at item No. 20 in the notes to the account, explanatory notes, the third item is contract services. Are you with me?

Ms. Jones: Yes.

Mr. Hinds: And I noticed that that figure of 3.533, well 3.5 plus million, in US dollars. That more than doubled the amount for 2014. I would like if practicable to be told now what might have accounted for that significant increase?

Ms. Jones: Member, Mr. Chinapoo will answer that.

Mr. Hinds: And while there is a little hiatus between your communication and his answer. He must add as well what sort of contracted services we are talking about? Thank you.

Mr. Chinapoo: Thank you Chair, and thank you Chair and Committee and I will ask for assistance from the technical side from Mr. D’Andrade and Mr. Boodram. But on the financial side, I can start by first explaining the services.

Under this operating expense section, we are dealing very specifically with plant operating contracted services. So the services that you would have here would not be administrative contracted services, and in the year 2015 versus 2014 we did have a number of planned maintenance activities, as well as one or two unplanned maintenance activities that were required. Many of these maintenance exercises require both local and foreign consultants, who certify the equipment and the parts and certify that we can put the equipment back into service.

So, the increase the doubling that we are seeing is primarily based on both the planned and unplanned, this is done at TGU on a long-term scheduled maintenance plan, which if the Committee requires we can also submit in writing. But we actually have the annual planned outages that would have accounted for the increase in these services.

Mr. Hinds: So, I take it that the administrative expense, contract expenses would have been taken up in item 2, Contract Labour. Just above contract services since you say those were more about plant and equipment?

Mr. Chinapoo: Yes, member, we do have to apologize again for the fact that you are missing a page which I have in the official audited accounts. But the page before where the other member mentioned the administrative expense breakdown, that would have all of the costs associated with any administrative—

Mr. Hinds: So we do not have that before us. Something went wrong?

Mr. Chinapoo: Yes, with the communication.

Mr. Hinds: I was about to ask perhaps mischievously for some comfort that it was not deliberate. But let us leave that for the time being.

Now, in respect of the—going a little lower down in the operating expense, I would like to get a sense because the entire operating expense package moved from US \$6.3 million in 2014 to \$10.193 million in 2015. A substantial increase, well you have just explained what happened in terms of the contract services.

So let us look specifically and I want to move over to the question of security. In 2013, your consolidated figure in the realm of security, was US \$294,000. It went to US \$270,000 all in US, in 2014 and in 2015 it went US \$568,000. So between 2013 and 2015 one might say it almost doubled. What might account for that—Security?

Ms. Jones: Member, I will ask the CEO to account for that.

Mr. Hinds: Yes. Thank you.

Mr. Boodram: Chairman, we have to get the details and get back to you on that one. I do not have the details off-hand on that.

Mr. Hinds: All right, that would be it for the time being. Thank you.

Mr. Small: Thank you, Chairman for allowing me to get a second opportunity to join in. I have been listening very, very intently and what has been going on. Mr. D’Andrade, I have listened intently to a lot of your responses and I understand that at the time there was a construction focus at the company. You had a PPA with certain target deadlines to be ready to run and your focus—am I correct in saying your focus was really on meeting those deadlines, making sure that you meet those financial and operational targets?

Mr. D’Andrade: Yes, it was that. But we also had at the same time, the construction taking place. So we were between the ultimate buyer of the product with the PPA, while at the same time, we had to be working to ensure that we dealt properly with the contractors so that we do not incur further cost delays.

Mr. Small: Can I ask a follow-up question to Mr. D’Andrade? What would have led to your board, and I go back to this audit. This audit was specific to the procurement process. It did not speak about a general audit, financial audit. So that something had to have happened, I am thinking logically that would have led to the commissioning of an audit on the procurement process, not a general audit of all the various compliance issues in the company. So, I am trying to get from you. You would have been the Chairman at this time. What would have led or what would have caused the board to realize that perhaps we need to do an audit on the procurement process of the company?

Mr. D’Andrade: Okay, as I mentioned before, the audit committee of the board did a preliminary audit.

Mr. Small: The audit committee did a preliminary audit?

Mr. D’Andrade: Yes, they did.

Mr. Small: That is not possible Mr. D’Andrade.

Mr. D’Andrade: The audit committee of the board?

Mr. Small: The audit committee of the board, receives reports from the internal audit function. The audit committee cannot do an audit.

Mr. D’Andrade: We did not have—

Mr. Small: So, you are saying that the internal audit committee of the board had the capability to conduct an internal audit?

Mr. D’Andrade: Yes, they did do a review if you want to call it a “review” instead of an audit. They did a review, looking at a number of the purchase orders that were issued and on the basis of that, we were then advised that we should do a detailed audit of the systems and we chose procurement as the system which we believe would have had the most risk.

So, it was not that we knew there was anything, it was the system that we thought that we would have investigated because it may have the most risks.

Mr. Small: I just want to be clear, Mr. D’Andrade, because this is on the record. You are saying that the audit committee went down into the trenches into the document and did this—they did a review.

Mr. D’Andrade: They selected a number of orders and did a review.

Mr. Small: I hear what you are saying and it is interesting, but it is on the record and if that is your recollection I am going to work with it. I would suggest to you that that is not a function of an audit committee. An audit committee is not supposed to go down in the invoices. If the audit committee recognizes there is a problem, you should have engaged an internal auditor. That is what the audit committee should have done. But I will stop there on that.

Let me ask a different question Mr. D’Andrade, what is your training, your background?

Mr. D’Andrade: Electrical engineering.

Mr. Small: Electrical engineering, so you understand the issues with process plants pretty well.

Mr. D’Andrade: Yes, I worked in an ammonia plant.

Mr. Small: What would you say—is it normal in a process plant for administrative expenses to be higher than operational expenses?

Mr. D’Andrade: My familiarity with the ammonia process is that the administrative expenses would be less. I do not know the details of what they are looking at—

Mr. Small: I do not know, I am not an engineer, for the record. I have a good handle on process plant operations and I have noted that the administrative expenses of the TGU, UEEGCL operations are higher than the operating expenses of the plant.

You have 68 employees as told by the Chair. I gather the bulk of those employees would be actual physically manipulating and keeping the plant going. So when you look at just the way, probably it is the way the line items are packaged. But how the line items are presented here, it shows that the administrative expenses are higher than the operating expenses of the plant and I want to be clear.

Because, operating expenses include contract labour and other contracted services. So it is not even, you can say well labour is part of the administrative expenses. So I am, I just want to get you as a professional in the business that would you say that that is something that you would say is unusual?

12.20 p.m.

Mr. D’Andrade: The difference in what you may see in the Ammonia Plant, for example, and this plant is that under “operating expenses” you would have the cost of gas. The gas to this facility is supplied and is responsible for by T&TEC. So really and truly, what you are looking at in terms of a major cost, is not included in operating expenses, because we do not have responsibility for it.

Mr. Small: Well, my logic is simple. You have 68 staff, the vast majority, probably, let us say 70 per cent of those numbers are actual operators, systems admin. When you look at the amount of admin staff, the admin staff is relatively a small complement of that 68, yet the admin expenses are significantly higher than—so I am going to stop with you, Mr. D’Andrade, I am not going to press you on that, but I think something needs looking at, Madam Chair.

We need to go into the company and delve into these numbers, because something is not correct with that, and even if you—and I agree that the cost of your major inputs—natural gas to drive the plants—it will be a normal operating expense, but because of the relation with T&TEC, I understand that. But if you strip that number out, I think if you go to pretty much any process plant, you look and see what the admin expenses are as opposed to the operating expenses. Even if you strip out the cost of the major input, you would find in my experience that the admin expenses tend to be lower—quite a bit lower than the operating expense.

And I am suggesting that something is awry. Something is awry in the business model, in the structuring of the company that, perhaps, Madam Chair—I am not going to ask for anybody to respond, but I am suggesting that is something that probably requires a deeper dive at the way in which the company is currently structured, or probably just the way in which you present the numbers. But the way the numbers represent, suggest to me that something is wrong, and seriously wrong, because a couple of those years you had admin expenses double the cost of operating expenses. So I do not get it. I do not see how that could be going on. Something is wrong.

I have one—I am not going to press. It is an observation that I am sharing as someone who is looking at your accounts and the way in which it is presented, and I am sharing it with you and I

am giving you the benefit of my one or two years' experience in the business and understanding how things work.

Now, I just want to have one final follow-up, Mr. Chairman, because I know we are probably running close on time. I want to go back. Mr. D'Andrade, I am going back to you, but in a different context. When you listened earlier to the responses of the CEO that all of these findings by the auditor, was your board presented with a report that all of these findings—? So, for example, I want to draw again, because perhaps you know, it is when you look at the details. On page 28 of the internal audit report, it refers to—I checked it—over 120 instances of cheque payment vouchers either not having the signature of the person who prepared it, they did not have the approval. So what the auditor is saying, were prepared. I did not see the signature for the person who prepared it, I did not see the approval for the cheque to be prepared or the preparer could not be identified, and you have over 120 instances here, by the auditor from a sample. Remember, the auditor is going in there and pulling a sample—five max—10 per cent of the transactions. So if the internal auditor can find 120-plus instances here from a sample, it suggests to me this was probably well organized and orchestrated. Because if the auditor found one or two examples, but 120?

So that I want to find out from you, Mr. D'Andrade, the CEO indicated that all of these things, systems have been fixed—everything has been fixed. Was that presented to your board that these matters have been treated with, and all of the remedial actions to stop these things from happening have occurred? Was this presented to you?

Mr. D'Andrade: We do not have a formal report, but we do know that we had actioned it and that action was being taken, but I do not have a formal report saying that all the issues were resolved.

Mr. Small: Well, if it is not written then it does not exist. I have to ask the question because I do not understand how you could engage an auditor—you are the Chairman of the board, your audit committee went into the invoices—I am going back—you found issues that required someone external to look at it. You said this is the outcome, you passed it to the CEO, action, and the CEO did not provide a written report to the board? Is that what you are saying?

Mr. D'Andrade: No, we did not get a written report.

Mr. Small: Well, again, this is why this Committee is troubled, Mr. D'Andrade. Madam Chair, I mean this would have predated your tenure, but these are issues that trouble the Committee, because this one in particular is really bad. Cheques are being churned out and nobody knows what they are for, who is signing them, who is approving them. And this is a sample. I want to press on that. This is just a sample, because the auditors come in—. So it suggests that it is widespread across the enterprise, across the transactions of the company. So it gets us uncomfortable. So, Mr. Chairman, I am going to stop here because I suspect that something else may be—

Mr. Hinds: Before I come to my own, based on the submission made by my colleague, Mr. Small, is the CEO prepared to accept his submission that that being a sample, it seems widespread. It seems treacherous. Would you agree with that?

Mr. Boodram: I will have to check to see. I—

Mr. Hinds: Yes, it is cheques he is talking about, but he was talking about c-h-e-q-u-e. You have to c-h-e-c-k.

Mr. Boodram: That—

Mr. Hinds: You heard his submission.

Mr. Boodram: Yes I did. I did.

Mr. Hinds: Are you as troubled as I am? I mean, I want to get a sense now, the public is listening.

Mr. Boodram: It is disturbing and, as I said, we put things in place—

Mr. Hinds: And you have been there overseeing all of this as CEO. This brings me to another point. Madam Chair, we have the structure here that my colleague, Madam Cherrie-Ann Crichlow-Cockburn, spoke sensibly about earlier. You have a copy of the structure in front of you?

Ms. Jones: Yes.

Mr. Hinds: I drew a line just below and straight across on the left-hand side, Chief Financial Officer. I folded the page there. In other words, I am treating with what is above from the level of Chief Financial Officer. You with me, Madam Chair?

Ms. Jones: Yes.

Mr. Hinds: With the exception of the Board of Directors and with the exception of the Driver/General Assistant, we would like in writing an indication as to the cost for the service or—yeah, the cost of these services; whether employed by you or contracted by you. So I hope you are with me. With the exception of the Board of Directors on that chart, and with the exception of the bottom right, Driver/General Assistant, we would like to see how well the elements of the top echelon of the company are being compensated. That includes, of course, the CEO, who three times today, could not help us immediately, he has to check, while all of these very dangerous things have been happening for a very long time. We would like to know that, so that the public will know how well they are being paid and how well they are managing this important state institution, one.

I now come specifically to—and I now have before me the breakout of the administrative expenses at Note No. 17 in the 2014 Consolidated Accounts, and I am specifically at page 29 thereof, and all to remind myself that whatever figures we quote here is to be quoted in US dollars. Are you with me? We are on the same page?

Ms. Jones: Yes.

Mr. Hinds: Thank you. So I work my way down the list at Item 17, expense things. I see here—it might seem small, but important because we are talking about internal auditing and the absence thereof, inexplicable absence. According to my friend, biblical proportions. The item of entertainment, small—2013, \$1,000; 2014, \$3,000, but lower down, I see meals and entertainment: \$52,000 in 2013 and nothing for 2014. All of these matters we want some kind of written explanation on them—I am raising it. We see a column, a line for entertainment above and now another line meals and entertainment below, US \$52,000. Right?

Events and community work, a jump from US \$606,000 in 2013 to US \$854,000 in 2014. So it is obvious that the company is engaged in some community work and so on. Members of Parliament might be happy to know that and we will learn a little bit about it when you tell us what that involves and so on. I go a little bit down the page—well we have dealt with the legal and professional issues, some questions are coming on that. I want specifically to look at salaries and wages. I take it that this will not include contract services. Am I correct, Mr. COO?

Mr. Chinapoo: Yes member, you are correct.

Mr. Hinds: Good. And I have noticed given that your staff is now about 68 persons, Madam Chair, that in 2013 salaries and wages moved seamlessly from US \$4.3 million to US \$5 million. I

would like, this Committee will like to know, what was responsible for that significant seamless jump?

And, finally, on the business of travelling, in 2013, it was \$332,000 and it was in 2014, \$532,000 and I do not have the benefit of the 2015 figure because that page is missing from the notes. So we would like to learn a little bit about that. And while we are talking 2013 and 2014, we have often repeated here, Mr. Chairman, this is one of the difficulties we have when we have to look at these things ex post facto. It really makes little sense talking in 2018, and those listening to us, the public to whom we account, they must be saying, “But they are crazy. They are talking about 2013 and 2014. I was not born yet.” Some of them would say that. So I would like an explanation as to these things, as I give way to the Chairman to continue.

Mr. Chairman: Thank you very much. I have a few areas to clarify and then we will bring down the curtains on today’s proceedings, if no other colleague would want to intervene. Madam Chair, we have seen that there appears to be, not only on the basis of any assumptions, but on the basis of generated facts by an internal audit report, that there has been a breakdown in the internal control system within this company. The parent company has no internal audit function and the subsidiary is rudderless.

I am in possession of a memo which was addressed to your good self, as Chairman, from PKF, a management letter, in which they pointed out certain challenges facing the company. They talked about bank reconciliations unsigned and undated by preparer. They talked about bank reconciliations unsigned, undated by reviewer. They talked about non-maintenance of the double-entry system of posting. Now, this arose out of observations arising out of the period December 31, 2011 to 2015.

Now, I want to ask you, given your internal audit committee of the board having received these things and observations, and in the absence of an internal fraud policy, coupled with all of the deficiencies identified—the 18 deficiencies identified in the internal audit report—what measures have you proposed to have these things rectified in that organization? Because we are being told by the CEO that some of these things have been addressed, but we are also conscious of the fact that you are still without an internal auditor, which you have said by the end of April ought to be corrected. So these developments must generate some concerns to you as the Chairman. Yes?

Ms. Jones: Yes, Chairman. From the board’s perspective, having reviewed the document and seeing where we are, we have seen it necessary to start doing an overall review of the management structure within the organization. We are trying, as far as possible, as it relates to internal audit, to give that dedicated attention. We know that we have to get an internal audit statement and a report for the period that is not covered by the last internal auditor. As the board, we are going to try very dedicatedly to ensure that we have the internal audit system up to mark, make sure that we have the necessary staff recruited, trained, in particular and, more importantly, pay attention to the whole procurement system.

The Ministry of Finance as well with the central audit capability, we are going to see as far as possible how we can rely on that Ministry and that division to be able to assist us in improving the internal audit system at TGU with respect to consultancy or how best we can move forward, and at UEEGCL, we would try as far as possible to ensure—because we do not have—the activities at that organization are not many. We rely heavily on the external auditor to really do our audit

and the board has control over there, and we are going to pay attention to ensuring that both at the company level and at our subsidiary, that we have a robust internal audit system in operation.

Mr. Chairman: You know, one of the issues identified in the internal audit report is Issue No. 14, and it talks about cheque payment vouchers did not have signatures, as my colleague alluded to earlier. But it is interesting to refer to the implication given to us by the auditors and I quote. The auditors says that:

Our findings above indicate non-compliance with sections 2(1) 2.2 and 2.3 of the procure-to-pay policy and procedures as a significant number of CPV/WT support were not approved in accordance with the policy. As such, the company may pay for goods and services that were not received, not authorized and/or not completed.

So we have a situation at this company where all kinds of activities could have been taking place and have been taking place, and you have indicated you do not have a fraud policy and, further, you are guided by the relevant legislation. I do not know which legislation you were referring to, but, clearly, there is a serious challenge that that company faces at this time, and because of the absence of sanctions or penalties, things are allowed to go unpunished, and the taxpayers of this country are the ones who suffer. Because as Mr. Small has asked earlier, we need to get a value to all the losses that we would have experienced in moneys lost to the taxpayers as a result of these 18 deficiencies, and the mere fact that no one has been held accountable, no penalties have been proffered against anyone, it is business as usual and it can be going on right now without your knowledge. We have to put an end to this, and it seems that there is a breakdown in the oversight roles.

And, Madam Permanent Secretary, Investments Division, I think that your unit has to really get on top a little more on top of that responsibility of oversight, because there is too much looseness at these state enterprise levels, and the country and the taxpayers and the population are paying a heavy price because of a lackadaisical approach that we have to these matters. I hope that there would be a more rigid and robust oversight responsibility role for the Ministry of Finance and the Permanent Secretary, in particular, in this regard.

I just want to say, finally, there is an absence of any risk management policy in this company. I would like the Chairman to tell this Committee, what actions or steps are being taken to address this lacuna in the system?

Ms. Jones: Chair and members, there are risk management policies and plan as they relate to the operations but we do not have a coordinated plan. We have asked the Chief Operating Officer to actually work to get a risk plan and working with the CEO as well, to submit to the board so that we can sign off on the risk plan, management plan.

Mr. Chairman: Yeah. I understand that you do not have a single document that comprehensively captures all areas of risks in the organization along with the relevant policies and procedures. Can you give this Committee an undertaking that you will address this matter within the shortest order? Could you give us a specific time frame when you will have a single document that would capture comprehensively all the areas of risk management in the organization? We need to get a time frame to tighten up on these matters.

Ms. Jones: Sure. Chair and members, we have a commitment to have the policy finalized in one month's time and all these things are in keeping with our overall strategic review of the organization and the strategic planning process that we talked about, because there are a number

of policies that we know that we need to put in place, and we are seeking to get those things done very quickly.

Mr. Chairman: Within one month's time we will expect a copy of that document to reach us because we want to get a copy of that. And could you tell us what has happened to the 2016 and 2017 financial audited accounts for this organization? They are not before us, that is why we have to stop at 2015.

Ms. Jones: We have submitted the 2016 audited financial report and we have just completed the 2017, so very soon the Committee will have these reports.

Mr. Chairman: So the 2016 is where? Where is that financial report right now? Is it at the Ministry of Finance?

Ms. Jones: Yes.

Mr. Chairman: It is at the Ministry of Finance?

Ms. Durham-Kissoon: Yes, we have it.

Mr. Chairman: And Madam PS, in terms of the 2017, you have any idea where we are with that?

Mr. Maharaj: Chairman, if I may, according to the manual, the State Enterprise Performance Monetary Manual, they have four months after the year end to submit it to the Corporation Sole. So we have some time in terms of the 2017 accounts.

Mr. Chairman: Okay. But in terms of 2016, when could we expect it to be formally tabled in the House of Representatives?

Mr. Maharaj: Once the company calls the AGM, subsequent to that, we will submit the accounts to the Committee.

Mr. Chairman: When is the company going to call this AGM, because this thing has been outstanding?

Mr. Maharaj: We have written them last month and three months ago, so we are still waiting for them to submit the notices for the AGM.

Mr. Chairman: Who is to submit this notice?

Mr. Maharaj: The Corporate Secretary of the company.

Mr. Chairman: Corporate Secretary, you are a contractor and you are an employer in an indirect form, could you tell this Committee when this matter will be addressed because we need to get the 2016 report before the Parliament?

Mr. Anthony: Sir, we have two different roles. The AGM has to be—normally what we do is arrange the AGM for the two companies on the same day. So the subsidiary on one day and the parent follow after. Because we had a change in the board, we have not been able to do that so we are now about to set that time. It probably will be within a month or a month and a half, because of the notices we have to serve. We were hoping to complete—what happens is the accounts of the subsidiary comes and then gets consolidated with the accounts of the parent and then we could hold it. So we are probably either two months or three months away.

Mr. Chairman: All right, Mr. Hinds and then we will bring down the curtains here.

Mr. Hinds: Thank you very much, Mr. Chairman. It perhaps need not be said, but I feel it necessary to place on the record that notwithstanding the rigorous examination and interrogation that transpired here today, nothing is personal. It is public duty we are performing, and nothing that has been said here or asked is intended to suggest that we do not respect and appreciate and thank you for your service to this state entity whether as board, whether as employee, whether as

contracted service providers or otherwise or former Chairman, you are here today. But all we are about and we will insist upon as we have, is the question of genuine accountability to the taxpayer. Thank you very much.

Mr. Chairman: Yes, and in closing, I would call on Ms. Sandra Jones to make a brief closing statement at this time.

Ms. Jones: Chair and members of the Committee, we at the board of TGU and UEEGCL, we thank you sincerely for giving us the opportunity to deliberate on the management issues pertaining to TGU and UEEGCL. I have said before, this is a very important company making a large contribution to national development, and as I indicated in my opening statement, we are committed to institutional strengthening. We do not take what was said this morning here very personal, because we know that we are all committed and we will go back and try very quickly to address all the issues.

I just need to put on the table as well that the 2017 report, we would submit that, because yesterday the board signed off on that, so the Ministry of Finance will get that very promptly, and very promptly we would be able to have that AGM to get the things going. So, again, on behalf of the board, we sincerely thank you for having us here today.

Mr. Chairman: Well, may I say in closing, we, too, would like to extend our thanks and sincerest appreciation to the Board of Directors of the Union Estate Electricity Generation Company Limited, also members of the Ministry of Energy and Energy Industries who were able to make it today. We understand the Permanent Secretary is out of the country. We would also like to thank the Investments Division for being here, headed by the Permanent Secretary, who came to the proceedings here today.

We really would want to say in closing that as Mr. Hinds indicated, our objective as a Committee is to really work towards improving the efficiency, effectiveness and efficacy of the organization in the most economical of ways at the end of the process, because we would like as the Public Accounts (Enterprises) Committee, to really generate value for money at the end of the process. We want to improve the quality of life and standard of living of the citizenry that we represent in this country and, therefore, we will do everything in our power through the mechanism that we have to operate under to bring about those elements that I have identified—efficiency, efficacy and economy—in the delivery of quality goods and services to the people of the Republic of T&T. So on behalf of our Committee, I would like to record our appreciation and thanks to all of you for being here. We look forward to your presence in the future, because we are going to be receiving, very shortly, 2016 and 2017 financial audited reports and, therefore, we may have to invite you in the not too distant future to share with us those accounts and to enquire into their outcomes. So thank you so much, once again. This meeting stands adjourned, at this time. Thank you so very much.

12.52 p.m.: *Meeting adjourned.*