



Government of the Republic of Trinidad and Tobago
Ministry of Community Development,
Culture and the Arts
Office of the Permanent Secretary

Ref: MCDCA 5/2/6 Vol. Temp.

February 5, 2019

Ms. Jacqui Sampson-Meiguel
Clerk of the House
Level G-9, Tower D
The Port-of-Spain International Waterfront Centre
1A Wrightson Road
Port-of-Spain

Dear Ms. Sampson-Meiguel,

Re: Fourteenth Report of the Public Accounts (Enterprises) Committee on an Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the National Commission for Self Help Limited (NCSHL) for the financial years 2008 to 2015

Reference is made to correspondence dated December 11, 2018 from Parliament to the Ministry of Community Development, Culture and the Arts vis-à-vis the caption above.

Please find attached the Ministry's written response to the recommendations/comments of the Joint Select Committee for your attention.

Yours faithfully,

Permanent Secretary
Ministry of Community Development, Culture and the Arts

Encl

**THE FOURTEENTH REPORT OF THE PUBLIC ACCOUNTS (ENTERPRISES) COMMITTEE ON THE
EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL COMMISSION
FOR SELF HELP LIMITED FOR 2008-2015**

RESPONSE TO ISSUES, OBSERVATION, AND RECOMMENDATIONS

	ISSUES AND OBSERVATION	RECOMMENDATIONS	ACTION TAKEN
I.	The Creation of Positions that were not on the Approval Organizational Structure	<ul style="list-style-type: none"> • The Commission must immediately seek approval for the creation of the twenty (20) positions which were created without property authority in accordance with Section 3.1.12 of the State Enterprises Performance Monitoring Manual. • The Board and Management of NCSHL must familiarize themselves with the guidelines in the State Enterprises Performance Monitoring Manual before making any further decisions. • The Board should seek guidance from the Line Ministry and the Investments Division of the Ministry of Finance if there is any uncertainty on its authority in any matter. 	<ul style="list-style-type: none"> • The former Board of Directors established and implemented an Organizational Structure that was not approved by Cabinet. Twenty (20) positions were created therein, however, only two (2) were filled. These positions were subsequently reversed/retracted. • A new Board of Directors was appointed in August 2018 and each member was provided with a copy and briefed on the State Enterprises Performance Monitoring Manual. • The Board of Directors and Management have been seeking guidance from the line Ministry and Ministry of Finance on matters of uncertainty.

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II.	The Failure of the Commission to submit all Board Minutes to Line Ministry within its Stipulated Deadline	<ul style="list-style-type: none"> • In accordance with Section 3.2.7 of the State Enterprises Performance Monitoring Manual, NCSHL should make every attempt to submit its Board Minutes to the Ministry of Community Development, Culture & the Arts within one (1) week of the confirmation. • The NCSHL should immediately submit the Board Minutes of July 2017 special meeting of Board Members to the Line Ministry no later than October 31, 2018. • The NCSHL must finalise all outstanding Minutes and submit to the Line Ministry no later than January 30, 2018. • The Ministry of Community Development, Culture and the Arts should remind all of the State Enterprises under its purview of the provisions of Section 3.2.7 of the State Enterprises Performance Monitoring Manual. The Ministry should also develop a mechanism to monitor compliance with this provision 	<ul style="list-style-type: none"> • In keeping with section 3.2.7 of the State Enterprises Performance Monitoring Manual, the Commission has been furnishing the Line Ministry and the Investments Division of the Ministry of Finance with all confirmed and executed minutes within the required timeframe. • The Commission has also submitted the minutes of the Special Board meeting of July 12th 2017. • All confirmed and executed minutes have been submitted to the Line Ministry. • The Ministry of Community Development, Culture and the Arts has developed a Monitoring Spreadsheet/Template, which is updated regularly by the MCDCA (see attached <i>Summarized Report of the Monitoring Database/Spreadsheet</i>). The Ministry has also strengthened the communication with NCSHL to ensure the timely, accurate and reliable submission of all reports inclusive of Board Minutes are submitted to the Ministry.
III.	The Failure of the NCSHL to fulfill its mandate	<ul style="list-style-type: none"> • NCSHL should critically assess its performance in meeting its strategic goals and mandate and look at ways to fulfill its core mandate of granting aid to community development and poverty-relief initiatives. • The Commission should collaborate with Ministries (e.g. Ministry of Social Development and Family Services, 	<ul style="list-style-type: none"> • The Board of Directors has approved the implementation of the 2018-2022 Strategic Plan. The Management team has started operationalizing the aforementioned plan. In addition and in keeping with our mandate to serve the deserving citizens of Trinidad and Tobago, we would have distributed approximately four million dollars (\$4M) in grants. Apart from this, the Commission continues

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		<p>Ministry of Works and Transport, Ministry of Rural Development and Local Government) and State Bodies (e.g. WASA, T&TEC, CEPEP etc.) that can assist in offering services to the impoverished in society.</p>	<p>to review and strengthen the Grants Administration process to ensure effectiveness and relevance.</p> <ul style="list-style-type: none"> • The Commission established an Operations and Efficiency Committee which meets on every Monday of every week from 9:00am to 12:00 pm. This committee was created with a view to improving the productivity of the organization and by extension aids in the fulfillment of the Commission's core mandate. • The Commission continues to collaborate and partner with several Regional Corporations and Government Ministries inclusive of the Tobago House of Assembly. On the 10th January 2019, a Memorandum of Understanding was forged between the Commission and the Division of Infrastructure, Quarries and the Environment whereby the Commission would provide the materials and the Division would provide the sweat equity.
IV.	<p>The policy for the distribution of cellular phones and laptops without Cabinet approval</p>	<ul style="list-style-type: none"> • NCSHL should adhere to Appendix C of the State Enterprises Performance Monitoring Manual which states cellular phones are to be issued to Senior Management and such employees deemed to require the use of cellular phones based on demonstrated need and job function. • In attempt to reduce administrative costs, NCSHL should immediately re-assess the need for cell phone allowances 	<ul style="list-style-type: none"> • In accordance with the recommendations outlined in Appendix C of the State Enterprises Performance Monitoring Manual concerning the Assignments Procedures of cell phones, it should be noted that this new Board and Management has been adhering to the guidelines contained therein. • Pursuant to the aforementioned Appendix C, the Board reviewed the need for cellular allowances granted to staff and as such would have

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		<p>granted to members of staff and also seek the approval of the Ministry of Community Development, Culture & the Arts for the issuance of cell phone allowances to Senior Management and any employee deemed to require the use of cellular phones.</p>	<p>approved its continuance given that the Administrative cost was negligible.</p>
V.	Cases on Internal Fraud allegations	<ul style="list-style-type: none"> • NCSHL should implement a stringent Internal Fraud Policy no later than January 30, 2019 clearly outlining the consequences that may arise when fraudulent activities occur. • The current Board should take urgent steps to resolve the outstanding issues identified in the Internal Audit Findings and report to the Committee on its progress no later than January 30, 2019. 	<ul style="list-style-type: none"> • A draft policy was developed however, it is expected to go before the Audit Committee for approval and then to the Board of Directors for ratification and subsequent implementation.
VI.	The Absence of an Effective Internal Audit Function	<ul style="list-style-type: none"> • NCSHL should recruit additional qualified staff within its Internal Audit Unit, as reflected in the approved organisational structure, no later than January 30, 2019. • The internal Auditor should cease the practice of using second and third-party verifications for audit reports going forward, in an attempt to ensure reliable and accurate audit findings. • The Audit Committee of the Board should immediately increase its monitoring capacity over the internal controls and Internal Audit functions of the Company. 	<ul style="list-style-type: none"> • The Internal Auditor has resigned and the Commission is currently in the process of having the position filled no later than January 31st 2019. With the recruitment and selection of the Internal Auditor, it is anticipated that all internal control measures will be adequately addressed.

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		<ul style="list-style-type: none"> • NCSHL should immediately develop a new internal audit policy which would clearly outline targets, goals and standards in order to improve efficiency of the Internal Audit function. • NCSHL should urgently establish key performance indicators in order to measure the company's Internal Audit Performance. 	
VII.	The Lack of Effective Oversight by the Investments Division	<ul style="list-style-type: none"> • The Ministry of Finance- Investments Division must adhere to guideline 2.2.3 in the State Enterprises Performance Monitoring Manual which highlights the functions and roles of the Investments Division in Monitoring State Enterprises. • The Ministry of Finance – Investments Division should urgently undertake an assessment of the areas in which assistance can be rendered to the Commission in attempt to achieve its strategic goals and fulfil its mandate. 	<ul style="list-style-type: none"> • The Ministry of Finance, Investments Division will continue to work alongside the Line Ministry to monitor NCSHL in accordance with mechanisms outlined in the State Enterprises Performance Monitoring Manual and render further assistance where needed.
VIII.	The Status of NCSHL'S Bank Accounts	<ul style="list-style-type: none"> • NCSHL should strictly adhere to Section 3.2.2 of the State Enterprises Performance Monitoring Manual which states that companies that require subventions from GORTT are required to submit their annual Budgets to the Investments Division and respective Line Ministry for assessment at least six (6) months prior to commencement of the Fiscal year. Annual Budgets should include details as Operating Budget and (items of 	<ul style="list-style-type: none"> • The Commission adheres to section 3.2.2 of the State Enterprises Performance Monitoring Manual. Of note, draft estimates of revenue and expenditure are submitted to the Line Ministry within the stipulated period. • The Commission continues to seek the approval of the Line Ministry for any ad hoc expenditure.

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		<p>revenue and expenditure) and Capital Budget (identification of capital projects) and all other supporting documents.</p> <ul style="list-style-type: none"> • NCSHL should seek the approval of the Line Ministry for any ad hoc expenditure on projects that may arise during the fiscal year going forward. • NCSHL should seek approval of the Line Ministry for any major withdrawals that must be made from the Commission's bank accounts going forward. 	<ul style="list-style-type: none"> • The Commission continues to seek the approval of the Line Ministry for any major withdrawals/transfers made from the Commission's Bank Accounts.
IX.	Debt Management Mechanisms	<ul style="list-style-type: none"> • In accordance to Section 3.1.5 of the State Enterprises Performance Monitoring Manual, NCSHL should 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. • NCSHL should establish an approved list of suppliers for the Commission to engage in trade with. • NCSHL should submit a report to the Parliament on the initiatives taken to develop and implement a more effective debt management process and the savings anticipated by January 30, 2019. • NCSHL should implement more stringent financial and debt management internal controls to ensure greater accountability 	<ul style="list-style-type: none"> • The Commission continues to adhere to section 3.1.5 of the State Enterprises Performance Monitoring Manual. • The Commission continues to utilize an updated approved pre-qualified list of suppliers and contractors. • The Commission has developed a draft Debt Management policy with a view of implementation after the relevant Board approvals. • With the adoption of the aforementioned policy, the Commission would be able to implement more stringent controls.

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		and transparency in satisfying and meeting its financial obligations.	
X.	The Payment for Unapproved Labour Services	<ul style="list-style-type: none"> • NCSHL should act in accordance to its mandate by only providing construction materials to qualified applicants. • In instances where additional assistance is sought from the applicant for labour, the Board should have an approval process to supply labour on a needs basis and inform the Line Ministry of the decision taken. 	<ul style="list-style-type: none"> • This NCSHL continues to act in accordance with its Mandate to provide construction materials to deserving applicants. • The NCSHL's Board of Directors continues to grant approval for all projects and informs the Ministry through its monthly reports and minutes of Board Meetings

