

**Ministry of National Security's Response to the Seventeenth Report of the
Public Administration and Appropriations Committee on an Examination
into the expenditure and internal controls of the East Port of Spain
Development Company Limited**

ISSUES, OBSERVATIONS AND RECOMMENDATIONS

East Port of Spain Development Company Limited

Objective: To determine the internal controls employed by the EPOSDCL

1. Unaccounted payment of cheques

The Committee was informed that in October 2017 while finalising audit reports, it became apparent that there were discrepancies in the figures presented. The Project Manager, Finance and Administration (MFA) and the Accountant, on the Managing Director's instruction reviewed the reports. After review of reports, the Project Manager found that figures stated differed from that in the account. The sum of \$16 million was unaccounted for. Further investigations by the Manager, Finance and Administration revealed the following:

- i. bank statements retrieved from the desk of the Accountant, identified four (4) cheque payments for which no return cheques could be found;
- ii. cheques were unfamiliar and there were no payee information on the statements;
- iii. the four (4) cheques numbers were not in order when matched with other cheques for corresponding ;
- iv. the bank did not contact the Managing Director to verify any large payments as per the established protocol. The bank explained that the payee made the deposit via another bank and therefore no verification was made to EPOSDCL ; and
- v. some cheque numbers were from an older cheque book and no return cheques or cheque vouchers for these specific cheques were found.

The matter was then reported to the Fraud Squad on December 12, 2017. In written evidence provided by the Company, the Committee was informed that PWC was engaged to conduct a forensic audit on the Company's accounts. After the forensic audit was conducted the Accountant was held accountable for the unauthorised cheques. In October 2017, the MFA discovered irregularities with accounts which led to the discovery of fraudulent activities by the Accountant. After further investigations the Accountant was then terminated in December 2017 and the matter was referred to the Fraud Squad.

Further submissions stated that on February 15, 2019, the EPOSDCL's Chairman communicated with the Minister of National Security and the Commissioner of

Police seeking an update on the completion of the Fraud Squad's investigation. In 2018, EPOS engaged the services of Pollonais, Blanc de la Bastide & Jacelon to provide legal services to file a civil suit against the Accountant. Judgement was made in favour of EPOSDCL on July 3, 2018. As at March 11, 2019, the EPOSDCL was awaiting a response from the Fraud Squad which would guide the company as it proceeds with the enforcement of the judgement made in court.

Observation:

- The Committee notes the actions taken against the Accountant.

Recommendations:

- The MHUD should establish an Audit Committee in accordance with the SEPM to assist in monitoring the Company's internal controls. A report on the establishment of the Committee and respective dates should be submitted to Parliament by November 29, 2019.
- EPOSDCL should develop an Internal Fraud policy by November 15, 2019 and have it approved by the Ministry of Housing and Urban Development. EPOSDCL should report to the Parliament on the progress made by November 29, 2019.
- The Board of the EPOSDCL should establish a Human Resource Sub-Committee to investigate and treat with complaints of staff misconduct. A status update on the establishment of the Human Resource Sub-Committee should be submitted to Parliament by November 29, 2019.
- EPOSDCL should provide an update on the recovery of the money pursuant to the judgement obtained on July 3, 2018 by November 29, 2019.
- *The Ministry of National Security should provide a status update on its investigations by November 29, 2019.*

RESPONSE

Officers of the Trinidad and Tobago Police Service are liaising with the Chief Executive Officer, East Port of Spain Development Company Limited. The extensive investigation is ongoing.