



Government of the Republic of Trinidad and Tobago

Ministry of Trade and Industry

MTI: 23/20/62

November 25, 2019

Mrs Jacqui Sampson-Meiguel
Clerk of the House
Parliament of the Republic of Trinidad and Tobago
Tower D
The Port of Spain International Waterfront Centre
1A Wrightson Road
Port of Spain

Dear Mrs. Sampson-Meiguel,

**Re: Twenty-Second Report of the Public Accounts (Enterprises) Committee
on the Examination of the Audited Financial Statements of CreativeTT**

Reference is made to correspondence received from the Public Accounts (Enterprises) Committee dated September 25, 2019, requesting a report responding to the recommendations with respect to the Trinidad and Tobago Creative Industries Company Limited (CreativeTT).

In response to this request, the Ministry of Trade and Industry transmits the enclosed responses.

Yours sincerely,

Frances Seignoret
Permanent Secretary (Ag.)

Encl.



CreativeTT Subject to update prior to 30 November 2019 submission.

Response to PAEC re Recommendations as at November 20, 2019.

PAEC RECOMMENDATION	RESPONSE
<p><i>1. Outstanding Financial Statements</i></p> <p>To ensure the timely submission of audit financials statements to Parliament, CreativeTT should abide by the guidelines set out in the State Enterprise Performance Monitoring Manual whereby Audited Financial Statements are supposed to be submitted to the Minister of Finance within four (4) months of their financial year end ;</p> <p>The CreativeTT should include the timely submission of financial statements for auditing as a performance standard for the officers responsible for the preparation of financial statements.</p> <p>The CreativeTT should also submit a report to the Parliament outlining the details of the improvements that need to be made to its accounting policies and procedures by November 30, 2019 ; and</p>	<p>CreativeTT has noted the guidelines as set out in the State Enterprise Performance Monitoring Manual and the process to recruit an Auditor commenced in September 2019 and will conclude in November, 2019. It is expected that the 2019 audited financial statements will be submitted before the due date, January 31, 2020.</p> <p>The Finance Manager and Finance Officers performance metrics have been amended to incorporate this standard.</p> <p>CreativeTT advises that its current Financial Policies and Procedures Manual was initially approved by the Board of Directors on 10th December 2014. In keeping with developments and best practice in the financial and accounting arena, CreativeTT continues to review its financial policies and procedures to strengthen and update where necessary.</p> <p>This review process is periodic, and based on a review in October 2019, the following improvements are being considered by CreativeTT:</p> <ul style="list-style-type: none"> • To have supplier invoices signed off for receipt of goods and services. • Undertake a review of petty cash limit. • Computerize fixed asset register using suitable software. • Develop procedures for use of computerized asset register. • Develop finance procedures for payment of gratuity to contract employees. • Review procurement procedures to include two-envelope system of bidding.

<p>The CreativeTT should also submit a status report on the submission of the financial statements for 2016, 2017 and 2018 to Parliament by November 30 , 2019</p> <p>Given the financial challenges which have stymied CreativeTT’s ability to execute planned projects, the CreativeTT:</p> <ul style="list-style-type: none"> • should conduct extensive research into how to efficiently and effectively execute plan projects and programs giving the limited available resources; • should prioritize its allocation of funding to ensure that its projects are managed effectively; • develop a clear strategy for funding the various programmes across the subsidiaries and even where activities occur simultaneously; • ensure that available funding encourages wider creative participation when executing of projects and programmes; and • report to Parliament on the plans to execute the above recommendations no later than November 30, 2019. 	<ul style="list-style-type: none"> • Establish a list of approved vendors and strengthening procedures for its use and upkeep. • Develop policy and procedures for archiving and document management systems. • Strengthen procedures relating to return of IT equipment. <p>The 2016 audited financial statements were submitted to the Permanent Secretary – Ministry of Finance and Ministry of Trade and Industry on February 25, 2019.</p> <p>The 2017 and 2018 audited financials have been completed and were approved by the CreativeTT Board in October, 2019 and submitted to the Ministry of Trade and Industry in November, 2019.</p> <p>The MusicTT Board recommends and the General Manager (GM) is in agreement that due to limited human resource and financial resources of the company, MusicTT is reviewing the Live Music District (LMD) with the intention of identifying the most appropriate time period for this initiative to be operational. MusicTT will also seek private sector sponsorship as an avenue to offset LMD costs.</p> <p>For the Music Export Academy, MusicTT engages in public-private partnership type events (conferences, workshops, webinars, meet-ups, trade missions). This has been our most impactful initiative in terms of audience and capacity building and has proven to be a most effective spend yielding highly positive qualitative results.</p> <p>MusicTT is reviewing Spotlight- (previously the Artiste Portfolio Development Programme) for 2019/2020 with a view to rationalizing this initiative.</p>
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2. Rationalization of CreativeTT and its three subsidiaries

In effectively carrying out its oversight role, the MTI should take urgent steps to review the rationalization paper and submit a status report on the work it has undertaken to approve the rationalization and amalgamation of the three subsidiaries under CreativeTT into one single entity since the submission of the rationalization paper by CreativeTT's Board to the Ministry in May 2017. This status report should be submitted to Parliament by November 30, 2019.

The Ministry of Trade and Industry has reviewed the rationalization paper submitted by CreativeTT which proposes incorporating the mandates of the three (3) subsidiary companies into a single entity that is CreativeTT. It also proposed that CreativeTT be restructured into an organization of thirty-six (36) positions down from sixty-nine (69), with the operations being spearheaded by a Chief Executive Officer supported by three (3) managers with responsibility for the Film, Fashion and Music Departments.

The Ministry of Trade and Industry has assessed the possible benefits of the proposed rationalization of CreativeTT, as well as the risks, to ensure that proper mitigation strategies are employed to avoid hindering CreativeTT from attaining optimal performance in the execution of its mandate.

There are currently twenty-two (22) persons employed within CreativeTT and its subsidiaries. While the Government encourages improved operational efficiency from the various entities, the Ministry of Trade and Industry is of the view that CreativeTT has been functioning well with its current complement of technical and administrative staff and has maintained a reasonable standard of operational efficiency. Additionally, the process to recruit a Chief Executive Officer has commenced.

Currently, the Board of Directors of each of the three (3) subsidiary companies provide valuable sector specific advice and guidance in the areas of Film, Music and Fashion, building on their professional backgrounds and networks. The rationalization exercise, as proposed, will remove such expertise from the company and its subsidiaries which is not deemed to be in the best interest for CreativeTT at this time. The MTI is exploring the context in which such expertise can be retained, without disruption to the rollout of projects underway.

Once a clear strategy has been determined to maintain the existing, available professional expertise, the rationalization process will take the following steps:

1. Approval from Cabinet to Rationalize CreativeTT and its subsidiaries by implementing the measures proposed by External Counsel.
2. The approval of Cabinet is communicated to the Board of Directors of CreativeTT requesting that the necessary action be undertaken.

	<p>3. The Board of Directors of FashionTT and MusicTT pass a resolution approving the horizontal amalgamation into CreativeTT. Thereafter, the Companies Registrar under the Ministry of the Attorney General and Legal Affairs will issue a Certificate of Amalgamation.</p> <p>4. With FilmTT left as the surviving entity, the Board of Directors of FilmTT and CreativeTT pass a resolution approving the vertical amalgamation.</p>
<p>3. <i>Recruitment of an Internal Auditor</i></p> <ul style="list-style-type: none"> The Board should increase its monitoring capacity over the internal controls of the Company and should be well informed of the provision outlined in the State Enterprises Performance Monitoring Manual so that each regulation is followed to ensure it functions efficiently and effectively; In areas where the Internal Audit function is absent, mechanisms should be implemented so that the existing staff can be trained to carry out its function; and CreativeTT should submit a status report on the initiatives taken to fill the post of Internal Auditor at the organization to Parliament by November 30, 2019. 	<p>Initiatives taken to fill the post of Internal Auditor</p> <ul style="list-style-type: none"> The position of Internal Auditor was advertised on Creative TT’s, and its subsidiary companies, digital platforms and CaribbeanJobs.Com from April 16 – May 3, 2019. Sixty-nine (69) applications were received. Five (5) candidates were interviewed on May 28, 2019. Reference checks and personality assessment were successfully completed for a viable candidate. Offer of employment contract made and accepted by successful candidate. Internal Auditor assumed duty on July 1, 2019. <p>These initiatives have ensured the monitoring capacity over the internal controls of the Company are captured efficiently and effectively and in conjunction with the State Enterprise Performance Monitoring Manual.</p>
<p>4. <i>The write-off on unreturned assets by former Directors.</i></p> <ul style="list-style-type: none"> According to the State Enterprises Performance Monitoring Manual 2011, Appendix C ‘ Use of Cellular Phones and Laptop Computers issued by the State’ , CreativeTT should make it a stipulated practice that any items issued to Directors for their use in the execution of their duties as a Director should be 	<p>CreativeTT is pleased to advise that this practice, as outlined in the SEPMM, is currently in place.</p> <p>CreativeTT notes the recommendation and have taken steps to recover the items. Letters dated August 23, 2016 were sent by post and email to the former Directors requesting the items be returned.</p>

<p>relinquished at the last board meeting of that Director’s tenure.</p> <ul style="list-style-type: none"> • In the event that assets have been still remained unreturned by the Directors who possess them, the company should formally write to the possessors requesting return within a specific period where failure to return the assets will be considered theft; and • If assets have still been unreturned at the point, the company should notify the delinquent Directors indicating its intention to initiate prosecution on the grounds larceny and theft if the items assigned to them aren’t immediately forfeited. Failure to immediately acknowledge and comply should cause the company begin prosecution proceedings 	<p>A follow-up letter and email were sent on October 11, 2019, requesting the former Members to contact the Administrative Assistant by October 25, 2019, with a view to settling this long outstanding matter. Former Directors Mr. Richard Sukdeo and Mr. Ronald Bhola have since contacted CreativeTT and agreed to meet with the Finance Manager.</p> <p>Further action will now be undertaken on other directors who have not responded: -</p> <ol style="list-style-type: none"> a) A follow up letter requesting return of specified items within fourteen days and advise that failure may result in legal action taken to recover CreativeTT assets. b) Final follow up and request via phone call. c) Upon failure to return items, initiate legal proceedings to recover items from delinquent Directors.
<p><i>5. Challenges faced by Creative TT and its subsidiaries</i></p> <p>Given the financial challenges which have stymied CreativeTT’s ability to execute planned projects, the CreativeTT:</p> <ul style="list-style-type: none"> • should conduct extensive research into how to efficiently and effectively execute plan projects and programs giving the limited available resources; • should prioritize its allocation of funding to ensure that its projects are managed effectively; • develop a clear strategy for funding the various programmes across the subsidiaries and even where activities occur simultaneously; • ensure that available funding encourages wider creative participation when executing of projects and programmes; and 	<p>CreativeTT notes the recommendations and are presently actively reviewing its projects with a view to effectively executing plans within its budgets, optimising stakeholder participation and generating tangible outcomes.</p> <p>FilmTT’s approach to leveraging its assigned budget has been as follows:</p> <ul style="list-style-type: none"> • Leverage use of internal skills for relevant projects that are outside of job descriptions, in order to keep costs down: e.g. FilmTT rebrand. • Engage relevant partners on projects who can assist with reducing or offsetting costs in exchange for partner value. • Engage unpaid volunteers to assist at relevant events. • Select reliable suppliers based on lowest cost, as well as quality of service. • To build relationships with partners, suppliers and stakeholders in order to leverage goodwill when required.

<ul style="list-style-type: none"> - report to Parliament on the plans to execute the above recommendations no later than November 30, 2019. 	<p>FilmTT will continue to astutely research and implement tactics to ensure that project budgets stretch as far as possible, while delivering results at high standards.</p> <p>FashionTT has been addressing funding challenges by partnering with fellow state agencies under the Ministry of Trade and Industry, Ministry of Labour and Small Enterprise Development and the Ministry of Education for all projects based on the overall vision of expanding the business skillset, revenue and export for small and medium enterprises. This has permitted the hosting of several training and mentoring programmes at a subsidized cost.</p> <p>The three subsidiaries MusicTT, FilmTT and FashionTT have commenced collaborating on initiatives with a view to encouraging multi-sectoral participation whilst also deriving economies of scale via shared venues and funding for activities in line with each company’s mandate.</p> <p>The cost of projects has been streamlined as far as possible to ensure that all priority items for execution and for stakeholder participation are taken into consideration whilst eliminating expenditures that are not absolutely required.</p> <p>The private sector will be engaged from fiscal 2019-2020 via one-on-one presentations to prominent members within the business community and financial institutions with a view to promoting awareness of the lucrative business opportunities within the sector both from a local and global standpoint. The top local talent with the most efficiently operating companies will be presented to the investing business community with clear return on investment, marketing opportunities and other mutually beneficial avenues. This outreach will augur well for the company’s fiscal projects as it will present potential business expansion routes for stakeholders stemming from their successful completion of the capacity building and export oriented programmes.</p>
<p><i>6. Establishment of Live Music Districts for cruise ship passengers</i></p> <p>CreativeTT in collaboration with the Port of Spain City Corporation and in conjunction with the Ministry of Tourism should establish Live Music Districts in and around areas in Port of Spain where cruise ship passengers are known to frequent and report to the</p>	<p>The cruiseship schedule for 2019 is as follows:</p> <ul style="list-style-type: none"> • 14-11-19 Caribbean Princess Princess Cruiseline • 20-11-19 Silver Wind Silversea • 27-12-19 Caribbean Princess Princess Cruises • 28-12-19 Ms. Veendam Holland America

<p>Parliament on the merits of this collaborative initiative by November 30, 2019;</p>	<p>Based on outreach to the Ministry of Tourism representatives on 21st February 2019, most of the cruise ships are docked in port for the day only and depart in the evening. Additionally, LMD performances are concentrated in the evenings and usually on Fridays or Saturdays.</p> <p>As an alternative arrangement to entertain the cruise ship audiences, MusicTT is seeking to have performances on the dock for their arrival. MusicTT is actively seeking partnership with Tourism Trinidad Limited (TTL) to develop an appropriate agenda and offering.</p> <p>NB: The LMD Phase 4 ends on 30th November 2019.</p> <p>Phase 5 of the LMD is scheduled to commence in March 2020.</p>
<p><i>7. Subsidising the fees attached to an Artiste's Performance</i></p> <p>While it is commendable that MusicTT subsidises artiste performances, the company should maintain a register of artistes/bands booked for performances. A documentation of the number of times artistes are booked, would indicate to the MusicTT which artistes are becoming more mainstream.</p> <p>Those who have booked several performances under the Live Music District Banner and have showcased the ability to make it out of their own should be notified that MusicTT will no longer host them on the Artiste Roster. This would also give lesser known artistes/bands an opportunity to be booked by venues;</p>	<p>MusicTT has always maintained a register of this nature from inception. Please see attached. Statistics shown are as of Friday 27th October, 2019</p> <p>In September 2019, MusicTT launched a software application that provides a fully functional booking site and app (AMPT). This booking site allows persons to search and evaluate artists and venues in real time.</p> <p>Several bookings of an artiste do not necessarily indicate that the artiste is able to “make it out on their own”. Part of the mandate for the AMPT roster is to showcase emerging talent. Deleting them from the database will not prove beneficial to AMPT’s success in the long term. Additionally, it is the artistes’ responsibility to promote themselves so that they can be attractive to a potential employer (venue).</p>
<p><i>9. Using international consultants to generate the Subsidiary Strategic Plans</i></p>	

<p>The Committee noted the reasoning behind the subsidiaries using foreign consultants to develop their strategic plans, however, as a possible cost saving initiative, the companies should hold consultations with the most reputable consultancy firms in the country. These consultations should allow MusicTT, FashionTT and FilmTT to clearly articulate their needs, wants and expectations for the growth of each creative industry. If no local consultancy firm meets the criteria required, it is then that the tendering for strategic plans be opened to international consultancy firms.</p>	<p>FilmTT conducted the tender for the Strategic Plan to Develop the Film Industry of Trinidad and Tobago 2018-2023. For the first tender, it was only advertised locally; for the second tender, it was advertised locally and internationally. None of the submissions met the defined standards for the first tender, deeming a second tender necessary. For the second tender, a committee comprising FilmTT, CreativeTT, MTI, and external representatives from InvesTT and the Economic Development Advisory Board defined the vision outcomes for a successful industry, and re-wrote the tender. Eight submissions were received, three of which were from international consultants.</p> <p>Apart from meeting and exceeding all criteria, the Independent Evaluating Committee unanimously agreed that the selected consultant was best positioned to research and develop the strategic plan, based on more than 25 years of experience working in film and creative research in both developed and developing countries. The consultant had the industry-specific expertise to do the work, which was not found to that degree in Trinidad and Tobago at the time, given specific nuances and complexity of the international film industry. The resulting plan has provided the blueprint for all of FilmTT’s strategies and tactics, and all activities are directly linked to the plan.</p> <p>In future, in preparation for the next plan, FilmTT would be happy to hold consultations with the most reputable consultancy firms in the country to clearly articulate needs, wants and expectations for the growth of each creative industry. If no local consultancy firm meets the criteria required, it is then that the tendering for strategic plans would be opened to international consultancy firms.</p>
<p><i>10. Savile Row Bespoke Tailoring Programme</i></p> <ul style="list-style-type: none"> The CreativeTT/FashionTT should add to their website, clear information on the Savile Row Academy and the Certificate Programme in Bespoke Tailoring, Pattern Drafting, Cutting and Fitting and the participants of these world renowned fashion institutes and academies to educate and advice consumers of all the skills, training and improvement programmes and to raise the awareness of the 	<p>The suits produced by the tailors from the Ultra Bespoke Certificate Programme and contact details for each tailor will be uploaded to FashionTT’s website by November 20, 2019.</p>

<p>tailoring sector opportunities and possibilities.</p> <ul style="list-style-type: none"> The CreativeTT should take urgent steps to develop and implement marketing strategies to enhance the tailoring sector whereby creating employment and investment and adding to the country's Gross Domestic Product. <ul style="list-style-type: none"> The CreativeTT should provide a status update on the revenue generated from the current initiatives and new initiatives taken to expand the tailoring sector revenue generating stream to Parliament no later than November 30, 2019. 	<p>The following steps have commenced:</p> <ul style="list-style-type: none"> The creation of a LookBook showcasing the tailors who graduated from the Certificate Programme in Ultra Bespoke Tailoring in 2019. There is a digital version on CreativeTT's website. Printed copies have been disseminated to potential consumers in the business community and the wider public, such as at the CARIFESTA Grand market. -FashionTT in collaboration with MIC-IT, the Ministry of Community Development, Culture and the Arts and the Savile Row Bespoke Academy hosted a booth titled "The Caribbean Guild of Bespoke Tailors" at the CARIFESTA Grand Market from August 16 to 24, 2019. The recently graduated tailors from the Certificate Programme were present at the booth each day promoting their businesses. Tailors have indicated that the consumer feedback were excellent. - Tailors participated in the CARIFESTA "Oui Papa Yo" Signal Fashion Show. This was their first time presenting to an audience of an estimated 950 persons. <p>The following steps are in the process of being implemented:</p> <ul style="list-style-type: none"> - Social Media Campaigns showcasing the work of local tailors and their businesses. - Webinar discussions with prominent practitioners in the industry such as Professor Andrew Ramroop. -A YouTube Channel and LinkedIn Page focused on educating consumers, potential employers and aspiring tailors on the business of tailoring in TT. - Coordination of TV Morning Show, Business Watch on CNC3, Radio Interviews with Professor Ramroop and the new Bespoke Tailors. - Digital Display Advertising over Facebook, Instagram, YouTube and the Google network promoting all content listed above. - Educating local fashion industry influencers/veterans. <p>The One Year Certificate Programme in Ultra Bespoke Tailoring concluded on February 28, 2019. Subsequent to this programme, tailors have generated collectively TT\$314,000 in revenue. This will continue to expand as their businesses progress with the acquisition of new and returning clients. FashionTT has also enrolled these Tailors in the Value Chain Investment Programme (VCIP) to build their capacity in core business skills such as business plan development, cash flow management, costing and pricing and marketing strategy. This training will enable them to be better equipped as budding entrepreneurs in the management of finances whilst promoting and growing their business. The VCIP is an annual programme with reputable partners such as</p>
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	<p>Professors from the Fashion Institute of Technology of New York and the National Entrepreneurship Development Company Ltd (NEDCO).</p> <p>FashionTT will consistently market the tailoring industry and will continue to monitor and evaluate its progress monthly in terms of revenue generation, employment and new tailors entering into the sector.</p>
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